INVALDA INVL

Public joint-stock company Invalda INVL

CONFIRMATION OF RESPONSIBLE PERSONS

7 April 2016

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (article 22) of the Republic of Lithuania, management of Invalda INVL, AB hereby confirms that, to the best our knowledge, the attached Consolidated and Company's Financial Statements for 2015 are prepared in accordance with International Financial Reporting Standarts (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of Invalda INVL and Consolidated Group. Presented Consolidated Annual Report includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

ENCLOSURE:

1. Audited annual information (Consolidated and Company's Financial Statements for 2015, Consolidated Annual Report for 2015).

President Darius Šulnis

Chief Financier Raimondas Rajeckas

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Įmonės kodas: 121304349
PVM kodas: LT213043414
A.s. LT25 4010 0424 0124 2013
AB DNB bankas
Registro tvarkytojas VĮ "Registrų centras

AB INVALDA INVL

Consolidated Annual Report, Consolidated and Company‘s Financial Statements for the year ended 31 December 2015, prepared in accordance to International Financial Reporting Standarts as adopted by the European Union, presented together with independent auditor’s report

Translation note:

This version of the financial statements has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

CONTENTS

Independent Auditor's Report

To the shareholders of Invalda INVL AB

Report on the financial statements

We have audited the accompanying stand-alone and consolidated financial statements of Invalda INVL AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 100, which comprise the stand-alone and consolidated statements of financial position as of 31 December 2015 and the stand-alone and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
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Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2015 set out on pages 101 to 161 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2015.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Rasa Selevičienė
Auditor's Certificate No.000504

Vilnius, Republic of Lithuania
7 April 2016

DETAILS OF THE COMPANY

Board of Directors

Mr. Alvydas Banys (Chairman of the Board)
Ms. Indrė Mišeikytė
Mr. Darius Šulnis

Management

Mr. Darius Šulnis (President)
Mr. Raimondas Rajeckas (Chief Financial Officer)

Principal place of business and company code

Gynėjų str. 14,
Vilnius,
Lithuania
Company code 121304349

Banks

AB DNB Bankas
AB Šiaulių Bankas
AB SEB Bankas
"Swedbank" AS
"Swedbank", AB
Nordea Bank AB Lithuania Branch
Nordea Bank AB Latvia Branch
AS "Meridian Trade Bank"
Danske Bank A/S Lithuania Branch
UAB Medicinos Bankas

Auditor

UAB PricewaterhouseCoopers
J. Jasinskio str. 16B,
Vilnius, Lithuania

The financial statements were approved and signed by the Management and the Board of Directors on 7 April 2016.

Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief Financial Officer

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's income statements

	Notes	Group 2015	Group 2014	Company 2015	Company 2014
Continuing operations					
Revenue	5	3,593	2,591	-	-
Other income	6.3	1,141	818	742	5,426
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	4	-	1	-	13,039
Revaluation of investments on becoming investment entity	4	-	2,234	-	3,441
Net changes in fair value of financial instruments at fair value through profit loss	6.1	4,712	1,211	4,709	1,211
Changes in inventories of finished goods, work in progress and residential real estate		-	14	-	-
Raw materials and consumables used		(24)	(439)	(2)	(4)
Employee benefits expenses	5	(2,243)	(1,518)	(452)	(579)
Funds distribution fees		(629)	(68)	-	-
Depreciation and amortisation	11, 13	(329)	(149)	(15)	(14)
Premises rent and utilities		(240)	(272)	(37)	(41)
Repairs and maintenance cost of premises		(25)	(397)	(9)	(9)
Impairment, write-down and provisions	6.2	51	(294)	56	191
Other expenses	6.5	(1,574)	(617)	(243)	(264)
Operating profit		**4,433**	**3,115**	**4,749**	**22,397**
Finance costs	6.4	(3)	(60)	(3)	(51)
Share of profit (loss) of associates and joint ventures	4	-	(127)	-	-
Profit before income tax		**4,430**	**2.928**	**4,746**	**22,346**
Income tax expense	7	(242)	(1,808)	(265)	(1,848)
Profit for the year from continuing operations		**4,188**	**1,120**	**4,481**	**20,498**
Discontinued operations					
Profit after tax for the year from discontinued operations	8	-	2,890	-	-
PROFIT FOR THE YEAR		**4,188**	**4,010**	**4,481**	**20,498**
Attributable to:					
Equity holders of the parent					
Profit for the year from continuing operations		4,188	1,124	4,481	20,498
Profit for the year from discontinued operations		-	2,903	-	-
Profit for the year attributable to equity holders of the parent		4,188	4,027	4,481	20,498
Non - controlling interest					
Profit (loss) for the year from continuing operations		-	(4)	-	-
Profit (loss) for the year from discontinued operations		-	(13)	-	-
Profit (loss) for the year attributable to non – controlling interests		-	(17)	-	-
		4,188	**4,010**	**4,481**	**20,498**
Basic earnings per share (in EUR)	9	0.36	0.26	0.38	1.33
Basic earnings per share (in EUR) from continuing operations		0.36	0.07	0.38	1.33
Diluted earnings per share (in EUR)	9	0.36	0.26	0.38	1.33
Diluted earnings per share (in EUR) from continuing operations		0.36	0.07	0.38	1.33

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of comprehensive income

	Group		Company	
	2015	**2014**	**2015**	**2014**
Profit for the year	**4,188**	**4,010**	**4,481**	**20,498**
Other comprehensive income (loss) that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	-	6	-	-
Net other comprehensive income that may be subsequently reclassified to profit or loss	**-**	**6**	**-**	**-**
Other comprehensive income (loss) that will not be reclassified to profit or loss				
Net other comprehensive income not to be reclassified to profit or loss	**-**	**-**	**-**	**-**
Other comprehensive income for the year, net of tax	**-**	**6**	**-**	**-**
Total comprehensive income for the year, net of tax	**4,188**	**4,016**	**4,481**	**20,498**
Attributable to:				
Equity holders of the parent				
Income for the year from continuing operations	4,188	1,124	4,481	20,498
Income for the year from discontinued operations	-	2,908	-	-
Income for the year attributable to equity holders of the parent	4,188	4,032	4,481	20,498
Non - controlling interest				
Income (loss) for the year from continuing operations	-	(4)	-	-
Income (loss) for the year from discontinued operations	-	(12)	-	-
Income (loss) for the year attributable to non – controlling interests	-	(16)	-	-
	4,188	**4,016**	**4,481**	**20,498**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of financial position

		Group		Company	
	Notes	**As at 31 December 2015**	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
ASSETS					
Non-current assets					
Property, plant and equipment	11	83	36	6	12
Intangible assets	13	4,044	3,564	4	13
Investments into subsidiaries	1, 15 , 4	5,765	8,978	12,719	14,766
Investments into associates and joint ventures	1, 15, 4	14,897	14,855	14,897	14,855
Investments available-for-sale	16	494	494	494	494
Loans granted	17	6,245	6,655	6,245	6,655
Financial assets at fair value through profit loss	15, 16	12,181	-	12,181	-
Deferred income tax asset	7	758	983	137	402
Total non-current assets		**44,467**	**35,565**	**46,683**	**37,197**
Current assets					
Trade and other receivables	18	774	721	2	352
Current loans granted	17	801	1,435	801	1,435
Prepaid income tax		3	3	-	-
Prepayments and deferred charges		45	29	11	11
Financial assets at fair value through profit loss	15, 16	1,578	3,883	513	3,515
Restricted cash	20	83	-	83	-
Cash and cash equivalents	19	1,815	4,148	1,238	3,292
Total current assets		**5,099**	**10,219**	**2,648**	**8,605**
TOTAL ASSETS		**49,566**	**45,784**	**49,331**	**45,802**
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	1, 21	3,441	3,437	3,441	3,437
Own shares		(550)	-	(550)	-
Share premium		4,996	4,996	4,996	4,996
Reserves	22	11,594	11,594	11,594	11,594
Retained earnings		28,642	24,458	28,992	24,515
Total equity		**48,123**	**44,485**	**48,473**	**44,542**
Liabilities					
Non-current liabilities					
Deferred income tax liability	7	76	-	-	-
Total non-current liabilities		**76**	**-**	**-**	**-**
					-
Current liabilities					
Trade payables	24	336	206	5	32
Income tax payable		14	-	-	-
Other current liabilities	25	1,017	1,093	853	1,228
Total current liabilities		**1,367**	**1,299**	**858**	**1,260**
Total liabilities		**1,443**	**1,299**	**858**	**1,260**
TOTAL EQUITY AND LIABILITIES		**49,566**	**45,784**	**49,331**	**45,802**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of changes in equity

