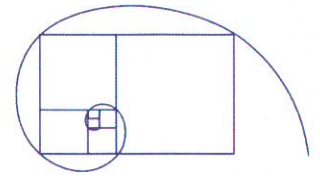


PANEVEZIO STATYBOS TRESTAS AB

**Consolidated Interim Financial Statements
and Consolidated Interim Report
for Six Months of 2016
(UNAUDITED)**

31 August 2016

Panevezys



STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that based on the information available to us, the interim financial statement of company and the group provided for the six months of the year 2016 made in accordance with the International Financial Reporting Standards is true and shows the assets, liabilities, financial state, profit or loss and flows of *Panevėžio statybos trestas* AB and the Group of *Panevėžio statybos trestas* AB in a correct manner, and that the review of business development and performance is indicated correctly in the interim report.

Dalius Gesevičius

Managing Director

Panevėžio statybos trestas AB

Danguolė Širvinskienė

Chief Accountant

Panevėžio statybos trestas AB

1. Reporting period

The consolidated interim report has been prepared for six months of the year 2016 ended on 30 June 2016.

2. Main data about the issuer

Name of issuer	Public limited liability company <i>Panevezio statybos trestas</i>
Authorized 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-organization form	Public limited liability company
Registration date and place	30 October 1993, Panevezys City Department
Registration No.	AB 9376
Code at the register of enterprises	147732969
VAT code	LT477329610
Administrator of legal entity register	State Enterprise Centre of Registers
Website address	www.pst.lt

3. Character of the main activity of the issuer

The main areas of activity of the Company and its subsidiaries (the Group) is designing and construction of buildings, constructions, installations and communications of various purposes both in and outside Lithuania, real estate development.

4. Information on the Group

As of 30 June 2016, the Group of *Panevezio statybos trestas AB* consists of the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
<i>Skydmedis UAB</i>	Construction: panel houses	100	Pramones Str. 5, Panevezys Tel.: +370 45 583341
<i>Metalo meistras UAB</i>	Construction	100	Tinklu Str. 7, Panevezys, Tel.: +370 45 464677
<i>Vekada UAB</i>	Construction: electrical installation	95,6	Marijonu Str. 36, Panevezys Tel.: +370 45 461311
<i>Alinita UAB</i>	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
<i>PS TRESTS SIA</i>	Construction	100	Skultes Str. 28, Skulte, Marupes County, Latvia Tel.:+371 29525066
<i>BALTILSTROIJ OOO</i>	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
<i>Teritorija OOO</i>	Real estate development	87,5	Lunacharskovo Lane 43-27, Cherepovets Vologda County
<i>PST Nordic AB</i>	Construction	100	Krossgatan 25 162 50 Vällingby Stockholm
<i>PST Investicijos UAB</i>	Real estate development	68	Verkiu Str. 25C, Vilnius Tel.: +370 5 2728213
<i>Subsidiaries of PST investicijos UAB:</i>			
<i>Ateities projektai UAB</i>	Real estate development	100	Verkiu Str. 25C, Vilnius
<i>Seskines projektai UAB</i>	Real estate development	100	Verkiu Str. 25C, Vilnius
<i>ISK Baltevro market ZAO</i>	Real estate development	100	Pobeda Square 10, Kaliningrad

5. Contracts with intermediaries in security public circulation

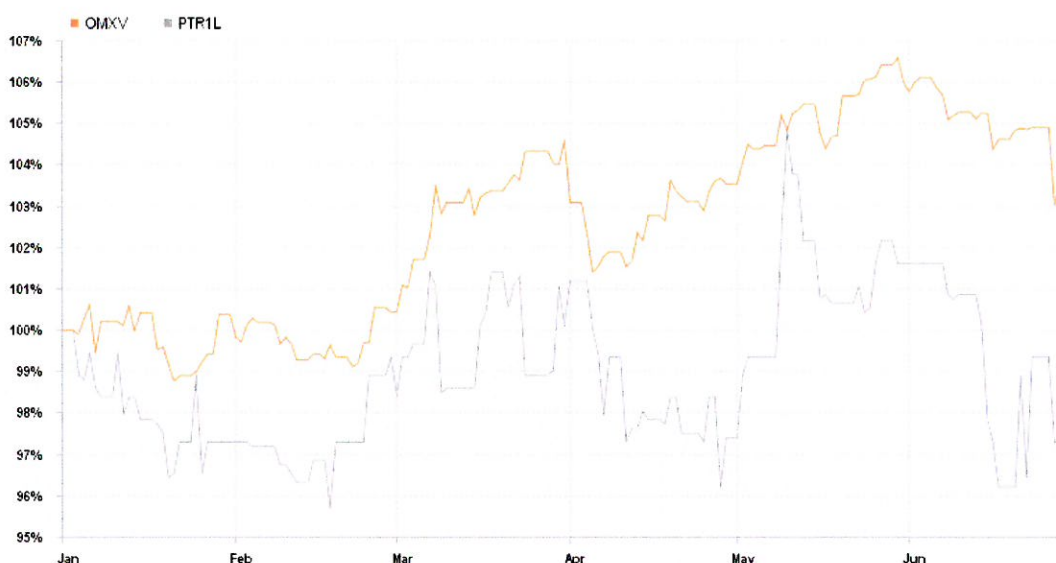
Since 2013 accounting for financial instruments has been assigned to Financial Brokerage Company *Finasta AB*.

6. Data on trade in securities of the issuer at the regulated markets

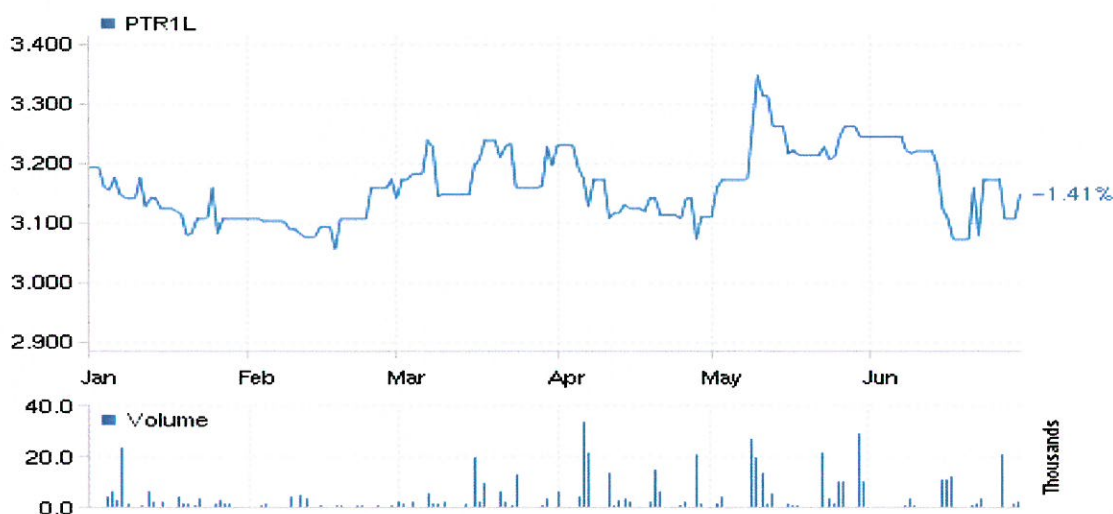
The ordinary registered shares of *Panevezio statybos trestas AB*, 16,350,000 pcs., the par value of each being 0.29 Euros, have been included in the official list of the Vilnius Stock Exchange (VSE) since 13 July 2006.

