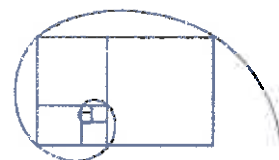


PANEVEZIO STATYBOS TRESTAS AB
Consolidated Interim Financial Statements
and Consolidated Interim Report
for the First Half of 2018
(UNAUDITED)

31 August 2018

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 2018 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 the first half of 2018 covers the period 1 January 2018 through 30 June 2018.

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
LEI code	52990000VPCGEWIDCX35
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 2018, 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>Rožu 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 baltevomarketao@mail.ru maslena11@mail.ru	87.5
<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>Seskinės 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 company of PST investicijos UAB:

<i>ISK</i> <i>Baltevromarket</i> ZAO	13 July 2001 Independent Registration Company AB	3906214631	Rostovskaja Str. 5-7, Kaliningrad, Kaliningrad Obl., Russian Federation	Tel.+79097772202 baltevromarketao@ mail.ru	100
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5. Contracts with the intermediary of public trading in securities

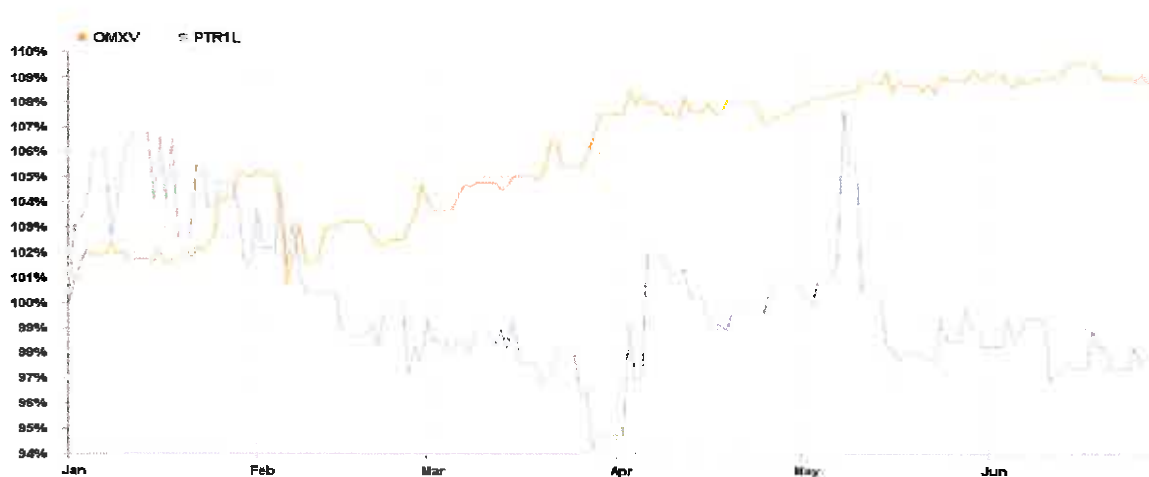
In 2013, the Company signed the contract with the Financial Brokerage Company *Finasta AB* for securities accounting and provision of services related with securities accounting. On 21 December 2015, the Financial Brokerage Company *Finasta AB* had been rearranged by way of merge with *Siauliu bankas 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

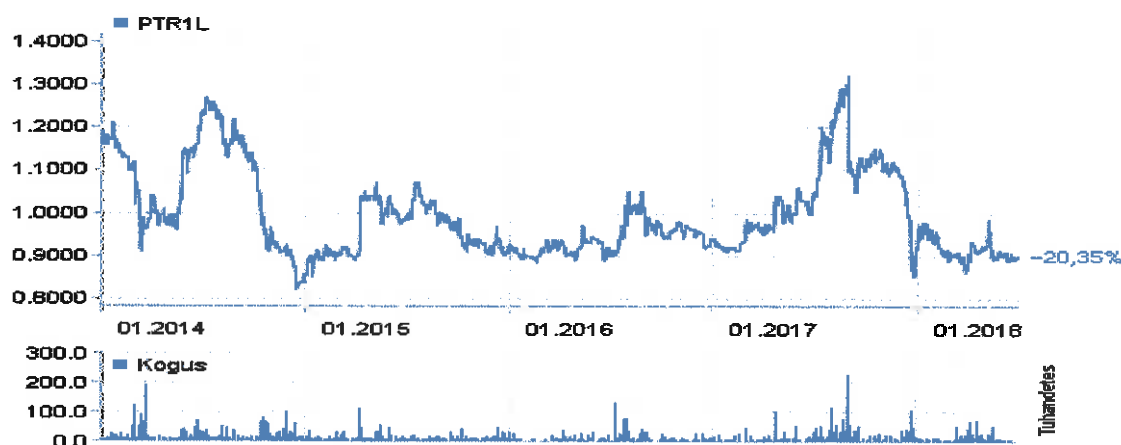
The ordinary registered shares of *Panevezio statybos trestas AB* have been on the Official Trading List of *Nasdaq Vilnius AB* (company symbol PTR1L) since 13 July 2006.

