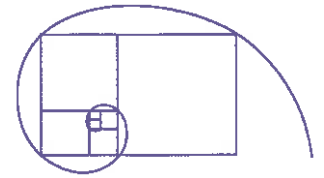


PANEVEZIO STATYBOS TRESTAS AB
Consolidated Interim Financial Statements
and Consolidated Interim Report
for the First Half of 2017
(UNAUDITED)

31 August 2017

Panevezys



STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that based on the information available to us, the interim financial statements of the Company and the Group provided for the first half of the year 2017 prepared in accordance with the International Financial Reporting Standards are true and show the assets, liabilities, financial position, profit or loss and cash flows of *Panevezio statybos trestas AB* and *Panevezio statybos trestas AB* Group in a correct manner, and that the review of business development and performance is indicated correctly in the interim report.

Dalius Gesevicius
Managing Director
Panevezio statybos trestas AB

Danguole Sirvinskiene
Chief Accountant
Panevezio statybos trestas AB

1. Accounting period covered by the Semi-Annual Report

This Consolidated Report for First Half of 2017 covers the period from 1 January 2017 until 30 June 2017.

2. The main data about the Company (the issuer)

Name of issuer	Public Limited Liability Company <i>Panevezio statybos trestas</i>
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
Legal-organisational form	Public Limited Liability Company
Date and place of registration	30 October 1993, Panevezys City Board
Registration No.	AB 9376
Register code	147732969
VAT code	LT477329610
Administrator of Legal Entity Register	State Enterprise <i>Centre of Registers</i>
E-mail	pst@pst.lt
Website	www.pst.lt

3. Nature of the main operation of the issuer

The main operation area of the company and its subsidiaries (the Group) is designing and construction of various buildings, structures, equipment and communications and other objects in Lithuania and abroad, sale of building materials and real estate development. Furthermore, the company is engaged in rent of premises and machinery.

Vision

To become a well-known company of the construction sector in Europe that uses advanced technologies and guarantees quality as well as 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 operation of the company, ensure safe, stable environment to employees, create environment of higher quality to business, society and people.

4. The companies included in the Group of *Panevezio statybos trestas* AB

As of 31 December 2017, the Group of *Panevezio statybos trestas* AB included the following companies:

<i>Subsidiary company</i>	<i>Registration date, register administrator</i>	<i>Company code</i>	<i>Registered address</i>	<i>Telephone, fax, e-mail, website</i>	<i>Percentage of controlled shares</i>
<i>Skydmedis UAB</i>	17 June 1999 State Enterprise <i>Centre of Registers</i>	148284718	Pramones Str. 5, Panevezys	Tel. (+370 45) 467626 Fax (+370 45) 460259 info@skydmedis.lt www.skydmedis.lt	100
<i>Metalomeistrai UAB</i>	16 June 1999 State Enterprise <i>Centre of Registers</i>	148284860	Tinklu Str. 7, Panevezys	Tel.+370 45 460377 Fax. +370 45 585087 info@metalomeistrai.lt www.metalomeistrai.lt	100
<i>Vekada UAB</i>	16 May 1994 State Enterprise <i>Centre of Registers</i>	147815824	Marijonu Str. 36, Panevezys	Tel. (+370 45) 461311 Fax (+370 45) 461311 info@vekada.lt www.vekada.lt	95.6
<i>Alinita UAB</i>	8 December 1997 State Enterprise <i>Centre of Registers</i>	141619046	Tinklu Str. 7, Panevezys	Tel. (+370 45) 467630 Fax (+370 45) 467630 info@alinita.lt www.alinita.lt	100
<i>Kingsbud Sp.z.o.o.</i>	11 August 2010 District Court in Bialystok, XII Economic Department of National Court	200380717	A. Patli Str. 12, 16-400 Suwalki, Poland	Tel. (+48 875) 655 021 Fax (+48 875) 655 021 biuro@kingsbud.pl www.kingsbud.lt	100
<i>PS Trests SIA</i>	22 May 2000 Centre of Registers, Republic of Latvia	40003495365	Skultes Str. 28, Skulte, Marupes Parish, Riga Region, Latvia	Tel. +371 29525066	100
<i>PST un ARMS PS</i>	5 October 2016 Centre of Registers, Republic of Latvia	40203019731	<u>Rozu Str. 27,</u> <u>Marupe, Marupes</u> <u>Parish, LV-2167</u>	Tel.+371 29525066	50
<i>Teritorija OOO</i>	3 June 2013 Kaliningrad Obl. Federal Tax Service Inspection No. 12	3528202650	Lunacharskogo Drive 43-27, Cherepovets, Bologda Obl., Russian Federation	Tel. +7 9097772202 Fax +7 9217234709 baltevromarketao@mail.ru maslental@mail.ru	87.5
<i>PST Nordic AB</i>	9 September 2013 Bolagsverket	5569418568	Krossgatan 25, 162 50 Vällingby Stockholm County	+46 70 68 48 562 info@pstnordic.se www.pstnordic.se	100
<i>Seskines projektai UAB</i>	9 November 2010 State Enterprise <i>Centre of Registers</i>	302561768	Verkiu Str. 25C, Vilnius	Tel. (+370 5) 2102130 Fax (+370 5) 2102131 info@psti.lt www.psti.lt	100
<i>PST investicijos UAB</i>	23 December 1998 State Enterprise <i>Centre of Registers</i>	124665689	Verkiu Str. 25C, Vilnius	Tel. (+370 5) 2102130 Fax (+370 5) 2102131 info@psti.lt www.psti.lt	68

Subsidiary companies of PST investicijos UAB:

<i>Ateities projektai UAB</i>	25 April 2006 State Enterprise <i>Centre of Registers</i>	300560621	Verkiu Str. 25C, Vilnius	Tel. (+370 5) 2102130 Fax (+370 5) 2102131 info@psti.lt www.psti.lt	100
<i>ISK Baltevro market ZAO</i>	13 July 2001 Independent Registration Company AB	3906214631	Rostovskaja Str. 5-7, Kaliningrad, Kaliningrad Obl., Russian Federation	Tel.+79097772202 baltevromarketao@mail.ru	100