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

Changes in Panevezio statybos trestas AB and OMX Baltic Benchmark GI indexes for the first half of 2016



Variation in the price of the Company shares at the Stock Exchange for the first half of 2016 (Euros)

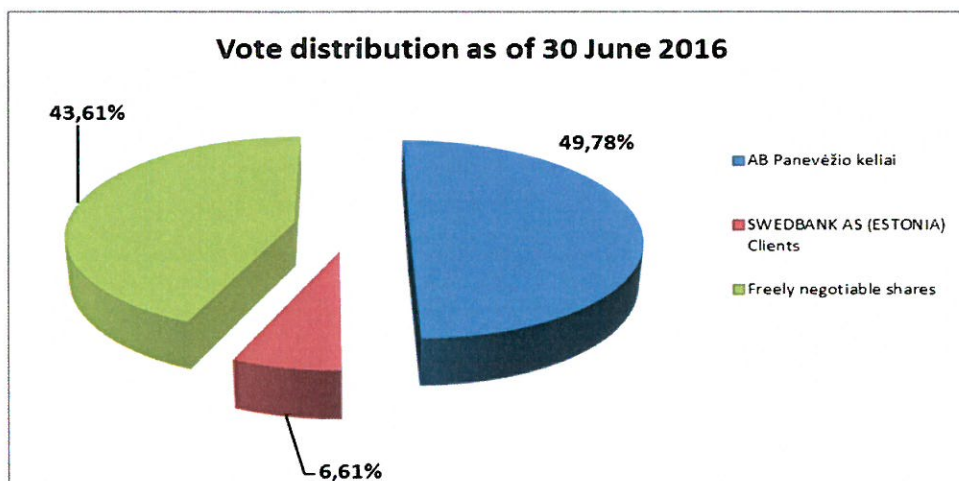


Last price 30 June 2015	Last price 31 Dec. 2015	Average share price for I half of 2016	Highest price for I half of 2016	Lowest price for I half of 2016	Last price 30 June 2016
0.985 EUR	0.925 EUR	0.918 EUR	0.96 EUR	0.845 EUR	0.912 EUR

7. Authorized capital of the Company and its structure

As of 30 June 2016, the authorized capital of the Company is 4,741,500 Euros, it is divided into 16,350,000 ordinary registered shares (hereinafter referred to as ORS), the par value of one share being 0.29 Euros. All shares are intangible and fully paid. The property right for the shares is proved by the record in the stock accounts. The shares of *Panevezio statybos trestas AB* are traded at the Vilnius Stock Exchange. On 30 June 2016 the total number of the shareholders was 1718. The shareholders who under the ownership right hold or control more than 5 per cents of the authorized capital of the Company are as follows:

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.)	Share of the authorized capital held (%)	Portion of votes granted by the shares held under the ownership right (%)	Portion of votes owned by the shareholder along with acting persons (%)
<i>Panevezio keliai AB</i> S. Kerbedzio Str. 7, Panevezys, Company code: 147710353	8,138,932	49.78	49.78	---
SWEDBANK AS (ESTONIA) clients Liivalaia 8, 15040 Tallinn, Estonia Company code: 10060701	1,080,938	6.61	6.61	---
Freely negotiable shares	7,130,130	43.61	43.61	---



Neither the Company nor any of its subsidiary companies or any other person who would act in his/her own name but in the favour and using the means of the Company has purchased any shares of the Company.

8. Information on the performance results of the issuer

Referring to the unaudited data, the income of the Group of *Panevezio statybos trestas* AB for the first half of 2016 amounted to 41.5 mln. Euros, that is, by 36 per cents less than last year. In the first half of 2015 the income of the PST Group was 64.92 mln. Euros. The before-tax profit of the Group amounted to 0.8 mln. Euros for the first half of 2016, whereas in the first half of 2015 the before-tax profit of the Group was 2.9 mln. Euros. Performance assessment at the subsidiary companies located in the Russian Federation had impact on the lower result of the Group.

Referring to the unaudited data, during the first half of this year *Panevezio statybos trestas* AB had the before-tax profit in the amount of 1.6 mln. Euros, that is, by 16 per cents less compared to the profit for the six months of 2015, which amounted to 2 mln. Euros. The income of the company for the first half of 2016 amounted to 34.3 mln. Euros. The income for the first half of 2015 was 41.3 mln. Euros.

The net profit received by the company was conditioned by successful work at the main construction sites. All construction works at the construction sites of the company are carried out fluently according to the schedule. The company continues development and landscaping activities at the Shopping and Leisure Centre *Mega*, construction of a new storage building with offices at Liepkalnio Str. 188, Vilnius, for Wirtgen Lietuva UAB, reconstruction of the National M.K. Ciurlionis School of Art at T. Kosciuskos Str. 11A, Vilnius, construction of LIDL stores in Panevezys and Vilnius.

The new contracts awarded and signed during the first half of this year (*Lidl Lietuva* UAB for construction of the new stores in Siauliai and Ukmerge, reconstruction of Ausros Square in Radviliskis, reconstruction of the Wroblewski Library and Library Stacks of the Lithuanian Academy of Sciences) let us hope that PST will keep on working with stable profit and at the same time maintain the high quality standard.