Group	Notes	Equity attributable to equity holders of the parent								
					Reserves					
		Share capital	Share premium	Own shares	Legal and other reserves	Foreign currency translation reserve	Retained earnings	Subtotal	Non - controlling interest	Total equity
Balance as at 31 December 2013		**7,192**	**9,598**	**(6,028)**	**28,196**	**(18)**	**24,436**	**63,376**	**104**	**63,480**
Currency translation differences		-	-	-	-	5	-	5	1	**6**
Net profit for the year 2014	9	-	-	-	-	-	4,027	4,027	(17)	**4,010**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**5**	**4,027**	**4,032**	**(16)**	**4,016**
Share of movements in equity of associates		-	-	-	-	-	20	20	-	**20**
Value of employee services		-	-	-	-	-	-	-	5	**5**
Deconsolidation on becoming investment entity		-	-	-	(11)	-	11	-	297	**297**
Changes in reserves	22	-	-	-	95	-	(95)	-	-	**-**
Decrease of share capital	21	(590)	-	6,028	(5,438)	-	-	-	-	**-**
Decrease due to split-off	3	(3,165)	(4,602)	-	(11,248)	13	(3,941)	(22,943)	(390)	**(23,333)**
Total transactions with owners of the Company, recognised directly in equity		**(3,755)**	**(4,602)**	**6,028**	**(16,602)**	**13**	**(4,005)**	**(22,923)**	**(88)**	**(23,011)**
Balance as at 31 December 2014		**3,437**	**4,996**	**-**	**11,594**	**-**	**24,458**	**44,485**	**-**	**44,485**

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(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of changes in equity (cont'd)

Group					**Reserves**			
	Notes	**Share capital**	**Share premium**	**Own shares**	**Legal reserves**	**Reserve for acquisition of own shares**	**Retained earnings**	**Total**
Balance as at 31 December 2014		**3,437**	**4,996**	**-**	**473**	**11,121**	**24,458**	**44,485**
Net profit for the year 2015	9	-	-	-	-	-	4,188	4,188
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**4,188**	**4,188**
Acquired own shares	21	-	-	(550)	-	-	-	(550)
The adjustment of the par value of the shares due to conversion to euro		4	-	-	-	-	(4)	-
Total transactions with owners of the Company, recognised directly in equity		**4**	**-**	**(550)**	**-**	**-**	**(4)**	**(550)**
Balance as at 31 December 2015		**3.441**	**4.996**	**(550)**	**473**	**11,121**	**28,642**	**48,123**

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(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of changes in equity (cont'd)

					Reserves			
Company	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for acquisition of own shares**	**Retained earnings**	**Total**
Balance as at 31 December 2013		**7,192**	**(6,028)**	**9,598**	**909**	**26,803**	**7,860**	**46,334**
Decrease of share capital	21	(590)	6,028	-	-	(5,438)	-	**-**
Decrease due to split-off	3, 21	(3,165)	-	(4,602)	(436)	(10,244)	(3,843)	**(22,290)**
Total comprehensive income for the year		-	-	-	-	-	20,498	**20,498**
Balance as at 31 December 2014		**3,437**	**-**	**4,996**	**473**	**11,121**	**24,515**	**44,542**
Acquired own shares	21	-	(550)	-	-	-	-	**(550)**
The adjustment of the par value of the shares due to conversion to euro		4	-	-	-	-	(4)	**-**
Total comprehensive income for the year		-	-	-	-	-	4,481	**4,481**
Balance as at 31 December 2015		**3,441**	**(550)**	**4,996**	**473**	**11,121**	**28,992**	**48,473**

(the end)

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of cash flows

		Group		Company	
		2015	**2014**	**2015**	**2014**
Cash flows from (to) operating activities					
Profit after tax from continuing operations		4,188	1,120	4,481	20,498
Profit after tax from discontinued operations		-	2,890	-	-
Net profit for the year		4,188	4,010	4,481	20,498
Adjustment to reconcile result after tax to net cash flows:					
Non-cash:					
Revaluation (gain) loss, net	12	-	(34)	-	-
Depreciation and amortisation	11, 13	329	364	15	14
Loss (gain) on disposal of property, plant and equipment		1	(3)	-	-
Realized and unrealized loss (gain) on investments	6.1	(4,712)	(1,211)	(4,709)	(1,211)
Loss (gain) on disposal of subsidiaries and associates	4, 8	-	(1,201)	-	(3.441)
Revaluation of investments on becoming investment entity	4	-	(3,099)	-	(13.039)
Share of net loss (profit) of associates and joint ventures	4	-	(445)	-	-
Interest income		(480)	(615)	(458)	(892)
Interest expenses		3	288	3	51
Deferred taxes	7	228	1,769	265	1,848
Current income tax expenses	7	14	65	-	-
Allowances	6.2	(51)	299	(56)	(191)
Share based payment	22	-	5	-	-
Gain from bargain purchase	4	(365)	-	-	-
Dividend income	6.3	(249)	-	(249)	(4,497)
		(1,094)	192	(708)	(860)
Working capital adjustments:					
Decrease (increase) in inventories		-	(195)	-	-
Decrease (increase) in trade and other receivables		104	(479)	448	436
Decrease (increase) in other current assets		(15)	(309)	-	1
Increase (decrease) in trade payables		138	(180)	(19)	(11)
Increase (decrease) in other current liabilities		329	787	45	28
Transfer to/from restricted cash		(83)	525	(83)	-
Cash flows from (to) operating activities		**(621)**	**341**	**(317)**	**(406)**
Income tax paid		-	(14)	**-**	**-**
Net cash flows from (to) operating activities		**(621)**	**327**	**(317)**	**(406)**

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(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of cash flows (cont'd)

		Group		Company	
		2015	**2014**	**2015**	**2014**
Cash flows from (to) investing activities					
Acquisition of non-current assets (except investment properties)		(87)	(103)	(1)	(15)
Proceeds from sale of non-current assets (except for investment properties)		2	7	-	-
Acquisition of investment properties	12	-	(464)	-	-
Proceeds from sale of investment properties	12	-	25	-	-
Acquisition and establishment of subsidiaries, net of cash acquired	4	(1,175)	(8,449)	(1,596)	(9,315)
Proceeds from sales of subsidiaries		617	(298)	617	201
Proceeds from sales of associates and joint ventures		-	11,743	-	11,743
Cash of the subsidiaries left the Group in the split-off	3	-	(426)	-	-
Payment according to terms of split-off	3	-	(187)	-	(187)
Acquisition of loans		-	(61)	-	(61)
Loans granted		(4,132)	(3,031)	(4,132)	(4,261)
Repayment of granted loans		3,896	2,526	3,896	3,106
Transfer to/from term deposits	19	54	-	54	-
Dividends received		249	4,497	249	4,497
Interest received		100	614	80	610
(Acquisition) of bonds		-	(5,259)	-	(5,259)
Cash received from redemption of bonds, net of accrued interest		-	5,259	-	5,259
(Acquisition) of financial assets designated at fair value through profit and loss on initial recognition		(1,847)	(2,225)	(1,043)	(2,225)
Sale of financial assets designated at fair value through profit and loss on initial recognition		472	432	-	432
(Acquisition) of held-for-trading financial assets		(602)	-	(602)	-
Sale of held-for-trading financial assets		1,298	-	1,298	-
Net cash flows from (to) investing activities		**(1,155)**	**4,600**	**(1,180)**	**4,525**
Cash flows from (to) financing activities					
Cash flows related to company shareholders:					
Dividends paid to equity holders of the parent		(4)	(10)	(4)	(10)
(Acquisition) of own shares	21	(550)	-	(550)	-
		(554)	(10)	(554)	(10)
Cash flows related to other sources of financing:					
Proceeds from borrowings		1,360	412	1,480	524
Repayment of borrowings		(1,360)	(2,873)	(1,480)	(2,028)
Interest paid		(3)	(176)	(3)	(41)
Finance lease payments		-	(7)	-	-
		(3)	(2,644)	(3)	(1,545)
Net cash flows to financial activities		**(557)**	**(2,654)**	**(557)**	**(1,555)**
Impact of currency exchange on cash and cash equivalents		**-**	**3**	**-**	**-**
Net increase (decrease) in cash and cash equivalents		**(2,333)**	**2,276**	**(2,054)**	**2,564**
Cash and cash equivalents at the beginning of the year	19	**4,148**	**1,872**	**3,292**	**728**
Cash and cash equivalents at the end of the year	19	**1,815**	**4,148**	**1,238**	**3,292**

(the end)

(all amounts are in EUR thousand unless otherwise stated)

Notes to the financial statements

1. General information

AB Invalda INVL (hereinafter the Company) is a public limited liability company registered in the Republic of Lithuania on 20 March 1992. The address of its registered office is:

Gynėjų str. 14,
Vilnius,
Lithuania.