<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 2018



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for 2014 through the First Half of 2018 (Euros)



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the First Half of 2018 (Euros)



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

Last price 30 June 2017	Last price 31 Dec. 2017	Average share price for I half of 2018	Highest price for I half of 2018	Lowest price for I half of 2018	Last price 30 June 2018
1.05 EUR	0.916 EUR	0.911 EUR	0.99 EUR	0.85 EUR	0.90 EUR

7. Authorised capital of the issuer and its structure

As of 30 June 2018, 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 2018, the total number of shareholders was 1557.

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	1,273,629	7.79	7.79	---
Freely negotiable shares	6,937,439	42.43	42.43	---

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 2018, the turnover of *Panevezio statybos trestas* AB was 39.2 mln. Euros, that is by 1.6 times more compared to the six months of the year 2017. In the first half of 2018, the company incurred losses in the amount of 0.664 mln. Euros. Referring to the first half of 2017, the losses amounted to 0.6194 mln. Euros.

The comprehensive income of the Group over the same period amounted to 45.6 mln. Euros and, compared to the comprehensive income in the amount of 33.5 mln. Euros over the first half of 2017, increased by 36 per cents. Over the reporting period, the Group incurred losses amounting to 0.879 mln. Euros. Referring to the first half of 2017, the losses of the company amounted to 1.68 mln. Euros.

Over the six months of 2018, EBITDA – earnings before interest and depreciation – of the company was 0.005 mln. Euros (-0.006 mln. Euros over the first half of 2017) for the company and 0.003 mln. Euros (-0.874 mln. Euros over the first half of 2017) 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:

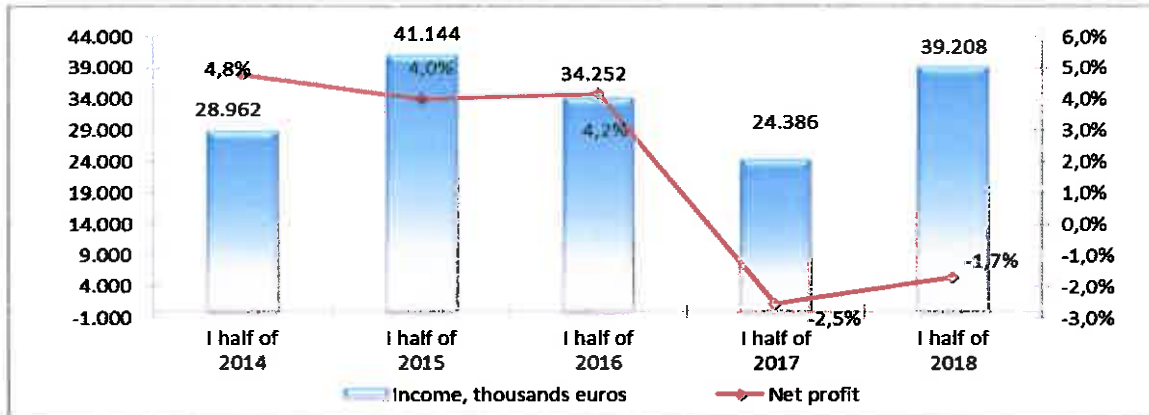
- legal regulation;
- severe competition;
- shortage of qualified labour;
- cyclical nature of economy;
- macroeconomic factors;
- damping.

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 2017 (Note 4) and the Notes to the Consolidated Financial Statements for the year ended on 31 December 2017 (Note 4).