Risk factors related to the company activities:

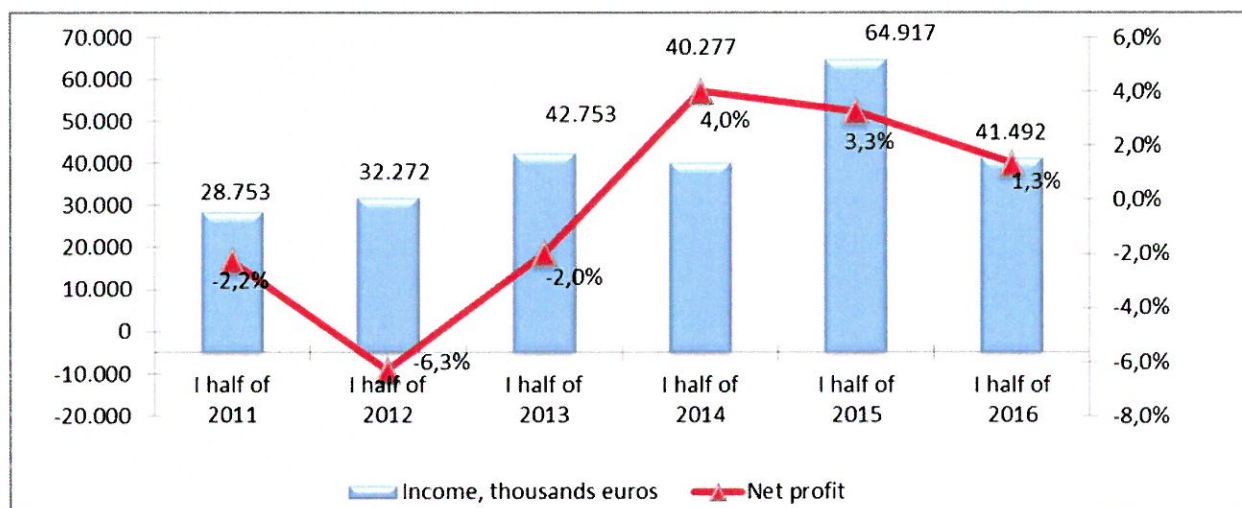
- Shortage of qualified labour;
- Intense competition;
- Aggressive behaviour on the part of Russia and variation in the rate of the Russian Rouble related thereto;
- Damping.

Information on the types of risks arising to the Company and the Group, and risk management is provided in the Notes to the Separate Financial Statement (Note 4) and the Consolidated Financial Statements (Note 4) for the year ended on 31 December 2015.

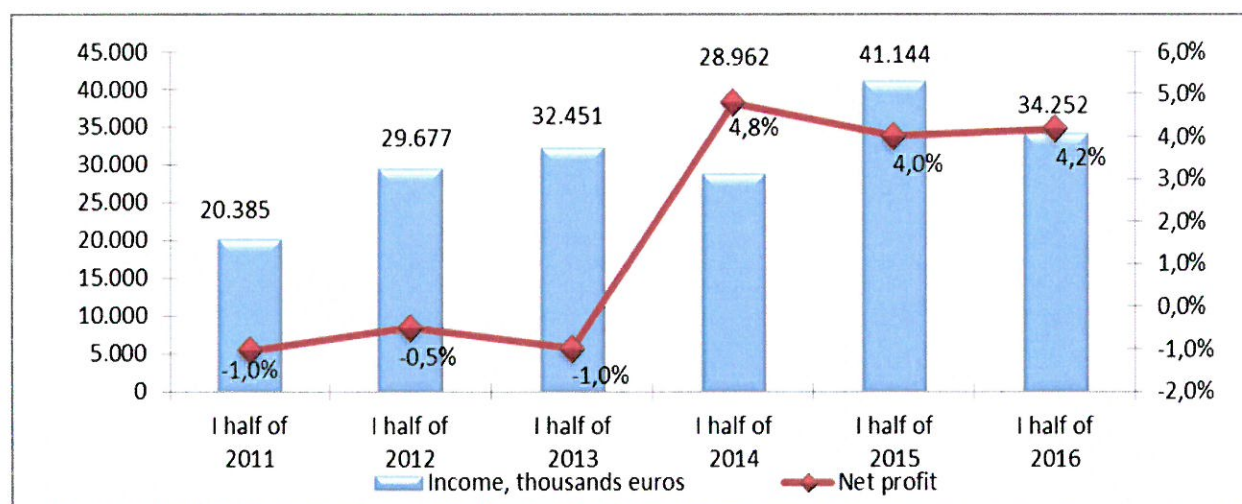
The performance results of *Panevezio statybos trestas* AB and the Group are as follows (thousands Euros):

	Group			Company		
	<i>I half of 2014</i>	<i>I half of 2015</i>	<i>I half of 2016</i>	<i>I half of 2014</i>	<i>I half of 2015</i>	<i>I half of 2016</i>
<i>Income</i>	40,277	64,917	41,492	28,962	41,144	34,252
<i>Gross profit</i>	4,785	5,539	4,169	2,709	4,491	3,248
<i>Gross profit margin (per cent)</i>	9.45	8.53	10	9.35	10.9	9.48
<i>Net profit</i>	1,620	2,124	558	1,390	1,653	1,431
<i>Nets profit margin (per cent)</i>	4.02	3.27	1.34	4.8	4.02	4.18
<i>Profit per share (Euros)</i>	0.098	0.13	0.03	0.08	0.10	0.09
<i>Profit before taxes, interest, depreciation and amortization</i> EBITDA	2,474	3,281	1,459	2,013	2,429	1,845
<i>EBITDA margin (per cent)</i>	6.14	5.05	3.52	6.95	5.9	5.39
<i>Return on equity (per cent)</i> (ROE) $\frac{\text{Net profit}}{\text{Equity capital}}$	4.45	5.95	1.58	3.49	4.13	3.63
<i>Return on assets or asset profitability (ROA)</i> $\frac{\text{Net profit}}{\text{Assets}}$	2.3	2.91	0.94	2.46	2.63	2.64
<i>Return on investments (ROI)</i> $\frac{\text{Net profit}}{\text{Assets} - \text{Current debt}}$	3.87	5.54	1.48	3.43	4.05	3.56
<i>Current liquidity ratio</i> $\frac{\text{Current assets}}{\text{Current liabilities}}$	1.97	1.87	2.40	2.61	2.23	2.94
<i>Critical liquidity ratio</i> $\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	1.41	1.48	1.93	2.54	2.18	2.84
<i>General liquidity ratio</i> $\frac{\text{Equity capital}}{\text{Other liabilities}}$	1.12	1.00	1.56	2.39	1.75	2.66
<i>Asset to equity ratio</i>	0.52	0.49	0.60	0.7	0.64	0.73
<i>Book value per share</i>	7.69	2.18	2.16	8.4	2.45	2.41
<i>Ratio of share price and book value (P/BV)</i>	0.55	0.45	0.42	0.51	0.40	0.38

Income and net profit variation for the Group:



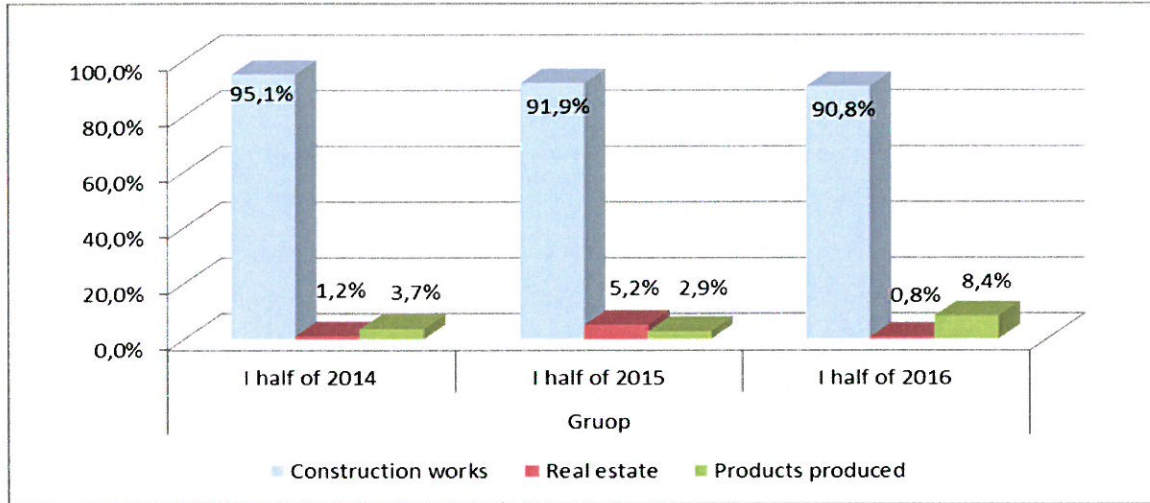
Income and net profit variation for the Company:



Income by activity types (mln. Euros):

The operating income of the Company based on activity types is from building and erection activities. In the first half of 2016 the income from building and construction activities totalled 90.8%, the income from real estate amounted to 0.8%, made products amounted to 8.4%. In the first half of 2015 the income from building and erection activities totalled 91.9%, the income from real estate amounted to 5.2%, made products amounted to 2.9%.

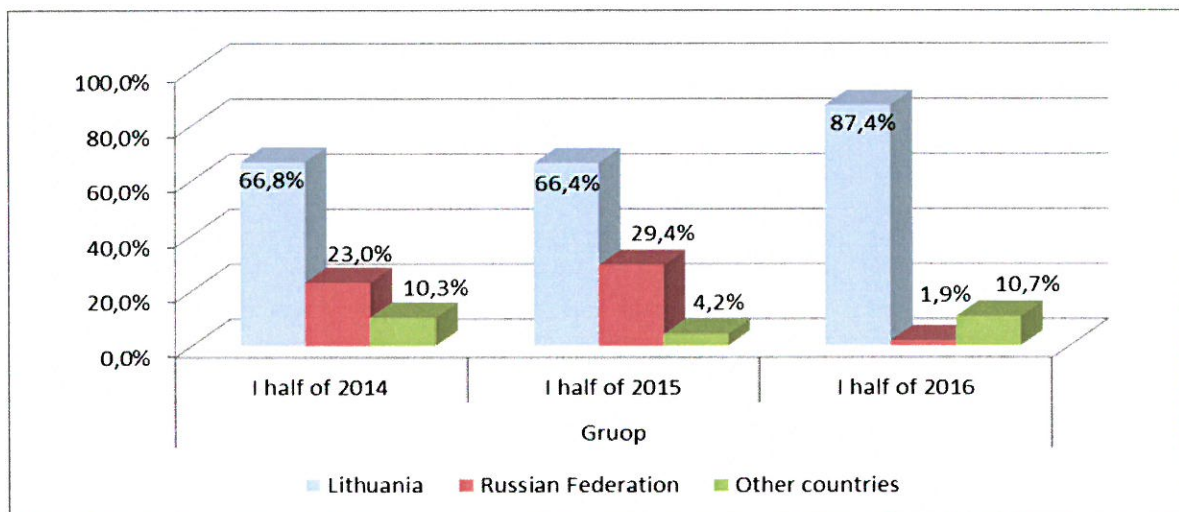
	Group		
	I half of 2014	I half of 2015	I half of 2016
Construction works	38.31	59.67	37.66
Real estate	0.48	3.36	0.34
Products made	1.49	1.88	3.49



Income by countries (mln. Euros):

	Group		
	I half of 2014	I half of 2015	I half of 2016
Lithuania	26.9	43.1	36.28
Russian Federation	9.25	19.07	0.77
Other countries	4.14	2.75	4.44

The income of *Panevezio statybos trestas* AB for the first half of 2015 was received from the activities in the area of Lithuania. The income of the Group received from activities in the area of the country was 87.4 per cents compared to 66.4 per cents in the first half of 2014.



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

During six months of this year *Panevezio statybos trestas AB* has signed several new contracts:

- PST Nordic AB, the subsidiary company of *Panevezio statybos trestas AB*, has signed the construction contract agreement with Åke Sundvall Byggnads AB. The company will make the design of the pre-fabricated reinforced concrete and steel frame, deliver and erect it, starting all activities in April 2016 and completing them by 1 September 2016. The total value of the contract amounts to approximately 0.7 mln. Euros. There will be 16 apartments in the newly built apartment building and the total area of the building will be nearly 2000 square meters;
- with the Public Enterprise *Lietuvos paminklai* for reconstruction of the Wroblewski Library and Library Stacks of the Lithuanian Academy of Sciences. The value of the project is 15.52 mln. Euros. The area of the buildings to be reconstructed and restored covers 9090.31 square meters;
- with *Lidl Lietuva UAB* for construction of the new stores in Siauliai and Ukmerge. The projects, the value of which including the VAT amount to a few million Euros, are planned to be completed by the end of this year. The overall area of one store is 2500 square meters;
- the General Contractor *Panevezio statybos trestas AB* and the partner *Siauliu plentas UAB* have signed the contract with Administration of Radviliskis District Municipality for reconstruction of Ausros Square in Radviliskis. The work carried out by the company will amount to about 3 mln. Euros.
- the Board of *Panevezio statybos trestas AB* has taken the decision to acquire to the ownership of the Company from *PST investicijos UAB* 100 per cents of the ordinary registered shares of *Seskines projektai UAB*.
- on 24 August 2016 *PST Nordic AB* has signed a contract agreement according to which it will have to carry out erection of the pre-fabricated reinforced concrete framework in a project to be implemented in Alphyddan, Stockholm. In this project the scope of works performed by the company will include designing, supply and erection of reinforced concrete and steel structures. The total value of the contract amounts to 3.6 mln. Euros. The work is scheduled to be started this November and completed by June 2017.

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

The company keeps on successfully introducing innovative technologies in its activities. PST aims that preparation for construction and work planning for future projects were done especially fluently.