The Company is incorporated and domiciled in Lithuania. AB Invalda INVL is one of the leading asset management groups and one of the major companies investing in other businesses in the Baltic whose primary objective is to steadily increase the investors equity value, solely for capital appreciation or investment income (in the form of dividends and interest). After the Split-off completed in 2014 the Company's main investments are in asset management, agriculture and facility management and banking activities (latter sold in July 2015) segments. Until the Split-off the Company's segments were also furniture manufacturing, real estate, agricultural land, information technology (IT) infrastructure. Asset management segment is strategical investment of the Company. The entities of the asset management segment manage pension, bond and equity investments funds, alternative investments, individual portfolios, private equity and other financial instruments. They serve more than 150 thousand clients in Lithuania and Latvia, plus international investors, with total assets under management of over EUR 300 million.

In respect of each business the Company defines its performance objectives, sets up the management team, participates in the development of the business strategy and monitors its implementation. The Company plays an active role in making the decisions on strategic and other important issues that have an effect on the value of the Group companies.

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius.

On 29 April 2014 was completed split-off of the Company and as consequence 47.95 % of the total assets, liabilities and the equity were transferred to three newly established entities (Note 3).

As at 31 December 2015 and 2014 the shareholders of the Company were (by votes)*:

	2015		2014	
	Number of votes held	**Percentage**	**Number of votes held**	**Percentage**
UAB LJB Investments	3,612,330	30.82%	3,612,330	30.44%
Mrs. Irena Ona Mišeikiene	3,369,435	28.74%	3,429,435	28.90%
UAB Lucrum Investicija	2,638,309	22.51%	2,678,309	22.57%
Mr. Alvydas Banys	910,875	7.77%	910,875	7.68%
Ms. Indrė Mišeikytė	236,867	2.02%	236,867	2.00%
Other minor shareholders	954,532	8.14%	998,177	8.41%
Total	11,722,348	100.00%	11,865,993	100.00%

* One shareholder sold part of his shares under repo agreement (so do not hold the legal ownership title of shares), but he retained the voting rights of transferred shares.

The shareholders of the Company – Mr. Alvydas Banys, UAB LJB Investments, Mrs. Irena Ona Mišeikienė, Ms. Indrė Mišeikytė, Mr. Darius Šulnis and UAB Lucrum investicija – have signed the agreement on the implementation of a long-term corporate governance policy. So their votes are counted together (91.86%).

All the shares of the Company are ordinary shares with the par value of EUR 0.29 (2014: LTL 1) each and were fully paid as at 31 December 2015 and 2014. Subsidiaries, joint ventures and associates did not hold any shares of the Company as at 31 December 2015 and 2014.

As at 31 December 2015 the number of employees of the Group was 450 (as at 31 December 2014 – 542). As at 31 December 2015 the number of employees of the Company was 10 (as at 31 December 2014 – 13).

According to the Law on Companies of Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

The Group consists of the Company and the following consolidated directly and indirectly owned subsidiaries (hereinafter the Group).

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%) As at 31 December 2015	As at 31 December 2014	Nature of business
Asset management segment:				
UAB INVL Asset Management (previous name - Finasta Asset Management)*	Lithuania	100.00	100.00	Pension and investments funds, clients' portfolio management
IPAS INVL Asset Management (previous name - Finasta Asset Management)**	Latvia	100.00	-	Pension and investments funds, clients' portfolio management
UAB FMĮ INVL Finasta**	Lithuania	100.00	-	Financial brokerage
UAB INVL Farmland Management**	Lithuania	100.00	-	Land administration services
UAB MP Pension Funds Baltic*,***	Lithuania	-	100.00	Pension funds management
UAB Invalda LT Investment*	Lithuania	100.00	100.00	Dormant
UAB INVL Fondai*,***	Lithuania	-	100.00	Investment into asset management entity

* These entities were acquired or established in 2014.
** These entities were acquired or established in 2015.
***These entities were merged into UAB INVL Asset Management during 2015.

(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

As at 31 December 2015 and 2014 the Group has also the following subsidiaries, which measured at fair value through profit or loss (were consolidated until 29 April 2014).

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%) As at 31 December 2015	As at 31 December 2014	Nature of business
Banking activity segment:				
AB bankas Finasta**	Lithuania	-	78.28	Investment and private banking
AB FMĮ Finasta**	Lithuania	-	78.28	Financial mediation
Facility management segment:				
UAB Inservis***	Lithuania	100.00	100.00	Facilities management
UAB IPP Integracijos Projektai*,***	Lithuania	100.00	100.00	Dormant
UAB Priemiestis*,***	Lithuania	100.00	100.00	Facilities management
UAB Jurita*,***	Lithuania	100.00	100.00	Facilities management
UAB Naujosios Vilnios Turgavietė*,***	Lithuania	-	100.00	Market place management
UAB Advima*,***	Lithuania	-	100.00	Facilities management
UAB Įmonių Grupė Inservis***	Lithuania	100.00	100.00	Investment into facilities management entities
Other production and services segments:				
UAB Kelio Ženklai***	Lithuania	100.00	100.00	Road signs production, wood manufacturing
VšĮ Iniciatyvos Fondas***	Lithuania	100.00	100.00	Social initiatives activities
UAB Aktyvo***	Lithuania	54.55	54.55	Management of bad debt
UAB Aktyvus Valdymas***	Lithuania	100.00	100.00	Dormant
UAB Cedus Invest	Lithuania	100.00	100.00	Investment into agriculture entity
UAB MGK Invest***	Lithuania	100.00	100.00	Dormant
UAB MBGK*,***	Lithuania	100.00	100.00	Dormant
UAB RPNG***	Lithuania	100.00	100.00	Dormant
UAB Regenus***	Lithuania	100.00	100.00	Dormant
UAB Consult Invalda***	Lithuania	100.00	100.00	Dormant
UAB Cedus***	Lithuania	100.00	100.00	Dormant

*These entities are owned indirectly by the Company as at 31 December 2015 and/or 2014.
**These entities were acquired in 2014 and sold in 2015.
*** These subsidiaries were consolidated until 29 April 2014.
UAB Naujosios Vilnios Turgavietė was sold, and UAB Advima was merged into UAB Inservis in 2015.

(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

As at 31 December 2013 the Group in addition to the above listed, has following subsidiaries, which were consolidated until 29 April 2014 and left the Group after the split-off.

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%)	Nature of business
Real estate segment:			
AB Invaldos Nekilnojamojo Turto Fondas	Lithuania	100.00	Real estate investor
UAB INTF Investicija	Lithuania	100.00	Real estate investor
UAB Sago*	Lithuania	100.00	Real estate investor
UAB Rovelija	Lithuania	100.00	Real estate investor
UAB Perspektyvi Veikla	Lithuania	100.00	Real estate investor
Agricultural land segment:			
UAB Avižėlė	Lithuania	100.00	Agricultural land investor
UAB Beržytė	Lithuania	100.00	Agricultural land investor
UAB Dirvolika	Lithuania	100.00	Agricultural land investor
UAB Duonis	Lithuania	100.00	Agricultural land investor
UAB Ekotra	Lithuania	100.00	Agricultural land investor
UAB Kvietukas	Lithuania	100.00	Agricultural land investor
UAB Laukaitis	Lithuania	100.00	Agricultural land investor
UAB Lauknešys	Lithuania	100.00	Agricultural land investor
UAB Linažiedė	Lithuania	100.00	Agricultural land investor
UAB Pušaitis	Lithuania	100.00	Agricultural land investor
UAB Puškaitis	Lithuania	100.00	Agricultural land investor
UAB Sėja	Lithuania	100.00	Agricultural land investor
UAB Vasarojus	Lithuania	100.00	Agricultural land investor
UAB Žalvė	Lithuania	100.00	Agricultural land investor
UAB Žemgalė	Lithuania	100.00	Agricultural land investor
UAB Žemynėlė	Lithuania	100.00	Agricultural land investor
UAB Žiemkentys	Lithuania	100.00	Agricultural land investor
Information technology segment:			
UAB BAIP Grupė	Lithuania	80.00	Information technology solutions
UAB Informatikos Pasaulis	Lithuania	80.00	Information technology solutions
UAB Vitma	Lithuania	80.00	Information technology solutions
UAB BAIP	Lithuania	80.00	Information technology solutions
UAB Acena	Lithuania	80.00	Information technology solutions
Norway Registers Development AS	Norway	80.00	Information technology solutions
UAB NRD	Lithuania	61.20	Information technology solutions
NRD EA	Tanzania	56.00	Information technology solutions
UAB NRD CS	Lithuania	80.00	Information technology solutions

*UAB Sago has not left the Group during split-off, but the Group lost its control due to bankruptcy proceedings.