Table 3. The results of the company and the Group of Panevezio statybos trestas AB for the First Half of 2016 through the First Half of 2018 (thousands Euros):

Group			Items	Company		
I half of 2016	I half of 2017	I half of 2018		I half of 2016	I half of 2017	I half of 2018
41,492	33,548	45,567	Income	34,252	24,386	39,208
37,323	32,562	42,475	Cost	31,004	23,266	37,782
4,169	985	3,092	Gross profit	3,248	1,120	1,426
10	2.94	6.79	Gross profit margin (per cents)	9.5	4.6	3.64
-706	-2,197	21	Typical operating result	1,196	-1,122	-676
-1.7	-6.5	0.05	Typical operating result from turnover (per cents)	3.5	-4.6	-1.72
4,459	-874	3	Profit before taxes, interest, depreciation and amortization EBITDA	1,845	-6.2	5
3.5	-2.6	0.01	EBITDA margin (per cents)	5.4	-0.03	0.01
558	-1,681	-879	Net profit	1,431	-619	-664
1.3	-5	1.93	Nets profit (loss) margin (per cents)	4.2	-2.5	-1.69
0.03	-0.10	-0.05	Profit (loss) per share (Euros)	0.09	-0.04	-0.04
1.58	-4.81	-2.42	Return on equity (per cents)(ROE) $\frac{\text{Net profit}}{\text{Equity capital}}$	3.63	-1.63	-1.78
0.94	-3.22	-1.48	Return on assets or asset profitability (ROA) $\frac{\text{Net profit}}{\text{Assets}}$	2,64	-1.28	-1.20
1.48	-4.49	-2.30	Return on investments (ROI) $\frac{\text{Net profit}}{\text{Assets} - \text{Current debt}}$	3.56	-1.59	-1.75
2.40	3.02	2.38	Current liquidity ratio $\frac{\text{Current assets}}{\text{Current liabilities}}$	2.94	3.61	2.06
1.93	2.34	1.74	Critical liquidity ratio $\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	2.84	3.50	1.86
0.60	0.67	0.61	Asset to equity ratio	0.73	0.79	0.67
2.16	2.14	2.22	Book value per share	2.41	2.33	2.28
0.42	0.49	0.41	Ratio of share price and book value (P/BV)	0.38	0.45	0.40

Income and net profitability variation for the Company:



Income and net profitability variation for the Group:

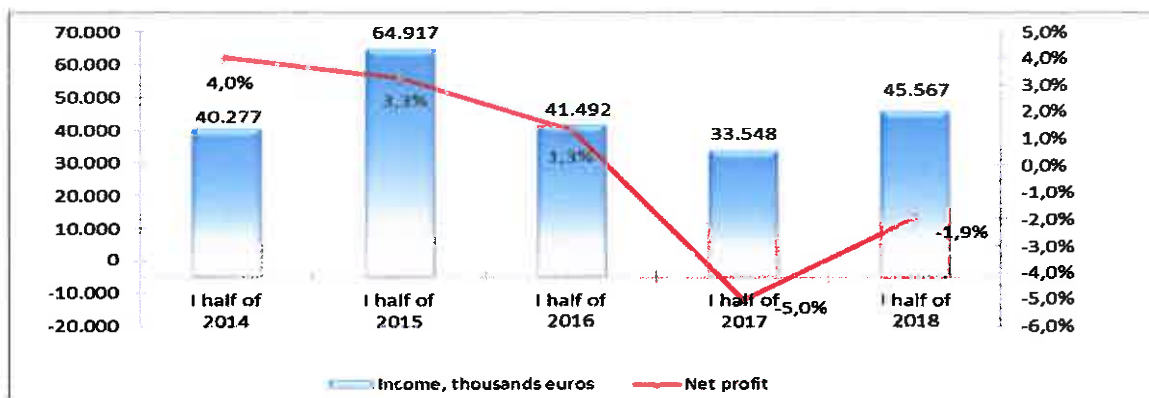


Table 4. Income (mln. Euros) by operation types

mln. Euros	Group		
	I half of 2016	I half of 2017	I half of 2018
Construction works	37.66	29.14	40.83
Real estate	0.34	0	0
Products produced and other income	3.49	4.41	4.74

During the first half of 2018, the main income of Panevezio statybos trestas AB by operation types is from building and erection. Over the first half of 2017, the income of the Group from building and construction totalled 89.6 %, income from made products and other income amounted to 10.4 %. 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 %.