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

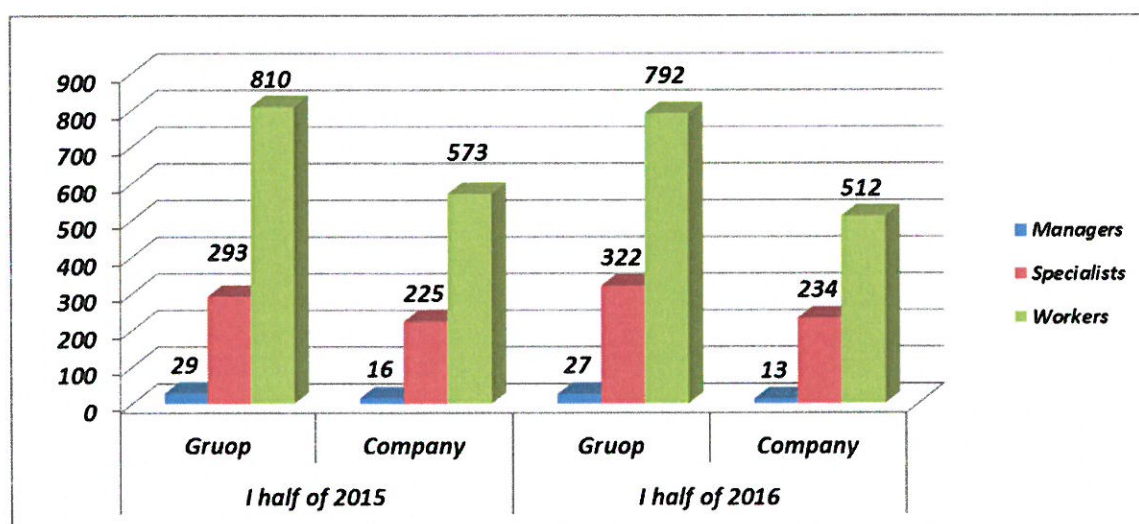
The site construction activities are planned considering the BIM model and therefore the fourth (4D) dimension of the digital model, time, originates. Use of the digital (BIM) model allows reducing probability of delays in work execution and improves work quality. The computer simulation of construction created during the preparation stage allows comparing the amount of actually completed works with the planned ones and responding to any identified discrepancies without delay.

The Building Information Model was started to be used for transportation of products to a site. Using a BIM model and work schedules the required products are delivered to a construction site just in time. This allows minimising the logistic costs and not using large storage areas on-site.

11. Employees

As of 30 June 2016, the number of employees in the Group was 1091, in the company – 780.

Number of employees on payroll	I half of 2015		I half of 2016	
	Group	Company	Group	Company
Managers	29	16	27	13
Specialists	293	225	322	234
Workers	810	573	792	512

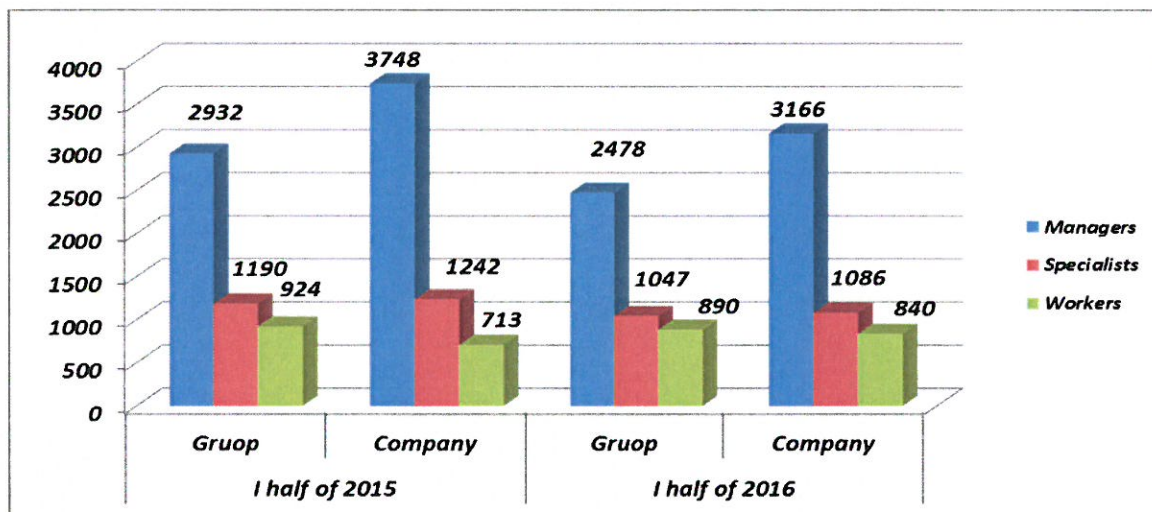


Employee grouping by education in Panevezio statybos trestas AB Group as of 30 June 2016:

Groups of employees	Higher university level education	Higher non-university education	Community college education	Secondary education	Incomplete secondary education
Managers	24	1	2	0	0
Specialists	251	24	35	11	0
Workers	32	12	166	423	110

The average gross wage per employee per month:

Average wage per month, EUR	I half of 2015		I half of 2016	
	Group	Company	Group	Company
Managers	2932	3748	2478	3166
Specialists	1190	1242	1047	1086
Workers	924	713	890	840



The employment agreements do not include any specific rights and obligations for employees or a part thereof.

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

The Articles of Association of the Company may be amended only by the General Meeting of Shareholders by the qualified majority of votes that may not be less than 2/3 of all votes conferred by the shares held by the shareholders attending the meeting. The decision of the General Meeting of Shareholders regarding the amendment of the Articles of Association shall be adopted in accordance with the procedure set forth in Article 27 or 30 of the Law on Companies of the Republic of Lithuania.

13. 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 power of the General Meeting of te Shareholders has no difference from the power 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:

COMPANY NAME	POSITION	NUMBER OF SHARES	CAPITAL, %	VOTES, %
<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>		14	14.0	14.0
<i>Gustonių ZUT UAB</i>	Member of the Board	1,087	50.28	50.28
<i>Specializuota komplektavimo valdyba AB</i>		21,490	9.29	9.29
<i>PST investicijos UAB</i>	Member of the Board	16,407	3.32	3.32
<i>Convustus UAB</i>	Vice-President, Chairman of the Board	50,000	50	50
<i>Alproka UAB</i>	Chairman of the Board	-	-	-
<i>Kauno tiltai UAB</i>		492	0.31	0.31

Term of office: November 2014 through November 2018

Clean record

VIRMANTAS PUIDOKAS – 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	POSITION	NUMBER OF SHARES	CAPITAL,%	VOTES, %
<i>Panevezio keliai</i> AB	General Director	66,769	3.57	3.57
<i>Skalduva</i> UAB	Director	42	42	42
<i>Klovainiu skalda</i> AB	Member of the Board	541,785	10.1	10.1
<i>Avia invest</i> UAB		10,000	100	100
<i>Istros aviaparkas</i> UAB		2,000	100	100
<i>Akvalda</i> UAB		750	50.00	50.00
<i>Emulteka</i> UAB		9	9	9

Term of office: November 2014 through November 2018

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:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL, %	VOTES, %
<i>Akvalda</i> UAB		750	50	50
<i>Emulteka</i> UAB		11	11	11
<i>Betono apsaugos sistemas</i> UAB		40	40	40
<i>Panevezio keliai</i> AB	Technical Director	83,058	4.45	4.45

Terms 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:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL, %	VOTES, %
<i>Dvarcioniu keramika</i> AB	Shareholder	356	-	-
<i>Panevezio keliai</i> AB	Member of the Board	-	-	-

Terms of office: November 2014 through November 2018

Clean record

ANDRIUS BALCETIS– 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, %
<i>Panevezio keliai AB</i>	Member of the Board	-	-	-
<i>Panevezio rysiu statyba UAB</i>	Director	279,507	27	27
<i>Linas AB</i>	-	33,634	0.14	0.14
<i>PST investicijos UAB</i>	Member of the Board	-	-	-

Terms of office: April 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 28 April 2016, the share of profit was paid to the members of the Board. Such amount of the share of profit is 65,647 Euros.