1 General information (cont'd)

The Group has not any significant restriction on ability to access or use its assets and settle its liabilities. The Company has not any significant restriction on the ability of an unconsolidated subsidiary to transfer funds to the Company.

If the unconsolidated subsidiary has liquidity difficulties, the Company grants loans to the subsidiary after analysis of its needs. The Company has not any contractual commitments to provide financial support to unconsolidated subsidiary. Other commitments to provide financial support are disclosed in Note 27. In 2014 the Company has granted EUR 393 thousand of loans to UAB Kelio Ženklai to maintain the activity of the subsidiary. In 2015 the Company has not provided any financial support to any unconsolidated subsidiary.

As at 31 December 2015 and 2014 the Group has one associate – UAB Litagra, which activities include the primary crop and livestock (milk) production, grain processing and agricultural services. The Group has owned 36.88% of shares and voting rights of associate. Principal place of business and country of incorporation of UAB Litagra is Lithuania.

The Group has not any significant restriction on the ability of the associate to transfer funds to the Group as at 31 December 2015 and 2014.

2. Summary of significant accounting policies

The principal accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2015 are as follows:

2.1. Basis of preparation

Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis, except for investment properties, financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, investments to subsidiaries and associates measured at fair value through profit and loss and available-for-sale investments that have been measured at fair value. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated. From 1 January 2015 the euro became local currency of the Republic of Lithuania. The previous year comparison information recalculated using the official conversion ratio of litas to euro: 1 euro = 3.4528 litas.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2015:

– IFRIC 21 *Levies* effective 17 June 2014;
– *Annual Improvements* to IFRSs 2013 effective 1 January 2015.

The principal effects of these changes are as follows:

IFRIC 21 Levies

The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Annual Improvements to IFRSs 2013

The improvements consist of changes to four standards.
- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The amendments had no impact on the Group's financial statements for the year ended 31 December 2015.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards adopted by the EU but not yet effective

Amendments to IAS 19 – *Defined benefit plans: Employee contributions* (effective for annual periods beginning on or after 1 February 2015).

The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Group and the Company are not expected that the amendment would impact its financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (effective for annual periods beginning on or after 1 February 2015).

The improvements consist of changes to seven standards.

- IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
- IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
- The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Group and the Company are not expected that the impact of the amendments on its financial statements would be material.

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

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Group and the Company are not expected that the amendment would impact its financial statements.

Amendments to IAS 27: *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments could impact the Company's financial statements only if the Company would be decide to change accounting policy and would account investments in consolidated subsidiaries using the equity method, not at cost. The Company had not yet decided whether it will change accounting policy starting from 2016.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards adopted by the EU but not yet effective (cont'd)

Amendments to IAS 1: *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016)

The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The Group and the Company are currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle (effective for annual periods beginning on or after 1 January 2016)

The amendments impact 4 standards.

- IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.
- The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.
- IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

The Group and the Company are not expected that the impact of the amendments on its financial statements would be material.

The following new standards adopted by the EU are not relevant for the Group and the Company:

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer plants* (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation Operations* (effective for annual periods beginning on or after 1 January 2016)

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards not yet adopted by the EU

IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018 once adopted by the EU)

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group and the Company are currently assessing the impact of the new standard on its financial statements.

IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018 once adopted by the EU)

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group and the Company are currently assessing the impact of the standard on its financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception* (effective for annual periods beginning on or after 1 January 2016 once adopted by the EU)

The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements. The Group and the Company are currently assessing the impact of the amendments on its financial statements.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards not yet adopted by the EU (cont'd)

IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019 once adopted by the EU)

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group and the Company are currently assessing the impact of the standard on their financial statements.

Amendments to IAS 7 *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2017 once adopted by the EU)

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The amendments would have no impact on the Group's financial position or performance, but the additional disclosures would be added.

Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual periods beginning on or after 1 January 2017 once adopted by the EU)

The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. The Group is currently assessing the impact of the amendments on its financial statements.

The adoption of the following new standards and amendments are postponed by the EU indefinitely:

- IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods beginning on or after 1 January 2016 once adopted by the EU)
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after a date to be determined by the IASB once adopted by the EU)

The Group and the Company has not yet analysed impact of them to its financial statements.

2 Summary of significant accounting policies (cont'd)

2.2. Investment entity and consolidated financial statements

Investment entity

The Company has multiple unrelated investors and holds multiple investments. Ownership interests in the Company are in the form of equity securities issued by the Company – ordinary registered shares. In the management's opinion, the Company meets the definition of an investment entity as the following conditions exist:

(i) The Company obtains funds from investors for the purpose of providing them with investment management services.
(ii) The Company commits to investors that its business purpose in to invest funds solely for capital appreciation, investment income, or both. And
(iii) The management measures and evaluates its investments and makes investment decisions on a fair value as a key criterion.

Subsidiaries

The Company has no subsidiaries other than those determined to be controlled subsidiary investments and those who provide services that are related to the entity's investment activities. Controlled subsidiary investments are measured at fair value through profit or loss and not consolidated, in accordance with IFRS 10. The fair value of controlled subsidiary investments is determined on a consistent basis to all other investments measured at fair value through profit or loss, and as described in the Note 2.15 below. The subsidiaries that provide services that are related to the entity's investment activities are consolidated.

Associates

An associate is an entity, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments that are held as part of the Company's investment portfolio are carried at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 'Investments in associates and joint ventures' as exception from applying the equity method. Accounting of associates and joint ventures until becoming investment entity is disclosed in Notes 2.9 and 2.10.

2.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent and is presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

Total comprehensive income (losses) within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

2.4. Functional and presentation currency

From 1 January 2015 the euro became local currency of the Republic of Lithuania. The financial statements are prepared in euro (EUR), which is local currency of the Republic of Lithuania, and presented in EUR thousand. Euro is also the local currency of the Republic of Latvia. Euro is the Company's and the Group's functional and presentation currency. The exchange rates in relation to other currencies are set daily by the European Central Bank and the Bank of Lithuania. The previous year comparison information recalculated using the official conversion ratio of litas to euro: 1 euro = 3.4528 litas.

As these financial statements are presented in euro thousand, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

2.5. Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when the cost is incurred, if the recognition criteria are met. Replaced parts are written off.

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated using the straight-line method over the following estimated useful lives.

Vehicles	6-10 years
Other non-current assets	3–6 years

The asset residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement within "other income" in the year the asset is derecognised.

Construction in progress represents plant and properties under construction and is stated at cost. This includes the cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and are available for its intended use.

2 Summary of significant accounting policies (cont'd)

2.6. Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the companies in the consolidated Group, are classified as investment properties. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. Land is not presented separately from the buildings as these assets cannot be acquired or sold separately.

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement within "Net gains (losses) from fair value adjustments on investment property" in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy adopted for property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any differences between fair value of the property at that date and its previous carrying amount are recognised in the income statement.

2.7. Intangible assets other than goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets other than goodwill are assessed to be finite. Intangible assets are amortised using the straight-line method over the best estimate of their useful lives.

<u>Funds' management rights</u>

Funds' management rights include investment, pension funds and portfolio of clients acquired during asset management entities acquisition. Funds' management rights acquired in a business combination are capitalised at the fair value at the acquisition date and treated as an intangible asset. Following initial recognition, funds' management rights are carried at cost less any accumulated impairment losses. Funds' management rights are amortised during 5 - 20 years.

<u>Contracts and customer relationship (until spilt-off)</u>

Contracts include information technology solution service contracts acquired during information technology solutions entities acquisition and the dwelling-houses facilities management and the market management contracts acquired during dwelling-houses facilities management's entity acquisition. Customer relationship was acquired during information technology solutions entities acquisition.

Contracts and customer relationship assured on the acquisition of subsidiaries are capitalised at the fair value established on acquisition and treated as an intangible asset. Following initial recognition, contracts are carried at cost less any accumulated impairment losses. The information technology solution service contracts and customer relationship was amortised during 2 - 10 years, the dwelling-houses facilities management contracts are amortised during 2.5 - 5 years, the market management contract – 11 years.

2 Summary of significant accounting policies (cont'd)

2.7 Intangible assets other than goodwill (cont'd)

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised during 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group and the Company expect from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.8. Business combinations and goodwill

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred from 1 January 2010 (until that they were included in the acquisition cost). Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. In the business combinations, which was incurred prior to 1 January 2010, subsequent adjustments to the contingent consideration were recognised as part of goodwill.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of annual impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

2 Summary of significant accounting policies (cont'd)

2.9. Investments in associates (the Group, before becoming investment entity)

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence, generally accompanying a shareholding of between 20 % and 50 % of the voting rights.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the other comprehensive income. Group's share in the changes in the net assets of the associate that are not recognised in profit or loss or other comprehensive income (OCI) of the associate, are recognised in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.
Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.10. Investments in joint ventures (the Group, before becoming investment entity)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group recognises its interest in the joint venture using the equity method in the consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party.