5. Contracts with the intermediary of public trading in securities

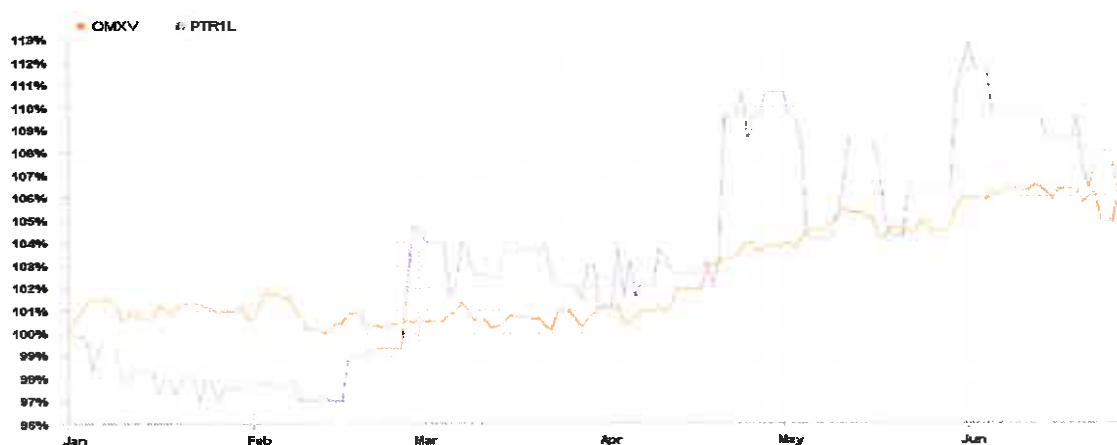
In 2013, the Company signed the contract with the Financial Brokerage Company *Finasta AB* for securities accounting and provision of services related with securities accounting. On 21 December 2015, the Financial Brokerage Company *Finasta AB* had been rearranged by way of merge with *Siauliu bankas AB*, which took over all assets, rights and liabilities of the Financial Brokerage Company *Finasta AB* from the mentioned date.

6. Data on trading in securities of the issuer in regulated markets

The ordinary registered shares of *Panevezio statybos trestas AB* have been on the Official Trading List of *Nasdaq Vilnius AB* (company symbol PTR1L) since 13 July 2006.

<i>Share type</i>	<i>Number of shares, pcs.</i>	<i>Par value, Euros</i>	<i>Total par value, Euros</i>	<i>Emission code ISIN</i>
Ordinary registered shares (ORS)	16,350,000	0.29	4,741,500	LT0000101446

Comparison of PTR1L Panevezio statybos trestas and OMX Vilnius Benchmark GI indexes for the First Half of 2017



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the period 2013 through the First Half of 2017 (Euros)



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the First Half of 2017 (Euros)

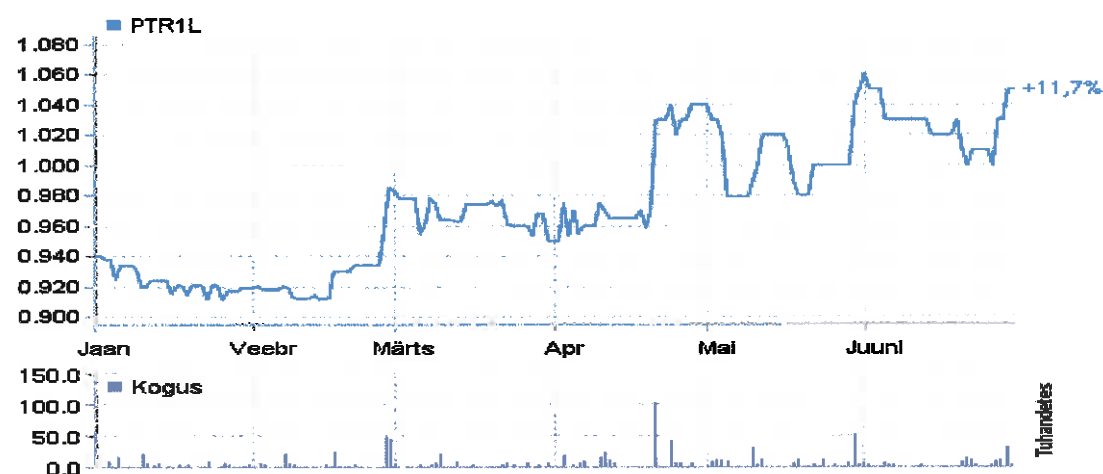


Table 1. Information on the company share price at The Stock Exchange Market Nasdaq Vilnius (Euros)

<i>Last price 30 June 2016</i>	<i>Last price 31 Dec. 2016</i>	<i>Average share price for I half of 2017</i>	<i>Highest price for I half of 2017</i>	<i>Lowest price for I half of 2017</i>	<i>Last price 30 June 2017</i>
<i>0.912 EUR</i>	<i>0.94 EUR</i>	<i>0.99 EUR</i>	<i>1.07 EUR</i>	<i>0.91 EUR</i>	<i>1.05 EUR</i>

7. Authorised capital of the issuer and its structure

As of 30 June 2017, 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.

On 30 June 2017, the total number of shareholders was 1568.

Table 2. The shareholders holding or controlling more than 5 per cents of the authorised capital of the company

Full name of a shareholder (company name, type, headquarter address, company code)	Number of ordinary registered shares held by a shareholder under ownership right (pcs.)	Percentage of the authorized capital held	Percentage of votes granted by the shares held under ownership right	Portion of votes owned by a shareholder along with acting persons
<i>Panevezio keliai</i> AB S. Kerbedzio Str. 7, Panevezys Company code: 147710353	8,138,932	49.78	49.78	---
Clients of Swedbank AS Liivalaia 8, 15040 Tallinn, Estonia	1,190,254	7,28	7,28	---
Freely negotiable shares	7,020,814	42.94	42.94	---

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.

8. Information on the performance of the issuer

During the first half of 2017, the turnover of *Panevezio statybos trestas* AB was 24.4 mln. Euros, that is by 29 per cents lower compared to the six months of the year 2016. In the first half of 2017, the company incurred losses. The losses amounted to 0.62 mln. Euros. Referring to the first half of 2016, the company had net profit of 1.4 mln. Euros. In the first half of the year a few projects large in scope were completed – extension of the Shopping and Leisure Centre *Mega* in Kaunas, storage facilities of *Lemora* UAB. Preparations were started for new projects. This conditioned the losses incurred and decrease in income.

The comprehensive income of the Group over the same period amounted to 33.5 mln. Euros and, compared to the comprehensive income in the amount of 41.5 mln. Euros over the first half of 2016, decreased by 19 per cents. Over the reporting period, the Group incurred losses amounting to 1.7 mln. Euros. Referring to the first half of 2016, the company had net profit of 0.6 mln. Euros.

The decisive influence on the Group results was made by losses incurred by *PST Nordic* AB, the subsidiary company of *Panevezio statybos trestas* AB.