Administration:

DALIUS GESEVICIUS (personal code 35807220337) – 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 (1983, Lithuanian Agricultural Academy), qualification of accountant-economist.

Clean record.

In the first half of 2016 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 of the Company;
- 2) to monitor the effectiveness of the Company's internal control, risk management and internal audit systems where applicable;
- 3) to monitor the audit process;
- 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.

Drasutis Letiukas – Independent Auditor. Holds no shares of the Company.

14. Information disclosed in public

Since the beginning of the year 2016 up to the day of this report the Company has announced the following information in public through the system of OMX Client News Service:

Description of notification	Category of notification	Language	Date
<i>Subsidiary Company of Panevezio statybos trestas AB, PST Nordic AB, Increases Sales in Sweden</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>24 Aug. 2016</i>
<i>Panevezio statybos trestas AB Will Reconstruct Ausros Square in Radviliskis</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>20 July 2016</i>
<i>Panevezio statybos trestas AB Will Build Store in Siauliai and Ukmerge</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>12 July 2016</i>
<i>Panevezio statybos trestas AB Will Acquire Shares of Seskines projektai UAB</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>11 July 2016</i>
<i>Panevezio statybos trestas AB Will Reconstruct the Wroblewski Library in Vilnius</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>26 May 2016</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>28 Apr. 2016</i>
<i>Resolutions of Annual General Meeting of Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>28 Apr. 2016</i>
<i>PST Nordic AB Is Expanding Activities in Sweden</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>15 Apr. 2016</i>
<i>Draft Resolutions of Annual General Meeting of Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>5 Apr. 2016</i>
<i>Convening of Annual General Meeting of Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>25 March 2016</i>

<i>Decision Taken by Director of Supervision Service of the Bank of Lithuania</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>3 Feb. 2016</i>
<i>Panevezio statybos trestas AB Will Prepare and Publish Semi-Annual and Annual Information</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>4 Jan. 2016</i>

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.

15. 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 2016 there were no essential changes related to the company’s notification on compliance with the Governance Code for the year 2015 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.

16. Unaudited financial statements

Separate statement of financial position

In Euros

ASSETS	30 June 2016	31 Dec. 2015
Non-current assets	12,892,582	12,883,702
Intangible assets	142,431	69,256
Tangible non-current assets	6,329,683	6,364,315
Investment and amounts receivable in one year	6,228,083	6,203,386
Deferred tax assets	192,385	246,745
Current assets	41,302,856	42,783,712
Inventories	1,405,770	641,570
Advance payments	444,704	609,785
Amounts receivable	16,307,574	10,884,408
Other current assets	6,242,383	9,751,540
Cash and cash equivalents	16,902,425	20,896,409
TOTAL ASSETS	54,195,438	55,667,414

EQUITY AND LIABILITIES	30 June 2016	31 Dec. 2015
Equity	39,380,089	38,210,995
Share capital	4,741,500	4,741,500
Reserves	1,823,560	1,859,847
Retained profit (loss)	32,815,029	31,609,648
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	14,815,349	17,456,419
Amounts payable in one year and non-current liabilities	790,087	765,522
Loans and borrowings		
Warranty provision	551,956	520,879
Deferred tax liabilities	238,131	244,643
Amounts payable in one year and current liabilities	14,025,262	16,690,897
Loans and borrowings		
Trade payables	11,217,952	10,889,317
Prepayments received	415,419	1,056,999
Current tax payable	0	182,225
Other liabilities	2,391,891	4,562,356
TOTAL EQUITY AND LIABILITIES:	54,195,438	55,667,414

Consolidated statement of financial position

In Euros

ASSETS	<i>30 June 2016</i>	<i>31 Dec. 2015</i>
Non-current assets	7,842,229	8,068,720
Intangible assets	198,755	135,179
Tangible non-current assets	7,309,896	7,460,855
Investment and amounts receivable in one year	51,101	150,623
Deferred tax assets	282,477	322,063
Current assets	51,358,088	58,062,180
Inventories	10,041,286	9,124,308
Advance payments	490,703	980,311
Amounts receivable	20,306,221	18,252,028
Other current assets	1,438,121	888,274
Cash and cash equivalents	19,081,757	28,817,259
TOTAL ASSETS:	59,200,317	66,130,900

EQUITY AND LIABILITIES	<i>30 June 2016</i>	<i>31 Dec. 2015</i>
Equity	35,327,955	36,185,135
Share capital	4,741,500	4,741,500
Reserves	2,108,418	2,151,084
Retained profit (loss)	25,932,827	25,846,294
Translation reserve	2,545,210	3,446,257
Minority share	1,246,452	1,247,111
Amounts payable and liabilities	22,625,910	28,698,654
Amounts payable in one year and non-current liabilities	1,225,192	1,208,533
Loans and borrowings	20,907	20,907
Warranty and other provision	909,102	885,676
Deferred tax liabilities	295,183	301,950
Amounts payable in one year and current liabilities	21,400,718	27,490,121
Loans and borrowings	1,036,618	2,153,192
Trade payables	16,185,720	16,751,936
Prepayments received	655,999	1,523,290
Current tax payable	10,444	205,536
Other liabilities	3,511,937	6,856,167
TOTAL EQUITY AND LIABILITIES:	59,200,317	66,130,900

Separate statement of comprehensive income

In Euros

ITEM	<i>6 months of 2016</i>	<i>6 months of 2015</i>
INCOME FROM SALE	34,252,428	41,144,436
COST OF SALES	31,004,323	36,653,925
GROSS PROFIT (LOSS)	3,248,105	4,490,511
OPERATING EXPENSES	2,051,619	3,214,492
Sales	167,317	95,362
General and administration	1,884,302	3,119,130
TYPICAL OPERATING PROFIT (LOSS)	1,196,486	1,276,019
OTHER ACTIVITIES	95,645	32,316
Income	284,239	139,984
Expenses	188,594	107,668
FINANCIAL AND INVESTMENT ACTIVITIES	354,909	657,647
Income	381,312	686,797
Expenses	26,403	29,150
USUAL ACTIVITY PROFIT (LOSS)	1,647,040	1,965,982
WINDFALL PROFIT	0	0
LOSSES	0	0
PROFIT (LOSS) BEFORE TAXATION	1,647,040	1,965,982
INCOME TAX	215,969	313,176
NET PROFIT (LOSS)	1,431,071	1,652,806