Upon loss of joint control the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

2 Summary of significant accounting policies (cont'd)

2.11. Investments in subsidiaries, associates and joint ventures (the Company)

Investments in subsidiaries, associates and joint ventures in the Company's stand-alone financial statements was carried at cost, less impairment until becoming investment entity. After becoming investment entity investments in unconsolidated subsidiary, associates and joint ventures are measured at fair value through profit or loss. Investments in consolidated subsidiaries are carried at cost, less impairment. After becoming investment entity non-current loans granted to subsidiaries are considered as part of investments to subsidiaries. They are measured together with equity part of investments to subsidiaries at fair value through profit or loss.

Interest on loans granted at fair value through profit or loss is recognised in the income statement within 'other income' based on the effective interest rate.

When the fair value of investments into subsidiaries together with non-current loans granted to subsidiaries is determined, the value is split into legal components, i.e. between debt and equity instruments. The amortised cost of loans granted is attributed to debt instruments. The remaining value is attributed to equity instruments of the subsidiary.

For investments carried at cost, less impairment, the Company assesses at each reporting date whether there is an indication that these investments may be impaired. If any such indication exists, the Company makes an estimate of the investment's recoverable amount. The impairment test is performed as outlined in Note 2.13, and in addition the market value of debt is deducted from the recoverable amount.

Until becoming investment entity, when the group ceases to have control over subsidiary any retained interest in the entity is not remeasured to its fair value at the date when control is lost, but the retained interest in an associate is carried at historical cost less impairment in Company's stand-alone financial statements. After becoming investment entity, when the group ceases to have control over consolidated subsidiary any retained interest in the entity is remeasured to its fair value at the date when control is lost.

2.12. Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing activities as a single amount as profit or loss after tax from discontinued operations in the income statement, even when the Group retains a non-controlling interest in the subsidiary after the sale, e.g. subsidiary becomes an associate.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

When preparing the consolidated statement of income, all inter-company transactions between discontinued and continuing operations that the Group intends to conduct after the discontinuance, are presented in continuing operation without elimination, i.e. they are presented as if they were conducted with third parties. In this case the elimination entry is recorded in discontinued operations. All inter-company transactions between discontinued and continuing operations that the Group does not intend to conduct after the discontinuance, are eliminated from continuing operation.

2 Summary of significant accounting policies (cont'd)

2.13. Impairment of non-financial assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement within "impairment, write-down and provisions".

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

<u>Goodwill</u>

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2.14. Financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments (no such are held), available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired The Group and the Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

All regular way purchases and sales of financial assets are recognised on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2 Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Financial assets at fair value through profit or loss

The Group and the Company classifies its investments in debt and equity securities, and derivatives, as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

(i) Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separable embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

(ii) Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's and the Company's policy requires the Management Board to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Gains or losses on financial assets at fair value through profit or loss are recognized in profit and loss within "Net change in fair value of financial instruments at fair value through profit or loss". Interest on debt securities at fair value through profit or loss is recognized within other income based on the effective interest rate. Dividends earned on investments are recognised in the income statement as other income when the right of payment has been established. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through amortisation process. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'loans granted', 'trade and other receivables', 'deposits', 'restricted cash' and 'cash and cash equivalents' in the statement of financial position (see Notes 17, 18, 19, 20).

Available-for-sale financial instruments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of other categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised as other comprehensive income in the fair value reserve. When the investment is disposed of, the cumulative gain or loss previously accumulated in equity is recognised in the income statement. Interest earned on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement as other income when the right of payment has been established. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Unquoted ordinary shares, which fair value cannot be measured reliably, are measured at cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.15. Fair value estimation

The fair value of investments traded in active markets is based on quoted market prices at the close of trading, which is the date closest to the reporting date. The fair value of investments that are not traded in active markets is determined by using valuation techniques. Such valuation techniques may include the most recent transactions in the market, the market price for similar transactions, discounted cash flow analysis or any other valuation models.

2 Summary of significant accounting policies (cont'd)

2.16. Impairment of financial assets

Assets carried at amortised cost

The Group and the Company assesses at each reporting date whether is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:
- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) Adverse changes in the payment status of borrowers in the portfolio; and
  (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group and the Company first assesses whether objective evidence of impairment exists.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss within "impairment, write-down, allowances and provisions".

The Group and the Company assesses whether objective evidence of impairment exists individually for financial assets. When financial asset is assessed as uncollectible and all collateral has been realised or has been transferred to the Group and the Company the impaired asset is derecognised. The objective evidence for that is insolvency proceedings against the debtor is initiated and the debtor has not enough assets to pay to creditors, the debtor could not be found.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss within "impairment, write-down, allowances and provisions", to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group and the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

2 Summary of significant accounting policies (cont'd)

2.16 Impairment of financial assets (cont'd)

Available-for-sale financial investments

The Group and the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the same criteria as financial assets carried at amortised cost. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.17. Inventories

Raw materials, finished goods and work in progress

Inventories are initially recorded at acquisition cost. Cost is determined using the first-in, first-out (FIFO) method. Subsequent to initial recognition, inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are estimated as follows:

- raw materials - purchase cost using FIFO method;
- finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity and including borrowing costs, where applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank account as well as deposit in bank with an original maturity of three months or less.

The cash or short-term deposits, which use is restricted, are presented in caption 'restricted cash' in the statement of financial position (see Note 20).

2 Summary of significant accounting policies (cont'd)

2.20. Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

All financial liabilities of the Company and the Group are classified as other financial liabilities. The measurement of financial liabilities depends on their classification as follows:

<u>Trade payables</u>

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

<u>Borrowings</u>

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21. Derecognition of financial assets and liabilities

<u>Financial assets</u>

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

→the rights to receive cash flows from the asset have expired;
→the Group and the Company retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
→the Group or the Company have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Where the Group and the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset.

In that case, the Group and the Company's also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

<u>Financial liabilities</u>

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2 Summary of significant accounting policies (cont'd)

2.22. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

<u>Financial lease</u>

Group as a lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term.

If the result of sales and lease back transactions is financial lease, any profit from sales exceeding the book value is not recognised as income immediately. It is postponed and amortised over the lease term.

<u>Operating lease</u>

Group as a lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in the income statement on a straight-line basis over the lease term.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

Group as a lessor

Leases where the Group and the Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 Summary of significant accounting policies (cont'd)

2.23. Revenue recognition

The Group and the Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The Group and the Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

<u>Disposal of investments</u>

Gain (loss) from sale of investment is recognised when the significant risk and rewards of ownership of the investment have passed to the buyer and are recognised within operating activity, as the parent company treats the securities trading as its main activity.

<u>Sales of services and long-term contracts</u>

The Group sells information technology infrastructure and facility management services to the customers. For sales of services, revenue is recognised in the accounting period in which the services rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

<u>Rental income</u>

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. When the Group provides incentives to its tenants, the cost of incentives is recognised over lease term, on a straight-line basis, as a reduction of rental income.

<u>Interest income</u>

Income is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

<u>Dividends income</u>

Income is recognised when the Group's and the Company's right to receive the payment is established.

2.24. Cash and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. In Lithuania a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. The liability for non-cash distributions is measured at the fair value of the assets to be distributed with subsequent fair value re-measurement recognised directly in equity as adjustment to the amount of the distribution.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2.25. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2 Summary of significant accounting policies (cont'd)

2.26. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The standard income tax rate in Lithuania and in Latvia was 15 % in 2015 and in 2014. Starting from 2010, tax losses can be transferred within Lithuania at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

Deferred income taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

By Lithuanian Income Tax Law shall be not taxed sale of shares of an entity, registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect and which is a payer of corporate income tax or an equivalent tax, to another entity or a natural person where the entity transferring the shares held more than 25% of voting shares in that entity for an uninterrupted period of at least two years. If mentioned condition is met or will be met by judgement of the management of the Company, there are not recognised any deferred tax liabilities or assets in respect of temporary differences associated with this investments. In Latvia gains from the sale of shares are not taxed, and losses are not deductible.

Deferred income tax asset has been recognised in the statement of financial position to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred income tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

Deferred tax asset are not recognised:
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

In Lithuania and in Latvia tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. In Lithuania such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. In Latvia such carrying forward is disrupted if a change in the control of entity has taken place, unless entity maintains its previous type of ordinary activity for the subsequent five years. In Lithuania the losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. From 1 January 2014 current year taxable profit could be decreased by previous year tax losses only up to 70% in Lithuania.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (cont'd)

2.27. Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The amount of the grants related to assets is recognized as deferred income and released to income on a linear basis over the expected useful life of related asset. In the income statement, depreciation expense account is decreased by the amount of grant amortisation.