Panevezio statybos trestas AB and the Group continues expanding operations in Latvia. In the first half of 2017 reconstruction of the Jelgava Palace was in progress. Activities related to of energy efficiency increase of Krimulda People’s House have been started. In Iecava area construction of storage facilities, pump house and two tanks for liquid nitrogen fertilizers have been started. Construction of a hotel for the Rezekne Academy of Technologies is close to commencing.

Over the first half of 2017, EBITDA – earnings before interest and depreciation – was -0.006 mln. Euros (1.8 mln. Euros over the first half of 2016) for the company and -0.874 mln. Euros (1.5 mln. Euros) for the Group.

Risk factors related to the company's operation:

In their operation, both the company and the Group face various types of risks:

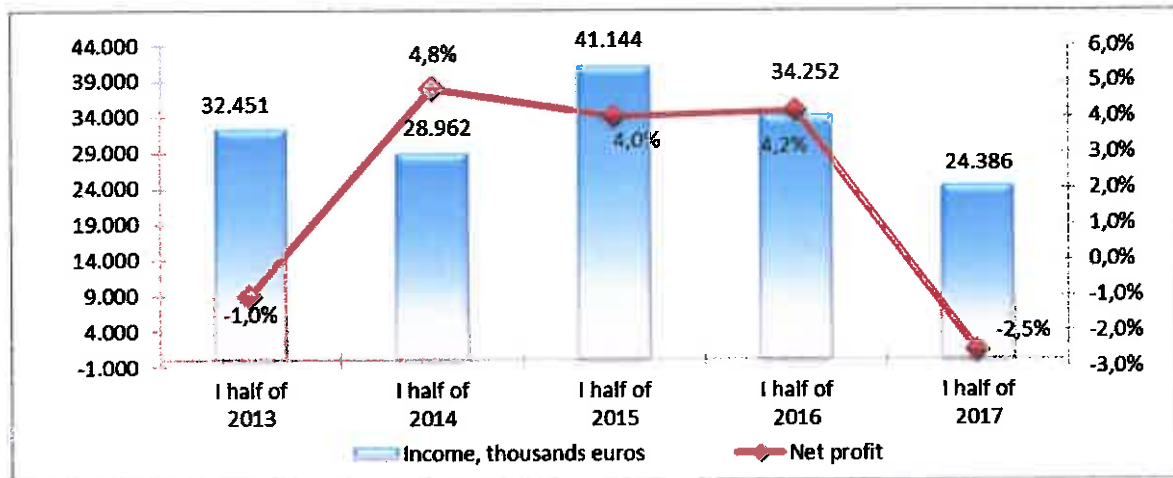
- legal regulation;
- severe competition;
- shortage of qualified labour;
- cyclical nature of economy;
- macroeconomic factors;
- damping.

Information on the types of risks and risk management is provided in the Notes to the Separate Financial Statements for the year ended on 31 December 2016 (Note 4) and the Notes to the Consolidated Financial Statements for the year ended on 31 December 2016 (Note 4).

Table 3. The results (thousands Euros) of the company and the Group of Panevezio statybos trestas AB for the period First Half of 2015 through First Half of 2017

<i>Group</i>			<i>Items</i>	<i>Company</i>		
<i>I half of 2015</i>	<i>I half of 2016</i>	<i>I half of 2017</i>		<i>I half of 2015</i>	<i>I half of 2016</i>	<i>I half of 2017</i>
64,917	41,492	33,548	<i>Income</i>	41,144	34,252	34,252
59,378	37,323	32,562	<i>Cost</i>	36,654	34,252	24,386
5,539	4,169	985	<i>Gross profit</i>	4,941	3,248	1,120
8.5	10	2.94	<i>Gross profit margin (per cents)</i>	10.9	9.5	4.6
981	-706	-2,197	<i>Typical operating result</i>	1 276	1 196	-1 122
1,5	-1.7	-6.5	<i>Typical operating result from turnover (per cents)</i>	3.1	3.5	-4.6
3,281	4,459	-874	<i>Profit before taxes, interest, depreciation and amortization EBITDA</i>	2,429	1,845	-6.2
5.05	3.5	-2.6	<i>EBITDA margin (per cents)</i>	5.9	5.4	-0.03
2,124	558	-1,681	<i>Net profit</i>	1,653	1,431	-619
3.3	1.3	-5	<i>Nets profit (loss) margin (per cents)</i>	4.02	4.2	-2.5
0.13	0.03	-0.10	<i>Profit (loss) per share (Euros)</i>	0.10	0.09	-0.04
5.95	1.58	-4.81	<i>Return on equity (per cents) (ROE)</i> <u>Net profit</u> Equity capital	4.13	3.63	-1.63
2.91	0.94	-3.22	<i>Return on assets or asset profitability (ROA)</i> <u>Net profit</u> Assets	2.63	2,64	-1.28
5.54	1.48	-4.49	<i>Return on investments (ROI)</i> <u>Net profit</u> Assets – Current debt	4.05	3.56	-1.59
1.87	2.40	3.02	<i>Current liquidity ratio</i> <u>Current assets</u> Current liabilities	2.23	2.94	3.61
1.48	1.93	2.34	<i>Critical liquidity ratio</i> <u>Current assets - Inventories</u> Current liabilities	2.18	2.84	3.50
0.49	0.60	0.67	<i>Asset to equity ratio</i>	0.64	0.73	0.79
2.18	2.16	2.14	<i>Book value per share</i>	2.45	2.41	2.33
0.45	0.42	0.49	<i>Ratio of share price and book value (P/BV)</i>	0.40	0.38	0.45

Income and net profitability variation for the Company:



Income and net profitability variation for the Group:

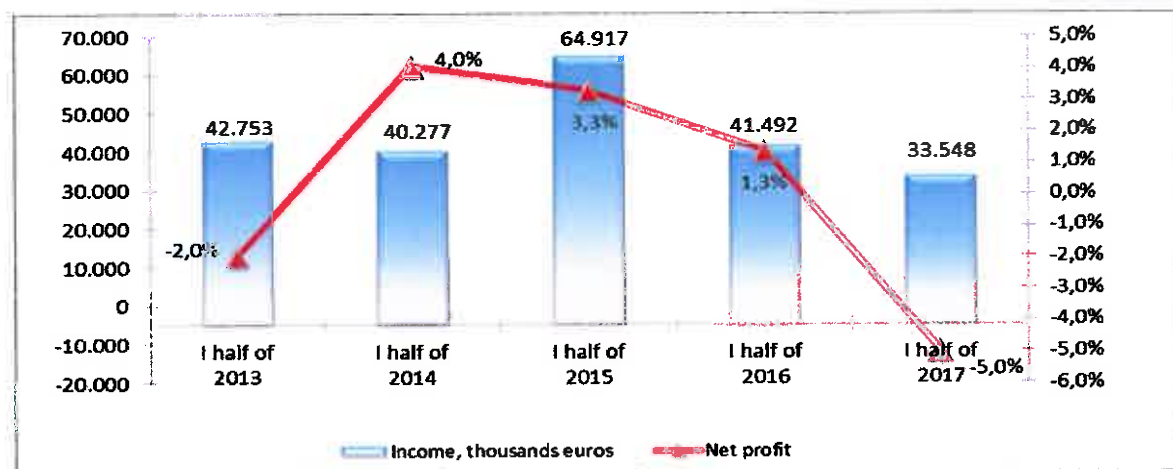


Table 4. Income (mln. Euros) by operation types

mln. Euros	Group		
	I half of 2015	I half of 2016	I half of 2017
Construction works	59.67	37.66	29.14
Real estate	3.36	0.34	0
Products produced and other income	1.88	3.49	4.41