Consolidated statement of comprehensive income

In Euros

ITEM	6 months of 2016	6 months of 2015
SALES	41,491,789	64,917,100
COST OF SALES	37,323,000	59,377,864
GROSS PROFIT (LOSS)	4,168,789	5,539,236
OPERATING EXPENSES	4,876,358	4,557,883
Sales	167,317	268,769
General and administration	4,709,041	4,289,114
TYPICAL OPERATING PROFIT (LOSS)	-707,569	981,353
OTHER ACTIVITIES	31,338	-61,819
Income	253,925	106,447
Expenses	222,587	168,266
FINANCIAL AND INVESTMENT ACTIVITIES	1,502,943	1,941,642
Income from financial activities	0	2,970
Income from other financial activities	1,567,460	2,105,953
Other financial expenses	64,517	167,281
USUAL ACTIVITY PROFIT (LOSS)	826,712	2,861,176
WINDFALL PROFIT	0	0
LOSSES	0	0
PROFIT (LOSS) BEFORE TAXATION	826,712	2,861,176
INCOME TAX	269,098	736,835
NET PROFIT (LOSS)	557,614	2,124,341
ATTRIBUTABLE TO SHAREHOLDERS	305,844	1,619,959
ATTRIBUTABLE TO MINORITY INTEREST	251,770	504,382

Separate statement of changes in equity

In Euros

	Authorized capital	Non-current tangible asset revaluation reserve	Legal reserve	Retained profit	Total
Balance as of 1 January 2015	4,735,287	1,540,662	473,537	32,732,238	39,481,724
Net profit (loss) for 2015				1,652,806	1,652,806
Dividend				-1,079,100	-1,079,100
Total other comprehensive income	6,213	-77,177		77,177	6,213
Balance as of 30 June 2015	4,741,500	1,463,485	473,537	33,383,121	40,061,643
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
Dividend				-261,977	-261,977
Total other 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

Consolidated statement of changes in equity

In Euros

	Authorized capital	Revaluation reserve	Legal reserve	Influence of change in exchange rate	Accumulated profit	Losses per parent company share	Minority part	Total
Balance as of 1 January 2015	4,735,287	1,897,270	598,468	2,432,787	24,811,472	34,475,284	631,367	35,106,651
Dividend					-1,079,100	-1,079,100	-694	-1,079,794
Net profit (loss) for 2015					1,619,959	1,619,959	504,382	2,124,341
Total other comprehensive income	6,213	-83,557		-99,120	84,624	-91,840	39,304	-52,536
Balance as of 30 June 2015	4,741,500	1,813,713	598,468	2,333,667	25,436,955	34,924,303	1,174,359	36,098,662
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

Separate statement of cash flows

In Euros

	<i>6 months of 2016</i>	<i>6 months of 20145</i>
Cash flows from operating activities		
Net profit (loss)	1,431,071	1,652,806
Depreciation and amortization costs	438,550	438,348
Profit (loss) from transfer of non-current assets	8,546	5,384
Income tax expenses	215,969	313,176
	<u>2,094,136</u>	<u>2,409,714</u>
Change in inventories	-764,200	436,463
Change in amounts receivable	-5,423,166	-6,970,323
Change in prepayments	165,081	-116,073
Change in amounts receivable after one year	-24,697	3,295
Change in other assets	-270,014	-38,429
Change in trade payables	328,635	3,146,074
Change in prepayments received	-641,580	-1,901,603
Change in provisions and other liabilities	-2,562,772	-1,430,793
	<u>-7,098,577</u>	<u>-4,461,675</u>
Income tax paid	-229,070	-465,013
Net cash flows from operating activities	<u>-7,327,647</u>	<u>-4,926,688</u>
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-505,439	-1,061,282
Transfer of non-current assets (excl. investments)	19,800	34,730
Acquisition of investments	0	0
Loans issued	-25,000	-1,721,657
Loans recovered	3,870,287	970,450
Dividends and interest received	257,480	902,876
Net cash flows from investing activities	<u>3,617,128</u>	<u>-874,883</u>
Cash flows from financial activities		
Dividends, share of profit paid	-257,175	-1,061,202
Proceeds from loans and borrowings	0	0
Repayments from loans and borrowings	0	0
Interest paid	-26,290	-25,391
Net cash flows from financing activities	<u>-283,465</u>	<u>-1,086,593</u>
Increase (decrease) in net cash flows	-3,993,984	-6,888,164
Cash and its equivalent at the beginning of the period	20,896,409	18,602,735
Cash and its equivalents at the end of the period	<u><u>16,902,425</u></u>	<u><u>11,714,571</u></u>

Consolidated statement of cash flows

In Euros

	<i>6 months of 2016</i>	<i>6 months of 2015</i>
Cash flows from operating activities		
Net profit (loss)	557,614	2,124,341
Elimination of other non-monetary items		
Depreciation and amortization costs	578,121	577,157
Other non-monetary items	-233,660	-27,262
	<u>902,075</u>	<u>2,674,236</u>
Change in inventories	-582,109	4,369
Change in amounts receivable	-2,054,193	-5,166,364
Change in prepayments	489,608	726,507
Change in other assets	-553,345	-111,483
Change in trade payables	-566,216	4,553,186
Change in prepayments received	-867,291	-6,315,267
Change in provisions and other liabilities	-3,515,896	-622,877
	<u>-6,747,367</u>	<u>-4,257,693</u>
Elimination of results from financial and investing activities	-1,208,259	-1,300,396
Net cash flows from operating activities	-7,955,626	-5,558,089
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-558,405	-1,146,971
Transfer of non-current assets (excl. investments)	82,379	52,599
Loans issued	10,000	0
Loans recovered	122,743	764
Dividends and interest received	7,019	7,425
Net cash flows from investing activities	-336,264	-1,086,183
Cash flows from financial activities		
Dividends paid	-257,175	-1,061,896
Proceeds from loans and borrowings	0	0
Repayments from loans and borrowings	-1,126,040	-126,361
Payment of finance lease liabilities	-20,257	-20,158
Interest paid	-40,140	-128,264
Net cash flows from financing activities	-1,443,612	-1,336,679
Increase (decrease) in net cash flows	-9,735,502	-7,980,951
Cash and cash equivalent in the beginning of the period	28,817,259	20,948,848
Cash and cash equivalent at the end of the period	<u>19,081,757</u>	<u>12,967,897</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 Capital Company. On 30 October 1993 the State Capital Company was reorganized to a Public Limited Liability Company. Company code 147732969, VAT code LT477329610. Registration certificate No. 013732 issued on 27 September 2004 by the State Register Centre 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 activities 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 2016	30 June 2015
1 RUB	71.0452	61.6025
1 SEK	9.4311	9.2447
1 PLN	4.4261	4.1893

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 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, only operating and geographical segments of the Group are provided.