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

mln. Euros	Group		
	I half of 2016	I half of 2017	I half of 2018
Lithuania	36.28	26.05	38.79
Russian Federation	0.77	0	1.23
Scandinavian countries	4.44	6.67	5.03
Other countries	0	0.83	0.52

In the first half of 2018 the main activities of Panevezio statybos trestas AB were carried out in Lithuania. The income of the Group from the works performed within the country made 85.1 per cents of the income, in the Scandinavian countries – 11 per cents. Compared of the first half of 2017, the income within the country made 77.6 per cents of the income, in the Scandinavian countries – 19.8 per cents.

Environmental protection

Quality, environment 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 risk is carried out, analyses are performed and measures for risk reduction or elimination are taken on each site. For the purposes of environment and resource protection and sustainability, ensuring pollution prevention, in the beginning of each project the environmental plan including specific measures for control of significant aspects of environment protection and activities performed is prepared.

In 2018 the Lithuanian National Accreditation Bureau accredited the Construction Laboratory in accordance with LST EN ISO/IEC 17025:2005 for the period of 5 years, thus granting it the right to perform tests of building materials.

Quality, environmental and occupational health and safety management systems in accordance with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 are also successfully operating in the companies of the Group. The constant aim is to minimize the impact of construction processes on the environment.

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 2018, the number of employees in the Group was 1,069, in the company – 780.

Table 6. Average number of employees for the First Halves of 2017 and 2018:

<i>Average number of employees</i>	<i>I half of 2017</i>		<i>I half of 2018</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Managers	25	13	24	13
Specialists	294	225	316	243
Workers	721	519	706	515
<i>Total</i>	<i>1,040</i>	<i>757</i>	<i>1,046</i>	<i>771</i>

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	24	22	0	2	0	0
Specialists	328	260	19	30	19	0
Workers	717	30	18	179	429	61
Total:	1,069	312	37	211	448	61

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

	<i>I half of 2017</i>		<i>I half of 2018</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Managers	3,144	4,035	3,119	3,702
Specialists	1,235	1,210	1,299	1,295
Workers	979	936	923	929
Total	1,179	1,172	1,123	1,143

Over the first half of 2018, 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 2018, 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

Based on the decision taken by the Board, *Panevezio statybos trestas* AB has acquired from *PST investicijos* UAB (company code 124665689) to the ownership of the company 25,600 (twenty five thousand six hundred) ordinary registered shares, the nominal value of each share being 28.96 Eur (twenty eight Euros, 96 ct), of *Ateities projektai* UAB, company code 300560621, which make 100 per cents of the authorised capital of *Ateities projektai* UAB.

Ateities projektai UAB owns a land plot covering the area of 2.3289 ha in Palanga located northwards of the central part of Palanga, in a new developing district - Kunigiskes. This direction is one of the most promising in terms of further expansion possibilities for Palanga. *Panevezio statybos trestas* AB is planning to develop a real estate project in this land plot.

Over the six months of this year, *Panevezio statybos trestas* AB has signed a few new contracts:

- the contract with *Naujasis Uzupis* UAB for construction of a complex of apartment buildings at Aukstaiciu Str. 10, Vilnius. The total area of the buildings is approximately 16,000 square meters. Completion of the project is scheduled within 18 months;
- together with the partners the contract at the Jekabpils City Municipality for construction of a new multifunctional sports centre. The multifunctional sports centre will include an ice arena, various gyms, a conference hall, a café and a car parking area. The value of the project amounts to 13.1 mln. Euros. Completion of the project is scheduled for summer 2020;

- the company was being successful at the international tender for public procurement of civil construction works, and signed the contract with the joint venture of state owned *Lietuvos energija UAB* and *Fortum Heat Lietuva UAB*, *Kauno kogeneracine jėgaine UAB*, for construction of Kaunas Combined Power Plant in Kaunas. Based on the contract, *Panevezio statybos trestas AB* undertakes to build more than 15 objects and facilities (main and auxiliary buildings of the power plant, utility networks and communications, internal roads, etc.). The value of services to be provided according to the signed contract amounts to 33.6 mln. Eur. The works will be started in the nearest future and completed in autumn 2020.