2.28. Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group and the Company expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities recognised in a business combination (applicable as of 1 January 2010)
A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:
- the amount that would be recognised in accordance with the general guidance for provisions above (IAS 37) or
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (IAS 18).

2.29. Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

2.30. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2 Summary of significant accounting policies (cont'd)

2.31. Employee benefits

Social security contributions

The Company and the Group pay social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to their present value.

Bonus plans

The Company and the Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Pension obligations

If there is an individual arrangement with an employee the Company and the Group may make payments into defined contribution pension plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2 Summary of significant accounting policies (cont'd)

2.32. Share - based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an employee benefits expense. The total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

<u>Share - based payments – modification and cancellation</u>

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.33. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

2.34. Events after the reporting period

Events after the reporting period that provide additional information about the Group's position as at the end of the reporting period (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.35. Comparative figures

Due to change functional and presentation currency of the Group and the Company from litas to euro, the previous year comparison information recalculated using the official conversion ratio of litas to euro: 1 euro = 3.4528 litas. Also loans granted to UAB Kelio Ženklai was reclassified from 'non-current loans granted' to 'investments to subsidiaries' (EUR 1,324 thousand as at 31 December 2014).

2 Summary of significant accounting policies (cont'd)

2.36. Significant accounting judgements and estimates

The preparation of financial statements requires management of the Group and the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group accounting policies, management has made the following judgement, which has most significant effect on the amounts recognised in the consolidated financial statements:

Accounting of split-off

Management has made a judgement that the split-off completed in 2014 (unlike the split-off in 2013) was not in scope of IFRIC 17 „Distribution of Non-cash Assets to Owners". IFRIC 17 includes an exemption that the Interpretation does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution. During the split-off shares were allocated proportionally to all shareholders in the Company and in the separated entities, the Company is controlled according to the agreement by the same shareholders group before and after the Split-off, therefore this exemption could be applied. Therefore, profit or loss is not recognised in the financial statements during the Split-off and was accounted as the transfer of assets at carrying amounts.

Investment entity

According to the management, the Company meets all the defining criteria of an investment entity from the Split-off in 2014 and henceforth investments in subsidiaries and associates are measured at fair value through profit or loss. The management periodically reviews whether the Company meets all the defining criteria of an investment entity. In addition, the management assesses the Company's operation objective, investment strategy, origin of income and fair value models.

Financial assets designated at fair value through profit and loss on initial recognition

The shares of AB INVL Technology, AB INVL Baltic Real Estate, AB Šiaulių bankas (acquired in 2015) and the financial assets acquired during asset management entities acquisition were designated at fair value through profit or loss on initial recognition because the Management believes that this presentation represents best the way these investments are managed and their performance is evaluated and provides more relevant information to the users of financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

2 Summary of significant accounting policies (cont'd)

2.36 Significant accounting judgements and estimates (cont'd)

Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is an indication that investments in subsidiaries, associates and joint ventures may be impaired. Each investment is considered individually. If any such indication exists, the Company makes an estimate of the recoverable amount of investment. As at 31 December 2015 and 2014, there were no impairment indications.

Fair value of investments in subsidiaries and associates in financial statements

The fair values of investments in subsidiaries and associates are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability. Details of the inputs and valuation models used to determine Level 3 fair value, is provided in Note 15.

The fair value of the investments in subsidiaries and associates of the Group and the Company as at 31 December 2015 was EUR 5,765 thousand and EUR 14,897 thousand, respectively (as at 31 December 2014 - EUR 8,978 thousand and EUR 14,855 thousand, respectively) (described in more details in Note 15).

2 Summary of significant accounting policies (cont'd)

2.36 Significant accounting judgements and estimates (cont'd)

Estimates and assumptions (cont'd)

Impairment of loans granted and trade receivables

The impairment loss of trade receivables and loans granted was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables and loans. These accounting estimates require significant judgement. Judgement is exercised based on net assets value of subsidiaries, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments. If there is objective evidence that an impairment loss on loans granted and trade receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The expected cash flows exclude future credit losses that have not been incurred and are discounted at the original effective interest rate (that is, the effective interest rate computed at initial recognition). Carrying amounts of loans and receivables are disclosed in Notes 17 and 18.

Impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.13. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 13).

Useful lives of funds' management rights

The useful lives of funds' management rights acquired through business combinations are disclosed in Note 2.7 and amortisation charge for the year is disclosed in Note 13. The useful lives are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life. If the estimated useful lives of funds' management rights have been one year shorter, the amortisation charge for the year ended 31 December 2015 would have increased by EUR 25 thousand (2014: EUR 2 thousand).

Deferred income tax assets

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and amount of future taxable profits together with future tax planning strategies.

Deferred income tax asset is recognized on individual company basis taking into account future performance plans of those companies. No deferred tax asset is recognized from tax losses carry forward of EUR 2,972 thousand as 31 December 2015 (as at 31 December 2014 – EUR 2,426 thousand) due to future uncertainties related with the performance of those companies. As at 31 December 2015 the Company has not recognised deferred tax asset from EUR 11,589 thousand tax losses arising from disposal of securities, as they mature in 2016-2019 (as at 31 December 2014 – EUR 11,171 thousand, as they mature in 2017 and 2018). As at 31 December 2015 in the total deferred tax asset balance of the Group the amount of EUR 339 thousand (as at 31 December 2014 – EUR 438 thousand) relates to deferred income tax asset recognized from the taxable losses of the Company and EUR 1,012 thousand (as at 31 December 2014 – EUR 920 thousand) was recognized from the taxable losses of other Group's entities (Note 7). As at 31 December 2015 recognition of deferred income tax asset from the taxable losses of acquired asset management entities are supported on the estimation of these entities' profitability, which is based on the forecasted growth of managed funds and clients portfolio, on management fees, on future funds return and number of clients (Note 13). If the profitability estimation would be change by 5%, deferred income tax asset would be recognised by EUR 51 thousand more/less (as at 31 December 2014 – EUR 46 thousand).

Other areas involving estimates include useful lives of property, plant and equipment and allowances for accounts receivable. According to the management, these estimates do not have significant risk of causing a material adjustment.

(all amounts are in EUR thousand unless otherwise stated)

3. Split-off

The Extraordinary General Shareholders Meeting of the Company, held on 5 February 2014, adopted resolution to approve the preparation of the terms of split-off of AB Invalda INVL. The split-off terms were announced on 21 March 2014. The General Shareholders Meeting approved the terms of the Company's split-off on 28 April 2014. The Split-off was completed on 29 April 2014. According to the terms, three entities AB INVL Baltic Farmland, AB INVL Baltic Real Estate and AB INVL Technology, comprising 47.95% of the Company assets calculated at carrying amounts, were split-off from the Company. These entities will apply for closed-end investment company licenses. The split-off of the Company will allow realizing the earlier announced plan to concentrate into asset management business. Entities, operating in agricultural land, real estate and information technology segments, and three newly established entities (Note 4), which initial names were the same as the split-off entities, were transferred to newly split-off entities. Shares were allocated proportionally to all shareholders of the Company (presently there are about 4000 shareholders of the Company) in the separated entities. All the shares of the newly established companies were listed on the NASDAQ Vilnius Exchange from 4 June 2014.

According to the exemption in the IFRIC 17, the Split-off is accounted as the transfer of assets at carrying amounts. No gain or loss was recognised.