Operating segments of the Group

I half of 2016	Construction	Real estate development	Total
Revenue	41,152,512	339,277	41,491,789
Cost of sales	-36,978,300	-344,700	-37,323,000
Gross profit	4,174,212	-5,423	4,168,789
Other income	245,978	7,947	253,925
Operating expenses	-3,625,449	-672,788	-4,298,237
Other expenses	-220,571	-2,016	-222,587
Depreciation and amortization costs	-577,509	-612	-578,121
Operating result	-3,339	-672,892	-676,231
Finance and investment income	284,399	1,283,061	1,567,460
Finance and investment costs	-43,324	-21,193	-64,517
Income tax income (expenses)	-269,353	255	-269,098
Net profit (loss)	-31,617	589,231	557,614
Non-current assets	7,840,510	1,719	7,842,229
Inventories	2,413,532	7,627,754	10,041,286
Other current assets	40,740,686	576,116	41,316,802
Total segment assets	50,994,728	8,205,589	59,200,317
Grants and assistance	8,749	0	8,749
Financial liabilities	39,621	1,017,904	1,057,525
Trade accounts payable	16,176,458	9,262	16,185,720
Other payables	5,231,702	142,214	5,373,916
Total segment liabilities	21,456,530	1,169,380	22,625,910

I half of 2015	Construction	Real estate development	Total
Revenue	61,555,808	3,361,292	64,917,100
Cost of sales	-57,004,066	-2,373,798	-59,377,864
Gross profit	4,551,742	987,494	5,539,236
Other income	96,480	9,967	106,447
Operating expenses	-4,340,270	-217,613	-4,557,883
Other expenses	-168,266	0	-168,266
Operating result	139,686	779,848	919,534
Finance and investment income	368,730	1,740,193	2,108,923
Finance and investment costs	-24,416	-142,865	-167,281
Income tax income (expenses)	-366,627	-370,208	-736,835
Net profit (loss)	117,373	2,006,968	2,124,341
<i>Segment assets</i>			
Non-current assets	7,209,592	892,673	8,102,265
Inventories	3,898,765	9,626,677	13,525,442
Other current assets	43,818,037	7,549,246	51,367,283
Total segment assets	54,926,394	18,068,596	72,994,990
<i>Segment liabilities</i>			
Financial liabilities	80,063	2,023,259	2,103,322
Trade accounts payable	20,406,045	22,111	20,428,156
Other payables	9,886,493	3,369,789	13,256,282
Total segment liabilities	30.372.601	5.415.159	35.787.760

Geographical information of the Group

I half of 2016	Lithuania	Russia	Total
Revenue	40.726.614	765.175	41.491.789
Cost of sales	-36.541.649	-781.351	-37.323.000
Gross profit	4.184.965	-16.176	4.168.789
Other income	214.696	39.229	253.925
Operating expenses	-2.123.092	-2.175.145	-4.298.237
Other expenses	-222.587	0	-222.587
Depreciation and amortization costs	-569.693	-8.428	-578.121
Operating result	1.484.289	-2.160.520	-676.231
Finance and investment income	41.232	1.526.228	1.567.460
Finance and investment costs	-36.750	-27.767	-64.517
Income tax income (expenses)	-269.098	0	-269.098
Net profit (loss)	1.219.673	-662.059	557.614
Non-current assets	7.838.396	3.833	7.842.229
Inventories	6.736.529	3.304.757	10.041.286
Other current assets	38.663.965	2.652.837	41.316.802
Total segment assets	53.238.890	5.961.427	59.200.317
Grants and assistance	8.749	0	8.749
Financial liabilities	749.361	308.164	1.057.525
Trade accounts payable	13.072.192	3.113.528	16.185.720
Other payables	5.193.881	180.035	5.373.916
Total segment liabilities	19.024.183	3.601.727	22.625.910

I half of 2015	Lithuania	Russia	Total
Revenue	45,848,607	19,068,493	64,917,100
Cost of sales	-40,261,097	-19,116,767	-59,377,864
Gross profit	5,587,510	-48,274	5,539,236
Other income	94,054	12,393	106,447
Operating expenses	-4,033,883	-524,000	-4,557,883
Other expenses	-163,453	-4,813	-168,266
Operating result	1,484,228	-564,694	919,534
Finance and investment income	1,407,842	701,081	2,108,923
Finance and investment costs	-81,528	-85,753	-167,281
Income tax income (expenses)	-366,231	-370,604	-736,835
Net profit (loss)	2,444,311	-319,970	2,124,341
Non-current assets	6,871,511	1,230,754	8,102,265
Inventories	7,197,131	6,328,311	13,525,442
Other current assets	47,331,753	4,035,530	51,367,283
Total segment assets	61,400,395	11,594,595	72,994,990
Financial liabilities	1,823,912	279,410	2,103,322
Trade accounts payable	17,303,361	3,124,795	20,428,156
Other payables	11,138,344	2,117,938	13,256,282
Total segment liabilities	30,265,617	5,522,143	35,787,760

Investment

During the first half 2016 the investments of the Group in acquisition of non-current assets amounted to 554,103 Euros. *Panevezio statybos trestas* AB acquired non-current assets for 501,139 Euros. During the first half of year 2016 the costs related to depreciation and amortization of assets of the Group amounted to 578,121 Euros, including 438,550 Euros accounted for in the Financial Statement of *Panevezio statybos trestas* AB.

Loans

As of 30 June 2016, the Group had loans amounting to 1,057,525 Euros, including 709,303 Euros as long-term and short-term credits of *PST investicijos* UAB Group. Reduction in loans was conditioned by the loan in the amount of 1,118,441 Euros, which had been repaid by *Panevezio keliai* AB.

Guarantees, sureties

As of 30 June 2016, the guarantees of the liabilities of *Panevezio statybos trestas* AB Group issued by credit institutions and insurance companies amounted to 17,389,609 Euros, including 16,371,381 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 26 February 2016 a four-month surety agreement was signed with the Lithuanian material supply company for the liabilities of the subsidiary company *PST Nordic* AB, which amounted to 390,067 Euros. This contract was extended till 31 December 2016 based on the resolution adopted by the Board.

Transactions with associated parties

On 14 July 2016 *Panevezio statybos trestas* AB acquired 46,100 ordinary registered shares of *Seskines projektai* UAB, the nominal value of each share being 28.96 Euros, which make 100 per cents of the authorised capital of *Seskines projektai* UAB.

Dividends

The Annual General Meeting of Shareholders of *Panevezio statybos trestas* AB that took place on 28 April 2016 took the decision to pay dividends for the year 2015 in the amount of 261,977 Euros. As of 30 June 2016, the dividends in the amount of 256,870 Euros have been paid, which makes 98.1 % of the amount payable.