The judicial panel of the Vilnius Regional Administrative Court, following Articles 84 through 87, 88(1), 132 of the Law on Administrative Proceedings of the Republic of Lithuania, has passed the judgement to dismiss the appeals of *Panevezio statybos trestas AB* and *Irdaiva UAB* as unfounded. The judgement may be subject to appeal addressed to the Supreme Administrative Court of Lithuania within one month from the date it has been pronounced.

On 13 June 2018 *Panevezio statybos trestas AB* has filed an appeal against the judgement of the Vilnius Regional Administrative Court dated 14 May 2018 passed in the administrative case No. eI-1443-1063/2018 on the decision No. 2S-11 (2017) of the Competition Council of the Republic of Lithuania dated 21 December 2017 on *Compliance of Actions of Irdaiva UAB and PST AB Related to Joint Bidding at Public Tenders for Purchasing Building Renovation and Modernisation Works with Requirements Stipulated in Article 5 of the Law on Competition of the Republic of Lithuania*.

On 15 June 2018 the following board members of *Panevezio statybos trestas AB* were elected at the Extraordinary Meeting of Shareholders for the 4 year term of Office: Audrius Balcetis, Audrius Butkunas, Vilius Grazys, Justas Jasiunas, Remigijus Juodvirsis. Remigijus Juodviršis was elected as the Chairman of the Board.

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

The company has the Research and Development Department established. Activity of the department is focused on but not limited to improvement of PST Designing Department results. We are continuously looking for the ways to improve information flows between designers, producers and builders. In today's construction, as in other industries, digital data and information are becoming increasingly important in business processes, and it is therefore vitally important to look for ways to ensure that proper and timely provision of information to any interested parties. Currently, this is one of the key priorities of the department. In the projects that are of strategic importance to the company, the Research and Development Department is directly engaged in business processes (design, construction, production) and by analysing them tries to find the ways how to use the available information in the most effective manner, manage and save it, and in future, as technologies of artificial intelligence develop, use it for analyzing and creating advanced algorithms for planning and implementation of design and construction works.

Since establishment the Research and Development Department created more than 10 different programs and tools for faster, more convenient and standardised information entry and management. The database of the company, which is currently one of the key components in the information system of construction and designing management that is under development, has been created. At present, this information system is being developed in small stages mostly focusing on business processes of the Designing Department, their digitalisation and optimisation. The environment for working with the main designing tool of the department, Tekla Structures, is fastly improved and standardised, thus eliminating zing with the main office design tool, eliminating common mistakes, optimizing processes, and integrating them into a common information system under development.

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>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

Panevezio statybos trestas AB Interim Financial Statements for Six Months of 2018

<i>Gustonių ZUT UAB</i>	Member of the Board	1,085	50.28	50.28
<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
<i>Specializuota komplektavimo valdyba AB</i>		21,490	1.07	1.07
<i>Tertius UAB</i>		704,638	80	80

Term of office: June 2018 through June 2022

Clean record.

AUDRIUS BUTKUNAS – 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>	Member of the Board/ Project Director	20,010	1.18	1.18
<i>PK Road AB</i>	Member of the Board	-	-	-

Term of office: June 2018 through June 2022

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	-	-	-

Term of office: June 2018 through June 2022

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>Betono apsaugos sistemos UAB</i>		40	40	40
<i>Panevezio keliai AB</i>	Technical Director	83,058	4.45	4.45

Term of office: June 2018 through June 2022

Clean record.

JUSTAS JASIUNAS – 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>KINGSBUD SP.ZO.O</i>	Chairman of the Board	-	-	-

Term of office: June 2018 through June 2022
Clean record.

Following the decision of the General Meeting of Shareholders of *Panevezio statybos trestas AB* that had taken place on 28 April 2018, the share of profit was paid to the members of the Board of the previous term of office. Such amount of the share of profit is 38,890 Euros.

Administration:

DALIUS GESEVICIUS– Head of the Company Administration, Managing Director. Holds 38,015 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 28 April 2018:
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.