The main income of the company by operation types is from building and erection. Over the first half of 2017, the income of the Group from building and construction totalled 86.9 %, income from made products and other income amounted to 13.1 %. Over the first half of 2016, the income of the Group from building and construction totalled 90.8 %, income from made products and other income amounted to 8.4 % and income from real estate amounted to 0.8 %.

Income distribution for the Group by operation types (per cents)

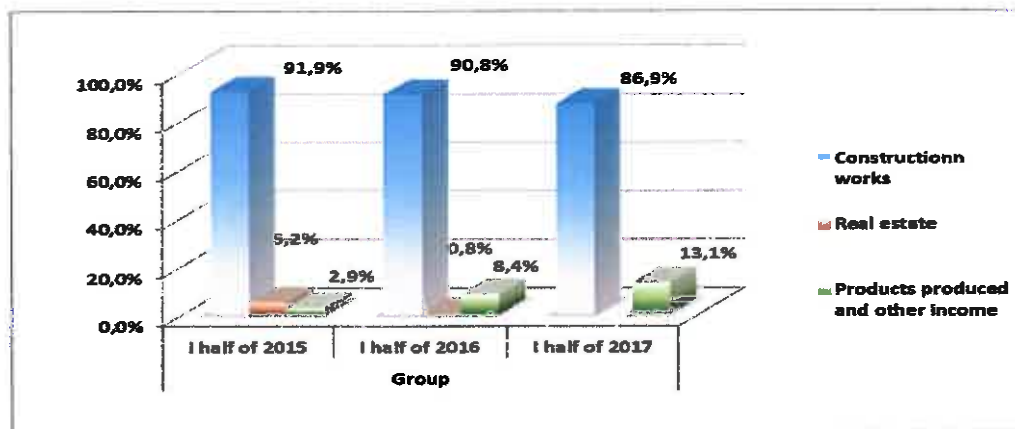
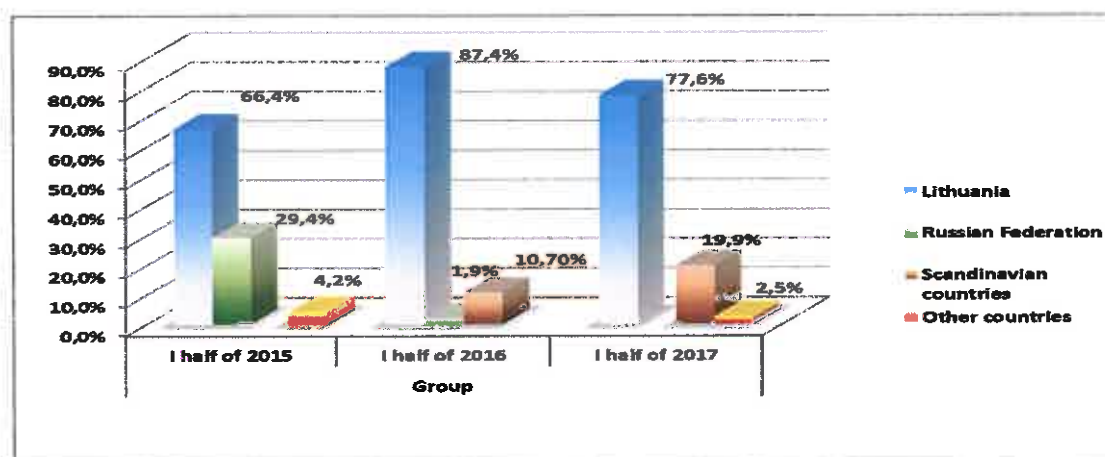


Table 5. Operating income (mln. Euros) by countries:

mln. Euros	Group		
	I half of 2015	I half of 2016	I half of 2017
Lithuania	43.10	36.28	26.05
Russian Federation	19.07	0.77	0
Scandinavian countries	0	4.44	6.67
Other countries	2.75	0	0.83

Over the first half of 2017, the company mainly operated in Lithuania. The income of the Group from the works performed inside the country made 77.6 per cents of the income whereas over the first half of 2016 it was 87.4 per cents. Over the first half of 2017, the income in the Scandinavian countries increased and made 19.4 per cents of the Group income (10.7 per cents over the first half of 2016).

Operating income distribution by countries for the Group (per cents)



Environmental protection

Quality, environmental protection, occupational health and safety play a very important role in activities of *Panevezio statybos trestas* AB. Quality (ISO 9001), environmental (ISO 14001) and occupational health and safety (OHSAS 18001) management systems introduced and available at the company allow taking proper care of these significant factors. Assessment of occupational risks is carried out, analyses are performed and measures for risk reduction or elimination are taken on each site. For the purposes of environmental and resource protection and sustainability, in order to ensure pollution prevention, in the beginning of each project the environmental plan including specific measures for control of significant aspects of environmental protection and activities performed is prepared.

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

Employees

Professional, competent and responsible employees are the biggest asset of *Panevezio statybos trestas* AB. 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. In modern environment, competence of employees is one of the key factors describing competitiveness of the company. Considering this factor, the company encourages employees in all organizational levels to learn and improve their skills on a continuing basis. The employees are motivated not only by material incentives – competitive salaries, progressive bonus system but also by exceptional quality of working environment. As of 30 June 2017, the number of employees in the Group was 1,045, in the company – 765.