<u>The Company</u>

Below the split-off of the balance sheet of the Company according to the split-off terms is presented as at 29 April 2014:

	The Company before split-off	**AB „INVL Baltic Real Estate"**	**AB „INVL Baltic Farmland"**	**AB „INVL Technology"**	**The Company after split-off**
Percent		30.90%	14.45%	2.60%	52.05%
Intangible assets	18	-	-	-	18
Property, plant and equipment	12	-	-	-	12
Investments into subsidiaries	15,796	11,403	1,771	1,162	1,460
Investments into associates and joint ventures	7,272	-	-	-	7,272
Investments available for sale	494	-	-	-	494
Investments held for trade	1,231	-	-	-	1,231
Deferred income tax asset	2,115	-	19	-	2,096
Loans granted	23,523	4,320	5,486	120	13,597
Prepayments	13	1	-	-	12
Trade and other receivables	48	-	-	-	48
Cash and cash equivalents	511	45	99	44	323
Total assets	**51,033**	**15,769**	**7,375**	**1,326**	**26,563**
Share capital	6,602	2,040	954	171	3,437
Share premium	9,598	2,966	1,387	249	4,996
Reserves	22,274	6,883	3,219	578	11,594
Retained earnings	8,014	2,476	1,158	209	4,171
Total equity	*46,488*	*14,365*	*6,718*	*1,207*	*24,198*
Borrowings	3,787	1,404	657	119	1,607
Trade payables	4	-	-	-	4
Income tax payable	4	-	-	-	4
Other liabilities	750	-	-	-	750
Total liabilities	*4,545*	*1,404*	*657*	*119*	*2,365*
Total equity and liabilities	**51,033**	**15,769**	**7,375**	**1,326**	**26,563**

(all amounts are in EUR thousand unless otherwise stated)

3 Split-off (cont'd)

The Group

The carrying amounts of the assets and liabilities of the Group transferred according to the terms of the split-off and derecognised from the statement of financial position are follows:

	Carrying amount at the transfer date
Intangible assets	1,905
Investment properties	48,419
Property, plant and equipment	596
Other non-current assets	825
Deferred income tax assets	68
Inventories	294
Trade and other receivables	4,787
Loans granted	4,564
Prepaid income tax	52
Prepayments and deferred charges	340
Restricted cash	658
Cash and cash equivalents	613
Total assets	**63,121**
Deferred income tax liability	(4,402)
Borrowings and financial lease liabilities	(31,033)
Trade payables	(1,998)
Income tax payable	(16)
Advance received	(454)
Other liabilities	(1,885)
Total liabilities	**(39,788)**
Total net assets	**23,333**

During the split-off in 2014 the Group has transferred:
- to AB INVL Baltic Farmland the following entities: UAB Avižėlė, UAB Beržytė, UAB Dirvolika, UAB Duonis, UAB Ekotra, UAB Kvietukas, UAB Laukaitis, UAB Lauknešys, UAB Linažiedė, UAB Pušaitis, UAB Puškaitis, UAB Sėja, UAB Vasarojus, UAB Žalvė, UAB Žemgalė, UAB Žemynėlė, UAB Žiemkentys, UAB Cooperor;
- to AB INVL Baltic Real Estate the following entities: AB Invaldos Nekilnojamojo Turto Fondas, UAB Rovelija, UAB Perspektyvi Veikla, UAB Proprietas, UAB INTF Investicija;
- to AB INVL Technology the following entities: UAB BAIP Grupė, UAB Informatikos Pasaulis, UAB Vitma, UAB BAIP, UAB Acena, Norway Registers Development AS, UAB NRD, NRD EA, UAB NRD CS, UAB Inventio.

(all amounts are in EUR thousand unless otherwise stated)

4. Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity

The movement of investments in associates and joint ventures was as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
At 1 January	**14,855**	**24,816**	**14,855**	**7,272**
Share of profit (loss) of associates	-	512	-	-
Share of profit (loss) of joint ventures	-	(67)	-	-
Acquisition of non-controlling interest in subsidiary held by associate	-	20	-	-
Acquisition of additional shares in associate*	-	3,127	-	3,127
Dividends received	-	(4,497)	-	-
Disposals	-	(17,530)	-	(5,692)
Increase of share capital of intermediate subsidiary, which owns associate*	-	8,104	-	8,104
Revaluation of investments on becoming investment entity	-	501	-	2,175
Changes in fair value	42	(131)	42	(131)
At 31 December	**14,897**	**14,855**	**14,897**	**14,855**
Associates	14,897	14,855	14,897	14,855
Joint ventures	-	-	-	-

*In 2014 the shares of associate was acquired indirectly through acquisition of shares intermediate entity UAB Cedus Invest, which became from joint venture to subsidiary. Afterward the part of loans granted to intermediate entity was converted into its share capital.

The movement of investments in subsidiaries of the Company was as follows:

	Company	
	2015	**2014**
At 1 January	**14,766**	**15,201**
Acquisition	916	6,368
Establishment of subsidiaries and increase of share capital	255	3,715
Reversal of impairment due to increase of recoverable amount of the investments	-	186
Disposals	(6,500)	-
Split-off (Note 3)	-	(14,336)
Loans granted to reclassified to 'investments in subsidiaries' on becoming investment entity	-	928
Loans granted	-	393
Loans repaid	(100)	(32)
Interest charged	56	35
Revaluation of investments on becoming investment entity	-	1,266
Changes in fair value	3,326	1,242
Decreased share capital – free funds returned	-	(200)
At 31 December	**12,719**	**14,766**
At cost less impairment	6,954	5,788
At fair value shares	4,717	7,654
At fair value loans granted	1,048	1,324

(all amounts are in EUR thousand unless otherwise stated)

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

The movement of investments in unconsolidated subsidiaries of the Group was as follows:

	Group	
	2015	**2014**
At 1 January	**8,978**	**-**
Carrying amount of consolidated net assets less non-controlling interest on the time becoming investment entity	-	(1,440)
Intercompany impaired loan granted to UAB Sago	-	1,167
Revaluation of investments on becoming investment entity	-	2,598
Loans granted to reclassified to 'investments in subsidiaries' on becoming investment entity	-	928
Loans granted	-	393
Loans repaid	(100)	(32)
Interest charged	56	35
Acquisition	-	4,284
Disposals	(6,500)	-
Increase of share capital	5	3
Changes in fair value	3,326	1,242
Decreased share capital – free funds returned	-	(200)
At 31 December	**5,765**	**8,978**
Shares	4,717	7,654
Loans granted	1,048	1,324

After becoming investment entity after split-off the Company measured unconsolidated subsidiaries at fair value through profit or loss (more details are disclosed in Note 15).

Acquisitions in 2015 and 2014

In 2014 two asset management entities were acquired. If the acquisition of asset management entities had occurred on 1 January 2014, the consolidated revenue would have been EUR 4,695 thousand and consolidated net profit would have been EUR 4,358 thousand for year ended on 31 December 2014.

Analysis of cash flows on acquisition:

	2015	**2014**
Consideration paid in cash on acquisition of consolidated subsidiaries	(916)	(5,384)
Cash acquired with the consolidated subsidiary	246	720
Consideration paid in cash on acquisition or share capital increase of unconsolidated subsidiaries*	(505)	(3,785)
Acquisition of subsidiaries, net of cash acquired	**(1,175)**	**(8,449)**

*In 2015 the Company has settled liability of EUR 500 thousand for shares of AB Bank Finasta.

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

Acquisitions in 2015 and 2014 (cont'd)

Acquisition of IPAS Finasta Asset Management (current name INVL Asset Management) in 2015

On 5 January 2015 the Group has acquired 100% shares of IPAS INVL Asset Management for EUR 916 thousand (all amount paid in cash). Therefore, it was completed the implementation of the Share Purchase Agreement of the 4 November 2014 with AB Finasta Holding and BAB bankas Snoras. The acquiree operates in Latvia and have managed three 2nd pillar, three investment funds and portfolios of individual clients. As of 31 December 2014 the entity managed EUR 45.1 million of assets.

The fair values of the identifiable assets and liabilities of IPAS INVL Asset Management were:

	Fair values recognised on acquisition
Intangible assets	767
Property, plant and equipment	5
Financial assets	361
Trade and other receivables	64
Prepayment and deferred charges	1
Cash and cash equivalents	246
Total assets	**1,444**
Deferred tax liability	(73)
Current liabilities	(90)
Total liabilities	(163)
Total identifiable net assets	**1,281**
Profit from bargain purchases	**(365)**
Total consideration transferred	**916**

The fair value of trade receivables is EUR 64 thousand.

In the reporting period of 2015 EUR 701 thousand of revenue and EUR 27 thousand of profit from the acquired business was included into the Group results.

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

Acquisitions in 2015 and 2014 (cont'd)

Acquisition of UAB MP Pension Funds Baltic in 2014

On 20 May 2014 the Group has signed Share Sale and Purchase Agreement with MP Banki hf to acquire 100 % of shares of UAB MP Pension Funds Baltic for EUR 3,300 thousand (all amount paid in cash). The transaction was closed on 23 September 2014.

The acquiree is a specialised pension funds management entity, which manages three 2nd pillar and two 3rd pillar pension funds. 62 thousand customers are using services provided by UAB MP Pension Funds Baltic. As of 30 September 2014 the entity managed EUR 89 million of assets. As the result of the acquisition, the Group will sooner be able to reach a goal to become one of the leading asset management companies in the region. The goodwill of EUR 58 thousand arising from the acquisition is attributable to the economies of scale expected from combining the operations of the Group and acquired entities. The goodwill recognised could be deductible for income tax purposes only if the acquiree and the entity, through which was acquisition made, would be subject to legal reorganization through merger.