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

13. Published information

Table 9. Summary of published information from the beginning of 2018 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>Board Chairman Elected at Panevezio statybos trestas AB</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>25 June 2018</i>
<i>Resolutions of Extraordinary General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>15 June 2018</i>
<i>Draft Resolutions of Extraordinary General Shareholders' Meeting</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>14 June 2018</i>
<i>Appeal against Judgement of Vilnius Regional Administrative Court</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>13 June 2018</i>
<i>Draft Resolutions of Extraordinary General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>25 May 2018</i>
<i>Convening of Extraordinary General Meeting of Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>16 May 2018</i>
<i>Judgement Passed by Vilnius Regional Administrative Court</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>14 May 2018</i>
<i>Resignation of the member of the Board of Panevezio statybos trestas AB</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>10 May 2018</i>
<i>Extension of Deadline for Court Judgement</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>9 May 2018</i>
<i>Panevezio statybos trestas AB Is Going to Build Kaunas Waste to Energy Power Plant in Kaunas</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>8 May 2018</i>
<i>Annual Information Approved by Annual General Meeting of Shareholders of Panevezio statybos testas AB</i>	<i>Annual information</i>	<i>Lt, En</i>	<i>27 April 2018</i>
<i>Resolutions of Annual General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>27 April 2018</i>
<i>Extension of Deadline for Court Judgement</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>18 April 2018</i>
<i>Draft Resolutions of Annual General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>5 April 2018</i>
<i>Preliminary Performance Results of Panevezio statybos trestas AB and Panevezio statybos trestas Group for twelve months of 2017</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>29 March 2018</i>
<i>Convening of Annual General Meeting of Shareholders</i>	<i>General Meeting of Shareholders</i>	<i>Lt, En</i>	<i>27 March 2018</i>
<i>Panevezio statybos trestas AB Will Build Jekabpils Multifunctional Sports Centre in Latvia</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>9 March 2018</i>

<i>Description of notification</i>	<i>Category of notification</i>	<i>Language</i>	<i>Date</i>
<i>Resolution by the Director of the Supervision Service of the Bank of Lithuania</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>7 March 2018</i>
<i>Panevezio statybos trestas AB Will Build a Complex of Apartment Buildings in Vilnius</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>2 Feb. 2018</i>
<i>Panevezio statybos trestas AB Has Acquired Shares of Ateities projektai UAB</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>26 Jan. 2018</i>
<i>Appeal against Decision of Competition Council</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>10 Jan. 2018</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 the six months of 2018 there were no essential changes related to the company's notification on compliance with the Governance Code for the year 2017 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 comprehensive income

thousands Euros

ITEM	<i>First Half of 2018</i>	<i>First Half of 2017</i>
INCOME	39,208	24,386
COST OF SALES	-37,782	-23,266
GROSS PROFIT (LOSS)	1,426	1,120
OPERATING EXPENSES	-2,102	-2,241
Sales	-189	-160
General and administrative	-1,913	-2,081
TYPICAL OPERATING PROFIT (LOSS)	-676	-1,121
OTHER ACTIVITIES	79	104
Income	251	287
Costs	-172	-183
FINANCIAL AND INVESTMENT ACTIVITIES	15	497
Income	44	514
Costs	-29	-17
PROFIT (LOSS) BEFORE TAXATION	-582	-520
INCOME TAX	-82	-99
NET PROFIT (LOSS)	-664	-619

Consolidated statement of comprehensive income

thousands Euros

ITEM	<i>First Half 2018</i>	<i>First Half 2017</i>
SALES	45,567	33,548
COST OF SALES	42,475	32,563
GROSS PROFIT (LOSS)	3,092	985
OPERATING EXPENSES	3,071	3,183
Sales	240	163
General and administrative	2,831	3,020
TYPICAL OPERATING PROFIT (LOSS)	21	-2,198
OTHER ACTIVITIES	-45	0
Income	160	239
Costs	205	239
FINANCIAL AND INVESTMENT ACTIVITIES	-689	663
Income from company liquidation	0	1,722
Income from other financial activities	7	16
Other financial costs	696	1,075
PROFIT (LOSS) BEFORE TAXATION	-713	-1,535
INCOME TAX	166	146
NET PROFIT (LOSS)	-879	-1,681
ATTRIBUTABLE TO SHAREHOLDERS	-641	-1.383
ATTRIBUTABLE TO MINORITY INTEREST	-238	-298