Table 6. Average number of employees for the First Halves of 2016 and 2017

<i>Average number of employees</i>	<i>I half of 2016</i>		<i>I half of 2017</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Managers	27	13	25	13
Specialists	322	234	294	225
Workers	792	512	721	519
Total	1141	759	1040	757

Table 7. Education level of the Group employees as of the end of the period

<i>PST Group employees</i>	<i>Payroll number</i>	<i>Higher university level education</i>	<i>Higher non-university education</i>	<i>Junior college education</i>	<i>Secondary education</i>	<i>Incomplete secondary education</i>
Managers	25	24	0	1	0	0
Specialists	295	232	21	29	13	0
Workers	725	25	29	161	445	65
Total:	1,045	281	50	191	458	65

Table 8. Average monthly gross pay per employee (Euros)

	<i>I half of 2016</i>		<i>I half of 2017</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Managers	2478	3166	3144	4035
Specialists	1047	1086	1235	1210
Workers	890	840	979	936
Total	1052	1062	1179	1172

Over the first half of 2017, the natural turnover of employees took place. Employment contracts do not include any special rights and obligations of employees or some part of them.

In 2017, the company also pays 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. Essential events having taken place during the first six financial months of the year

During the first half of this year, *Panevezio statybos trestas* AB has signed a few new contracts:

- with *Prodo* UAB acting on the basis of the Partnership Agreement for construction of the Guest House at Paplaujos Str. 9a, Vilnius. The project value exceeds 10 mln. Euros. The overall area of the building including the underground parking amounts to 26,882 square meters;
- with the Design and Printing Private Limited Liability Company *Kopa* for construction of a new production building – a printing-house with offices at Industrijos Str. 12, Biruliskiu Vlg., Kaunas District. The value of the project amounts to about 5 mln. Euros, VAT exclusive. The area of the new building will be about 7200 square meters and the project is expected to be completed within 13 months.
- together with the partner, SIA *Monum*, the contract has been signed with *Siauliu vanderys* UAB for reconstruction of water supply and waste water networks in Siauliai. The value of the work to be carried out by the companies will exceed 6.7 mln. Euros, VAT exclusive. The reconstruction scope will include over 18 km of water supply and nearly 20 km of waste water networks.
- together with the partner, *Eigesa* UAB, the contract the contract with *Radviliskio vanduo* UAB for construction of water supply and waste water networks, waste water treatment and water improvement plant in Grinkiskis. The value of the works to be carried out by the companies will exceed 2.6 mln. Euros, VAT exclusive. The reconstruction scope will include over 8 km of water supply and over 9.5 km of waste water networks. The project is scheduled for 18 months.
- with *Panevezio gatves* UAB for installation of surface wastewater collection network and with Cooperative Society *Zvoruna* for construction of grain handling and storage facilities, installation of utility network and installation of equipment. The total value of both contracts exceeds 9 mln. Euros, VAT inclusive.

In May 2017, the judgement on initiation of bankruptcy proceedings against Baltlitstroj OOO, the subsidiary company of *Panevezio statybos trestas* AB, adopted by the Arbitration Court of Kaliningrad Oblast, Russian Federation, entered into force. The bankruptcy proceedings are currently in progress.

As a result of negative profitability of *PST Nordic* AB, the subsidiary company of *Panevezio statybos trestas* AB, the management of the company took the decision to cease operation of *PST Nordic* AB. In August the judgement on initiation of bankruptcy proceedings against *PST Nordic* AB, the subsidiary company of *Panevezio statybos trestas* AB, entered into force. The bankruptcy proceedings are currently in progress.

10. Information on research and development activities performed by the company

The company keeps on successfully introducing innovative technologies in its activities. *Panevezio statybos trestas* AB aims that preparation for construction, work planning for future projects was done and construction activities were carried out especially fluently.

For that purpose, investments are made in the modern designing software. The company The company continues improving design preparation using not only the currently available software but also a new software package, which allows preparing complete designs covering its all parts in the environment of BIM (Building Information Modelling).

Site construction activities are planned on the basis of the BIM model. Application of the digital (BIM) model in planning and performance of works allows reducing probability of delay in work, taking immediate corrective actions in work organisation, if necessary, and improving performance quality. The computer simulation of construction created in the preparation stage allows choosing optimum construction methods and comparing the actually completed work quantities with the planned ones.

Use of the Building Information Modelling (BIM) is started during transportation of the items to be used to the site. With the help of the BIM model and work schedules the required items are delivered to the site at the time required. This allows reducing the logistics costs to the most extent, eliminating large storage areas on the site.

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

Any amendments of the Articles of Association of *Panevezio statybos trestas* AB are made following the procedure set forth in the laws and regulations of the Republic of Lithuania.

12. 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. There is no Supervisory Board is formed in the company.

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

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

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

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

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

The Board:

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

<i>Company</i>	<i>Position</i>	<i>Number of shares</i>	<i>Capital, %</i>	<i>Votes, %</i>
<i>Tertius UAB</i>		704,638	80	80
<i>Panevezio keliai AB</i>	Member of the Board	531,675	28.47	28.47
<i>Lauktuves jums UAB</i>	Chairman of the Board	11,069	50.15	50.15
<i>Pokstas UAB</i>		111	50	50
<i>Klovainiu skalda AB</i>		470,421	8.74	8.74
<i>Emulteka UAB</i> <i>(in the process of liquidation)</i>		14	14.0	14.0
<i>Gustonių ZUT UAB</i>	Member of the Board	1,085	50.28	50.28
<i>Specializuota komplektavimo valdyba AB</i>		21,490	1.07	1.07
<i>PST investicijos UAB</i>	Member of the Board	16,407	3.32	3/32
<i>Convestus UAB</i>		50,000	50	50
<i>Alproka UAB</i>	Chairman of the Board	-	-	-
<i>Kauno tiltai UAB</i>		492	0.31	0.31

Term of office: November 2014 through November 2018

Clean record.

VIRMANTAS PUIDOKAS – the member of the Board. No membership in the capital of the company. Membership in the capital of the companies below:

<i>Company</i>	<i>Position</i>	<i>Number of shares</i>	<i>Capital, %</i>	<i>Votes, %</i>
<i>Panevezio keliai AB</i>	General Director	66,769	3.57	3.57
<i>Skalduva UAB</i>	Director	42	42	42
<i>Klovainiu skalda AB</i>	Member of the Board	541,785	10.1	10.1
<i>Avia invest UAB</i>		10,000	100	100
<i>Istros aviaparkas UAB</i>		2,000	100	100
<i>Akvalda UAB</i>	Director	750	50.00	50.00
<i>Emulteka UAB</i>		9	9	9

Term of office: November 2014 through November 2018

Clean record.

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:

<i>Company</i>	<i>Position</i>	<i>Number of shares</i>	<i>Capital, %</i>	<i>Votes, %</i>
<i>Dvarcioniu keramika AB</i> (subject to bankruptcy proceedings)	Shareholder	356	-	-
<i>Panevezio keliai AB</i>	Member of the Board	-	-	-

Terms of office: November 2014 through November 2018

Clean record.