Separate statement of financial position

thousands Euros

ASSETS	<i>30 June 2018</i>	<i>31 Dec. 2017</i>
Non-current assets	19,619	17,322
Intangible assets	105	109
Tangible assets	6,552	6,108
Investment and amounts receivable in one year	12,962	11,050
Deferred tax assets		55
Current assets	35,694	38,603
Inventories	3,462	1,527
Prepayments	500	686
Trade receivables	14,962	7,977
Other current assets	3,112	2,980
Cash and cash equivalents	13,658	25,433
TOTAL ASSETS	55,313	55,925

EQUITY AND LIABILITIES	<i>30 June 2018</i>	<i>31 Dec. 2017</i>
Equity	37,228	38,872
Share capital	4,742	4,742
Reserves	1,677	1,713
Retained earnings	30,809	32,417
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	18,085	17,053
Amounts payable in one year and non-current liabilities	741	693
Loans and other borrowings		
Warranty provision and others	714	693
Deferred tax liabilities	27	
Amounts payable in one year and current liabilities	17,344	16,360
Loans and borrowings		
Trade payables	12,234	8,655
Prepayments received	1,892	3,171
Income tax payable		
Other liabilities	3,218	4,534
TOTAL EQUITY AND LIABILITIES:	55,313	55,925

Consolidated statement of financial position

thousands Euros

ASSETS	<i>30 June 2017</i>	<i>31 Dec. 2016</i>
Non-current assets	9,076	8,390
Intangible assets	146	149
Tangible assets	7,457	7,023
Investment and amounts receivable in one year	1,411	1,097
Deferred tax assets	62	121
Current assets	50,315	51,299
Inventories	13,569	10,934
Advance payments	760	767
Amounts receivable	16,254	9,716
Other current assets	3,788	2,991
Cash and cash equivalents	15,944	26,891
TOTAL ASSETS:	59,391	59,689

EQUITY AND LIABILITIES	<i>30 June 2017</i>	<i>31 Dec. 2016</i>
Equity	36,251	37,483
Share capital	4,742	4,742
Reserves	1,940	1,983
Retained earnings	26,793	28,372
Translation reserve	2,776	2,386
<i>Minority interest</i>	1,082	1,145
Amounts payable and liabilities	22,058	21,061
Amounts payable in one year and non-current liabilities	960	942
Loans and borrowings		
Warranty provisions and other	70	54
Deferred tax liabilities	848	857
Other liabilities	42	22
Amounts payable in one year and current liabilities	21,098	20,119
Loans and borrowings	552	639
Trade payables	13,563	10,280
Prepayments received	2,416	3,652
Income tax payable	74	19
Other liabilities	4,493	5,529
TOTAL EQUITY AND LIABILITIES:	59,391	59,689

Separate statement of changes in equity

thousands Euros

	Share capital	Non-current tangible asset revaluation reserve	Legal reserve	Retained profit	Total
Balance as of 31 December 2017	4,742	1,238	475	32,417	38,872
Net profit (loss) for 2018				-664	-664
Dividends				-981	-981
Total comprehensive income		-36		37	1
Balance as of 30 June 2018	4,742	1,202	475	30,809	37,228
Balance as of 31 December 2016	4,742	1,312	475	33,212	39,741
Net profit (loss) for 2017				-619	-619
Dividends				-1,063	-1,063
Total comprehensive income		-37		37	0
Balance as of 30 June 2017	4,742	1,275	475	31,567	38,059

Consolidated statement of changes in equity

thousands 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 2017	4,742	1,384	599	2,386	28,372	37,483	1,145	38,628
Reduction in revaluation reserve	-43				43	0		0
Net profit (loss) for 2016					-641	-641	-237	-878
Dividends (PST, Vekada)					-981	-981		-981
Effect of changes in foreign exchange rates				390		390	174	564
Balance as of 30 June 2018	4,742	1,341	599	2,776	26,793	36,251	1,082	37,333
Balance as of 31 December 2016	4,742	1,468	599	1,757	28,231	36,797	1,357	38,154
Reduction in revaluation reserve	-43				43	0		0
Net profit (loss) for 2017					-1,383	-1,383	-299	-1,682
Dividends (PST, Vekada)					-1,063	-1,063	-4	-1,067
Effect of changes in foreign exchange rates				580		580	129	709
PST Arms adjustment for 2016					18	18	-18	0
Balance as of 30 June 2017	4,742	1,425	599	2,337	25,846	34,949	1,165	36,114