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

<i>Company</i>	<i>Position</i>	<i>Number of shares</i>	<i>Capital, %</i>	<i>Votes, %</i>
<i>Panevezio keliai AB</i>	Member of the Board	-	-	-
<i>Panevezio rysiu statyba UAB</i>	Director	279,507	27	27
<i>PST investicijos UAB</i>	Member of the Board	-	-	-

Terms of office: April 2015 through November 2017

Clean record

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:

<i>Company</i>	<i>Position</i>	<i>Number of shares</i>	<i>Capital, %</i>	<i>Votes, %</i>
<i>Akvalda UAB</i>		750	50	50
<i>Emulteka UAB</i>		11	11	11
<i>Betono apsaugos sistemas UAB</i>		40	40	40
<i>Panevezio keliai AB</i>	Technical Director	83,058	4.45	4.45

Terms of office: November 2014 through November 2018

Clean record.

Following the decision of the General Meeting of Shareholders of *Panevezio statybos trestas AB* that had taken place on 21 April 2017, the share of profit was paid to the members of the Board. Such amount of the share of profit is 354,195 Euros.

Administration:

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

Clean record.

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

Clean record.

In the first half of 2017 neither the members of the Board nor the top managers of *Panevezio statybos trestas AB* were granted loans, given guarantees and sureties, had any property transfers to them.

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 effectiveness of the company's internal control, risk management and internal audit, if applicable, systems;
- 3) to monitor carrying out of the audit;
- 4) to monitor independence and objectivity of the auditor or audit company.

The following members were elected to the Audit Committee at the Annual General Meeting of Shareholders of *Panevezio statybos trestas AB* on 21 April 2017:

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

Drasutis Liatukas – independent auditor, Head of *Finansu auditorius UAB*, auditor. Holds no shares of the company.

Irena Kriauciuniene – independent auditor, auditor. Holds no shares of the company.

13. Published information

Table 9. Summary of published information from the beginning of 2017 up to the submission date of this report

<i>Description of notification</i>	<i>Category of notification</i>	<i>Language</i>	<i>Date</i>
<i>Regarding opening of bankruptcy proceedings</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>17 Aug. 2017</i>
<i>Cessation of PST Nordic AB Activities</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>27 July 2017</i>
<i>Panevezio statybos trestas AB Will Carry Out Work in Panevezys and Pasvalys</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>10 July 2017</i>
<i>Initiation of Bankruptcy Proceedings</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>25 May 2017</i>
<i>Panevezio statybos trestas AB Will Build Water Supply and Waste Water Networks in Radviliskis District</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>24 May 2017</i>
<i>Annual Information Approved by Annual General Shareholders Meeting of Panevezio statybos testas AB</i>	<i>Annual information</i>	<i>Lt, En</i>	<i>21 April 2017</i>
<i>Resolutions of Annual General Shareholders' Meeting</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>21 April 2017</i>

<i>Description of notification</i>	<i>Category of notification</i>	<i>Language</i>	<i>Date</i>
<i>Panevezio statybos trestas AB Will Reconstruct the water supply and sewage water networks in Siauliai</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>20 April 2017</i>
<i>Panevezio statybos trestas AB Will Build a Printing-House</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>18 April 2017</i>
<i>CORRECTION: Draft Resolutions of Annual General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>4 April 2017</i>
<i>Draft Resolutions of Annual General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>31 March 2017</i>
<i>Panevezio statybos trestas AB Will Build the Guest House in Vilnius</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>22 March 2017</i>
<i>Convening of Annual General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>21 March 2017</i>
<i>Calendar for Publishing Performance Results of Panevezio statybos trestas AB in 2017</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>2 Jan. 2017</i>

All notifications of *Panevezio statybos trestas AB* to be made public in accordance with the legal requirements are published 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.

14. Information on compliance with the Governance Code

The Company complies with the procedure of company management set forth by the Law on Companies of the Republic of Lithuania.

The Company partially complies with the Governance Code applicable to the companies that are on the list of the Vilnius Stock Exchange. During six months of 2017 there were no essential changes related to the company's notification on compliance with the Governance Code for the year 2016 applicable to the companies that are on the list of *NASDAQ OMX VILNIUS* Stock Exchange.

The annual report of the Company will include the more detailed explanation of how the Company complies with the recommendations of the Governance Code.

15. Unaudited financial statements
Separate statement of financial position

In Euros

ASSETS	<i>30 June 2017</i>	<i>31 Dec. 2016</i>
Non-current assets	14,388,526	14,565,919
Intangible assets	125,689	146,366
Tangible assets	6,234,340	6,344,932
Investment and amounts receivable in one year	7,796,846	7,737,283
Deferred tax assets	231,651	337,338
Current assets	33,986,239	39,306,813
Inventories	1,016,136	763,560
Prepayments	141,654	246,123
Trade receivables	9,675,316	11,878,844
Other current assets	4,517,118	4,008,371
Cash and cash equivalents	18,636,015	22,409,915
TOTAL ASSETS	48,374,765	53,872,732

EQUITY AND LIABILITIES	<i>30 June 2017</i>	<i>31 Dec. 2016</i>
Equity	38,058,455	39,740,384
Share capital	4,741,500	4,741,500
Reserves	1,749,951	1,786,660
Retained earnings	31,567,004	33,212,224
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	10,316,310	14,132,348
Amounts payable in one year and non-current liabilities	895,725	943,876
Loans and other borrowings		
Warranty provision and others	670,584	712,257
Deferred tax liabilities	225,141	231,619
Amounts payable in one year and current liabilities	9,420,585	13,188,472
Loans and borrowings		
Trade payables	5,861,946	9,248,266
Prepayments received	897,686	37,635
Income tax payable		
Other liabilities	2,660,953	3,902,571
TOTAL EQUITY AND LIABILITIES:	48,374,765	53,872,732

Consolidated statement of financial position

In Euros

ASSETS	30 June 2017	31 Dec. 2016
Non-current assets	7,596,321	7,888,154
Intangible assets	164,020	192,515
Tangible assets	5,826,841	5,987,351
Investment and amounts receivable in one year	1,302,227	1,299,368
Deferred tax assets	303,233	408,920
Current assets	44,644,560	53,576,989
Inventories	9,959,738	9,894,109
Advance payments	479,063	331,124
Amounts receivable	11,098,517	17,243,288
Other current assets	2,352,522	726,795
Cash and cash equivalents	20,754,720	25,381,673
TOTAL ASSETS:	52,240,881	61,465,143

EQUITY AND LIABILITIES	30 June 2017	31 Dec. 2016
Equity	34,949,121	36,797,154
Share capital	4,741,500	4,741,500
Reserves	2,023,964	2,067,053
Retained earnings	25,846,173	28,231,051
Translation reserve	2,337,484	1,757,550
<i>Minority interest</i>	1,165,482	1,357,311
Amounts payable and liabilities	16,126,278	23,310,678
Amounts payable in one year and non-current liabilities	1,328,488	1,377,960
Loans and borrowings	8,801	8,801
Warranty provisions and other	986,238	1,025,165
Deferred tax liabilities	331,593	338,971
Other liabilities	1,856	5,023
Amounts payable in one year and current liabilities	14,797,790	21,932,718
Loans and borrowings	715,680	707,984
Trade payables	8,512,495	14,573,603
Prepayments received	1,615,527	324,916
Income tax payable	51,443	43,734
Other liabilities	3,902,645	6,282,481
TOTAL EQUITY AND LIABILITIES:	52,240,881	61,465,143

Separate statement of comprehensive income

In Euros

ITEM	<i>First Half of 2017</i>	<i>First Half of 2016</i>
REVENUE	24,385,664	34,252,428
COST OF SALES	-23,265,968	-31,004,323
GROSS PROFIT (LOSS)	1,119,696	3,248,105
OPERATING EXPENSES	-2,241,588	-2,051,619
Sales	-160,394	-167,317
General and administrative	-2,081,194	-1,884,302
TYPICAL OPERATING PROFIT (LOSS)	-1,121,892	1,196,486
OTHER ACTIVITIES	103,608	95,645
Income	286,713	284,239
Costs	-183,105	-188,594
FINANCIAL AND INVESTMENT ACTIVITIES	498,315	354,909
Income	514,267	381,312
Costs	-15,952	-26,403
PROFIT (LOSS) BEFORE TAXATION	-519,969	1,647,040
INCOME TAX	-99,209	-215,969
NET PROFIT (LOSS)	-619,178	1,431,071

Consolidated statement of comprehensive income

In Euros

ITEM	<i>First Half 2017</i>	<i>First Half 2016</i>
SALES	33,547,877	41,491,789
COST OF SALES	-32,562,465	-37,323,000
GROSS PROFIT (LOSS)	985,412	4,168,789
OPERATING EXPENSES	-3,182,778	-4,876,358
Sales	-163,039	-167,317
General and administrative	-3,019,739	-4,709,041
TYPICAL OPERATING PROFIT (LOSS)	-2,197,366	-707,569
OTHER ACTIVITIES	-634	31,338
Income	238,619	253,925
Costs	-239,253	-222,587
FINANCIAL AND INVESTMENT ACTIVITIES	663,027	1,502,943
Income from company liquidation	1,721,711	0
Income from other financial activities	16,265	1,567,460
Other financial costs	-1,074,949	-64,517
PROFIT (LOSS) BEFORE TAXATION	-1,534,973	826,712
INCOME TAX	-146,411	-269,098
NET PROFIT (LOSS)	-1,681,384	557,614
ATTRIBUTABLE TO SHAREHOLDERS	-1,382,756	305,844
ATTRIBUTABLE TO MINORITY INTEREST	-298,628	251,770

Separate statement of changes in equity

In Euros

	Share capital	Non-current tangible asset revaluation reserve	Legal reserve	Retained profit	Total
Balance as of 31 December 2015	4,741,500	1,386,310	473,537	31,609,648	38,210,995
Net profit (loss) for 2016				1,431,071	1,431,071
Dividends				-261,977	-261,977
Total comprehensive income		-36,900	613	36,287	0
Balance as of 30 June 2016	4,741,500	1,349,410	474,150	32,815,029	39,380,089
Balance as of 31 December 2016	4,741,500	1,312,510	474,150	33,212,224	39,740,384
Net profit (loss) for 2017				-619,178	-619,178
Dividends				-1,062,751	-1,062,751
Total comprehensive income		-36,709		36,709	0
Balance as of 30 June 2017	4,741,500	1,275,801	474,150	31,567,004	38,058,455

Panevezio statybos trestas AB Interim Financial Statements for the First Half of 2017

Consolidated statement of changes in equity

In Euros

	Share capital	Revaluation reserve	Legal reserve	Currency translation reserve	Retained earnings profit	Equity attributable to the company's owners	Minority interest	Total
Balance as of 31 December 2015	4,741,500	1,552,617	598,468	3,446,256	25,846,294	36,185,135	1,247,111	37,432,246
Dividends					-261,977	-261,977		-261,977
Net profit (loss) for 2016					305,844	305,844	251,770	557,614
Total other comprehensive income		-43,279	612	-901,046	42,666	-901,047	-252,429	-1,153,476
Balance as of 30 June 2016	4,741,500	1,509,338	599,080	2,545,210	25,932,827	35,327,955	1,246,452	36,574,407
Balance as of 31 December 2016	4,741,500	1,467,973	599,080	1,757,550	28,231,051	36,797,154	1,357,311	38,154,465
Dividends					-1,062,751	-1,062,751	-4,375	-1,067,126
Net profit (loss) for 2017					-1,382,756	-1,382,756	-298,628	-1,681,384
Total other comprehensive income		-43,089		579,934	60,629	597,474	111,174	708,648
Balance as of 30 June 2017	4,741,500	1,424,884	599,080	2,337,484	27,147,317	34,949,121	1,165,482	36,114,603

Separate statement of cash flows

In Euros

	<i>First Half of 2017</i>	<i>First Half of 2016</i>
Cash flows from operating activities		
Net profit (loss)	-619,178	1,431,071
Depreciation and amortization	502,657	438,550
Profit (loss) from transfer of non-current assets	-20,078	8,546
Income tax expense	99,209	215,969
	<u>-37,390</u>	<u>2,094,136</u>
Change in inventories	-242,063	-764,200
Change in trade receivables	2,282,810	-5,423,166
Change in prepayments	104,469	165,081
Change in amounts receivable after one year	-3,091	-24,697
Change in other assets	-493,137	-270,014
Change in trade payables	-3,386,320	328,635
Change in prepayments received	860,051	-641,580
Change in provisions and other liabilities	-1,567,302	-2,562,772
	<u>-2,481,973</u>	<u>-7,098,577</u>
Income tax paid	-252,801	-229,070
Net cash flows from operating activities	<u>-2,734,774</u>	<u>-7,327,647</u>
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-400,090	-505,439
Disposal of non-current assets (excl. investments)	48,780	19,800
Loans granted	-183,532	-25,000
Loans recovered	111,450	3,870,287
Dividends and interest received	451,322	257,480
Net cash flows from investing activities	<u>27,930</u>	<u>3,617,128</u>
Cash flows from financing activities		
Dividends paid	-1,056,243	-257,175
Proceeds from loans and borrowings	0	0
Loans and borrowings repaid	0	0
Interest paid	-10,813	-26,290
Net cash flows from financing activities	<u>-1,067,056</u>	<u>-283,465</u>
Increase (decrease) in net cash flows	<u>-3,773,900</u>	<u>-3,993,984</u>
Cash and its equivalent at the beginning of the period	22,409,915	20,896,409
Cash and its equivalents at the end of the period	<u>18,636,015</u>	<u>16,902,425</u>