Separate statement of cash flows

thousands Euros

	<i>First Half of 2018</i>	<i>First Half of 2017</i>
Cash flows from operating activities		
Net profit (loss)	-664	-619
Depreciation and amortization	572	503
Profit (loss) from transfer of non-current assets		-20
Income tax expense	82	99
	-10	-37
Change in inventories	-1,935	-242
Change in trade receivables	-6,984	2,283
Change in prepayments	186	104
Change in amounts receivable after one year	-333	-3
Change in other assets	-265	-493
Change in trade payables	3,580	-3,386
Change in prepayments received	-1,279	860
Change in provisions and other liabilities	-1,285	-1,567
	-8,325	-2,481
Income tax paid	-5	-253
Net cash flows from operating activities	-8,330	-2,734
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-1,024	-400
Disposal of non-current assets (excl. investments)	13	49
Acquisition of long-term investments	-400	0
Loans granted	-1,133	-184
Loans recovered	90	111
Dividends and interest received	1	451
Net cash flows from investing activities	-2,453	27
Cash flows from financing activities		
Dividends paid	-976	-1,056
Proceeds from loans and borrowings	0	0
Loans and borrowings repaid	0	0
Interest paid	-16	-11
Net cash flows from financing activities	-992	-1,067
Increase (decrease) in net cash flows	-11,775	-3,774
Cash and its equivalent at the beginning of the period	25,433	22,410
Cash and its equivalents at the end of the period	13,658	18,636

Consolidated statement of cash flows

thousands Euros

	<i>First Half of 2017</i>	<i>First Half of 2016</i>
Cash flows from operating activities		
Net profit (loss)	-879	-1,681
Elimination of other non-cash items:		
Depreciation and amortization	695	631
Other non-cash items	216	178
	32	-872
Change in inventories	-1,639	-250
Change in contracts in progress	-1,159	0
Change in trade receivables	-6,537	3,370
Change in prepayments	7	-160
Change in other assets	-1,092	183
Change in trade payables	3,298	-2,275
Change in prepayments received	-1,236	1,326
Change in provisions and other liabilities	-976	-1,254
	-9,302	68
Elimination of results from financial and investing activities	557	-3,202
Net cash flows from operating activities	-8,745	-3,134
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-1,119	-472
Disposal of non-current assets (excl. investments)	11	48
Loans granted	-20	0
Loans recovered	1	11
Dividends and interest received	4	1
Net cash flows from investing activities	-1,123	-412
Cash flows from financial activities		
Dividends paid	-976	-1,061
Proceeds from loans and borrowings	0	0
Loans and borrowings repaid	-77	0
Payment of finance lease liabilities	-5	-8
Interest paid	-21	-12
Net cash flows from financing activities	-1,079	-1,081
Increase (decrease) in net cash flows	-10,947	-4,627
Cash and cash equivalents in the beginning of the period	26,891	25,382
Cash and cash equivalents at the end of the period	15,944	20,755

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 2018	30 June 2017
1 RUB	73.1582	67.3005
1 SEK	10.453	9.7215
1 PLN	4.3732	4.2489

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 2018 the investments of the Group in acquisition of non-current assets amounted to 1.119 thousands Euros. *Panevezio statybos trestas* AB acquired non-current assets for 1.024 thousands Euros. During the first half of 2018 the costs related to depreciation and amortization of assets of the Group amounted to 695 thousands Euros, including 572 thousands Euros accounted for in the Financial Statements of *Panevezio statybos trestas* AB.

Assets and liabilities

In 2018 construction of the office building has been started by *Seskines projektai* UAB, which increased the Group equity by 1,011 thousand Euros.

Loans

As of 30 June 2018, the Group had loans amounting to 622 thousand Euros, including 541 thousand 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 and insurance companies amounted to 18,700 thousand Euros, including 18,455 thousand 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.

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 27 April 2018 made the decision to pay dividends for the year 2017 in the amount of 981 thousand Euros. As of 30 June 2018, the dividends in the amount of 976 thousand Euros have been paid, which makes 99.4 % of the amount payable.