Consolidated statement of cash flows

In Euros

	<i>First Half of 2017</i>	<i>First Half of 2016</i>
Cash flows from operating activities		
Net profit (loss)	-1,681,384	557,614
Elimination of other non-cash items:		
Depreciation and amortization	630,692	578,121
Other non-cash items	178,836	-233,660
	<u>-871,856</u>	<u>902,075</u>
Change in inventories	-250,494	-582,109
Change in trade receivables	3,369,518	-2,054,193
Change in prepayments	-160,352	489,608
Change in other assets	183,340	-553,345
Change in trade payables	-2,275,212	-566,216
Change in prepayments received	1,326,263	-867,291
Change in provisions and other liabilities	-1,253,962	-3,515,896
	<u>67,245</u>	<u>-6,747,367</u>
Elimination of results from financial and investing activities	-3,201,514	-1,208,259
Net cash flows from operating activities	-3,134,269	-7,955,626
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-472,349	-558,405
Disposal of non-current assets (excl. investments)	48,780	82,379
Loans granted	0	10,000
Loans recovered	11,450	122,743
Dividends and interest received	516	7,019
Net cash flows from investing activities	-411,603	-336,264
Cash flows from financial activities		
Dividends paid	-1,060,618	-257,175
Proceeds from loans and borrowings	0	0
Loans and borrowings repaid	0	-1,126,040
Payment of finance lease liabilities	-8,290	-20,257
Interest paid	-12,173	-40,140
Net cash flows from financing activities	-1,081,081	-1,443,612
Increase (decrease) in net cash flows	-4,626,953	-9,735,502
Cash and cash equivalents in the beginning of the period	<u>25,381,673</u>	<u>28,817,259</u>
Cash and cash equivalents at the end of the period	<u>20,754,720</u>	<u>19,081,757</u>

EXPLANATORY NOTE

General Information

Panevezio statybos trestas AB (hereinafter “the Company”) was established in 1957 and for a long time was known as the North Lithuania Construction Trust (*Siaures Lietuvos statybos trestas*). In 1991, the Company was registered as a State Company. On 30 October 1993, the State Company was reorganized to a Public Limited Liability Company. Company code 147732969, VAT code LT477329610. Registration certificate No. 013732 issued on 27 September 2004 by the State Register Centre Panevezys Branch.

The Company comprises the following branches: *Gerbusta, Pastatu apdaila, Genranga, Konstrukcija, Betonas, Stogas* and *Klaipstata*. The Company has its permanent establishments in Latvia and the Kingdom of Sweden. Financial year of the Company is calendar year. The period of commercial-economic operation of the Company is unlimited.

The main operations of the Company and its subsidiaries (hereinafter “the Group”) is designing and construction of various buildings, structures, facilities, communications and other similar objects in Lithuania and abroad, real estate development.

Basis of interim financial statement preparation

The figures in the interim financial statement are presented in Euros.

Separate and consolidated financial statements were prepared according to the International standard of Financial Accounting applicable in the European Union.

The same accounting principles were applicable to both - the interim financial statement and the annual financial statement.

The following currency rates (amount of currency for 1 Euro) were used when preparing the interim financial statement:

Currency	30 June 2017	30 June 2016
1 RUB	67.3005	71.0452
1 SEK	9.7215	9.4311
1 PLN	4.2489	4.4261

Principles of consolidation

Subsidiary companies are the companies controlled by the parent company. Such control is defined as a capability to a company to have determinant effect on other company, manage and influence financial and economic activities to get benefit from that company. For the purposes of control assessment the total available number of shareholder votes at the General Meeting of Shareholders is considered. The financial statements of subsidiary companies are included into the Consolidated Financial Statement from the day of control gain and are excluded from the day of control loss. During consolidation of financial statement the income and expenses, amounts receivable and payable and unrealized results of the Company Group are eliminated.

Segments

As the income, profit and assets of the Company and the Group in the segments do not exceed 10 or more per cents of all operating segments, following the requirements of item 13 in the IFRS 8, operating and geographical segments of the Group are not provided.

Investments

Over the first half 2017 the investments of the Group in acquisition of non-current assets amounted to 472,349 Euros. *Panevezio statybos trestas* AB acquired non-current assets for 400,090 Euros. During the first half of 2017 the costs related to depreciation and amortization of assets of the Group amounted to 630,692 Euros, including 502,657 Euros accounted for in the Financial Statements of *Panevezio statybos trestas* AB.

Assets and liabilities

As in May 2017, the judgement on initiation of bankruptcy proceedings against *Baltlitstroj* OOO, the subsidiary company of *Panevezio statybos trestas* AB, adopted by the Arbitration Court of Kaliningrad Oblast, Russian Federation, entered into force, the mentioned company has been eliminated from the Group operation. Such elimination of *Baltlitstroj* OOO from the Group operation reduced assets of the Group by 4,064,443 Euros and liabilities of the Group by 6,830,084 Euros.

Loans

As of 30 June 2017, the Group had loans amounting to 715,680 Euros, including 376,002 Euros as long-term credits of *PST investicijos* UAB Group.

Guarantees, sureties

As of 30 June 2017, the guarantees of the liabilities of *Panevezio statybos trestas* AB Group issued by credit institutions amounted to 5,103,152 Euros, including 4,823,271 Euros for guarantees related to performance of contracts and obligations by *Panevezio statybos trestas* AB and issued by the Lithuanian credit institutions and insurance companies.

On 17 May 2017 a six-month surety agreement was signed with Ergo Insurance SE for the liabilities of the subsidiary company *PS Trests* SIA, which amounted to 200,000 Euros and on 8 August 2017 a four-month surety agreement was signed for the amount of 11,361 Euros.

Transactions with associated parties

There were no significant transactions made with any associated parties.

Dividends

The Annual General Meeting of Shareholders of *Panevezio statybos trestas* AB that took place on 21 April 2017 made the decision to pay dividends for the year 2016 in the amount of 1,062,750 Euros. As of 30 June 2017, the dividends in the amount of 1,056,162 Euros have been paid, which makes 99.4 % of the amount payable.