The fair values of the identifiable assets and liabilities of UAB MP Pension Funds Baltic were:

	Fair values recognised on acquisition
Intangible assets	2,208
Property, plant and equipment	10
Financial assets	39
Deferred tax assets	407
Trade and other receivables	97
Prepayment and deferred charges	13
Cash and cash equivalents	560
Total assets	**3,334**
Current liabilities	(92)
Total liabilities	**(92)**
Total identifiable net assets	**3,242**
Goodwill	58
Total consideration transferred	**3,300**

The fair value of trade and other receivables is EUR 97 thousand and includes trade receivables with a fair value of EUR 92 thousand. The gross contractual amount for other receivable due is EUR 14 thousand, of which EUR 9 thousand is expected to be uncollectible.

Acquisition-related costs of EUR 11 thousand have been charged to other expenses in the consolidated income statement for the year ended 31 December 2014.

In the reporting period of 2014 EUR 272 thousand of revenue and EUR 51 thousand of loss from the acquired business are included into the Group results.

In 2015 UAB MP Pension Funds Baltic was merged with UAB INVL Asset Management.

(all amounts are in EUR thousand unless otherwise stated)

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

Acquisitions in 2015 and 2014 (cont'd)

Acquisition of UAB Finasta Asset Management (current name INVL Asset Management) in 2014

On 4 November 2014 the Group has signed Share Purchase Agreement with AB Finasta Holding and BAB bankas Snoras to acquire 100 % of shares of UAB INVL Asset Management for EUR 2,084 thousand (all amount paid in cash). The transaction was closed on 1 December 2014.

The acquiree is a specialised pension funds management entity, which manages four 2nd pillar, two 3rd pillar pension funds, seven investment funds and portfolio of individual clients. 50 thousand customers are using services provided by UAB INVL Asset Management. As of 31 December 2014 the entity managed EUR 139 million of assets. As the result of the acquisition, the Group will sooner be able to reach a goal to become one of the leading asset management companies in the region. The goodwill of EUR 32 thousand arising from the acquisition is attributable to the economies of scale expected from combining the operations of the Group and acquired entities. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair values of the identifiable assets and liabilities of UAB INVL Asset Management were:

	Fair values recognised on acquisition
Intangible assets	1,285
Property, plant and equipment	15
Financial assets	329
Deferred tax assets	172
Trade and other receivables	272
Prepaid income tax	3
Prepayment and deferred charges	5
Cash and cash equivalents	160
Total assets	**2,241**
Current liabilities	(189)
Total liabilities	**(189)**
Total identifiable net assets	**2,052**
Goodwill	**32**
Total consideration transferred	**2,084**

The fair value of trade receivables is EUR 272 thousand. The gross contractual amount for trade receivable due is EUR 275 thousand, of which EUR 3 thousand is expected to be uncollectible.

In the reporting period of 2014 none of revenue and profit or loss from the acquired business was included into the Group results.

Acquisition of AB Bank Finasta and AB FMĮ Finasta in 2014

According to the agreement of 4 November 2014 the Company has acquired 78.28% shares of each, AB bankas Finasta and financial brokerage company AB Finasta. The settlement for the shares was completed on 29 December 2014. The partners who participated in acquisition have exercised the option right and sold its shares to the Company. The settlement with them was completed on 5 January 2015. Therefore, the Company has owned 99.99% shares of AB bankas Finasta and 100% shares of AB FMĮ Finasta in January 2015. The Company has invested EUR 4,284 thousand into these shares (as at 31 December 2014 EUR 500 thousand was unpaid).

Acquisition-related costs of EUR 52 thousand have been charged to other expenses in the consolidated income statement for the year ended 31 December 2014. They related with acquisition of all entities according to the agreement of 4 November 2014.

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

Acquisitions in 2015 and 2014 (cont'd)

Acquisition of UAB Advima in 2014

In November 2014 the unconsolidated subsidiary UAB Inservis acquired 100% of the shares of UAB Advima for EUR 19 thousand. UAB Advima is facility management entity operating in Druskininkai. In November 2015 UAB Advima was merged into UAB Inservis.

Establishment of companies (increase or decrease of share capital) in 2015 and 2014

In February 2015 the Company has established UAB INVL Farmland Management by investing EUR 100 thousand (at the end of reporting period of 2015 EUR 75 thousand was unpaid). The new established entity has signed on 30 June 2015 a land plot administration agreement with INVL Baltic Farmland group. AB INVL Baltic Farmland is a company listed in NASDAQ Vilnius Stock Exchange. Group companies own more than 3 thousand hectares of agricultural land in Lithuania.

In January 2015 was completed the legal registration of share capital increase of UAB Regenus (the Company has invested EUR 2 thousand in December 2014).

In May 2015 the Company has established UAB INVL Finasta by investing EUR 150 thousand. On 30 November 2015 the entity has received the brokerage company licence from the Bank of Lithuania.

In May 2015 the Company has additionally invested EUR 3 thousand into the share capital of UAB Consult Invalda.

In July 2015 the Company has additionally invested EUR 300 thousand into share capital of UAB Aktyvo by converting loans granted, which were fully provided for (the investment amount includes accrued interest, which was not recognised in the financial statements, but was calculated according to the loans' agreements). Therefore, the carrying amount of investments into subsidiaries was not changed.

In December 2015 the Company has additionally invested EUR 232 thousand into share capital of UAB Kelio ženklai by converting loans granted.

In December 2015 the Company has additionally invested EUR 2 thousand into the share capital of UAB RPNG.

During the 1st quarter of 2014 the Company has established UAB Invalda LT Investments by investing EUR 400 thousand (at the end of reporting period of 2015 and 2014 EUR 270 thousand was unpaid). Also, the Company has invested EUR 9 thousand to newly established entities UAB INVL Baltic Real Estate (current name – UAB Proprietas), UAB INVL Baltic Farmland (current name – UAB Cooperor), UAB INVL Technology (current name – UAB Inventio).

During the 2nd quarter of 2014 UAB INVL Fondai was established by investing EUR 3 thousand. In September 2014 the Company has additionally invested EUR 3,302 thousand into the share capital of UAB INVL Fondai in order to finance the acquisition of UAB MP Pension Funds Baltic through this entity.

After the Split-off during 2nd quarter of 2014, the Company has decreased the share capital of UAB Aktyvus Valdymas and has returned free funds of EUR 200 thousand.

Merger of asset management entities in 2015

On 25 May 2015 the Bank of Lithuania authorised a permission to reorganise the specialised pension fund managing entity UAB MP Pension Funds Baltic and transfer the pension funds management business to UAB INVL Asset Management (previous name – UAB Finasta Asset Management). The Company's owned asset management entity UAB MP Pension Funds Baltic and UAB INVL Fondai was merged into other asset management entity UAB INVL Asset Management. The reorganisation was completed in October 2015.

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

Non – controlling interest acquisition in 2015 and 2014

There were not any non-controlling interest acquisitions in 2015 and 2014

Acquisition of associates and joint ventures in 2015 and 2014

There were not any associates and joint ventures acquisitions in 2015.

On 28 April 2014 the Company signed the agreement with AB Invalda Privatus Kapitalas regarding purchase of 45.45% of shares of UAB Cedus Invest and loans granted by the seller to this entity for EUR 6,987 thousand (for the shares it was paid EUR 3,127 thousand, for the loan – EUR 3,860 thousand). The amount payables from this acquisition were set-off with amount receivable from sale of shares of AB Vilniaus Baldai. After this transaction the Group has increased owned shares of UAB Cedus Invest from 54.55% till 100% and the entity became the Group's subsidiary (before the transaction it was a joint venture). UAB Cedus Invest owns shares of associates UAB Litagra. So the Group has increased owned shares of UAB Litagra from 20.12% till 36.88%. In June 2014 the Company has invested EUR 8,104 thousand to increase the share capital of UAB Cedus Invest by converting loans granted.

Disposals and deconsolidation of subsidiaries on becoming investment entity in 2015 and 2014

Disposals of subsidiaries in 2015

The Company and AB Šiaulių bankas have signed a Letter of Intent on 7 March 2015, which foresees a possible integration of Finasta banking business with AB Šiaulių bankas. On 11 May 2015 it was signed agreements regarding the sale of bank Finasta and brokerage company Finasta shares to AB Šiaulių bankas. The transaction was completed on 17 July 2015 – the ownership of sold entities was transferred to AB Šiaulių bankas. The sale price was EUR 5,884 thousand. The Company has also subscribed 21,353,731 ordinary registered shares of AB Šiaulių bankas with the par value of EUR 0.29 per share, which issue price is EUR 0.29. The subscribed shares were paid by set-off receivables for sold entities. The Company has obtained the ownership of subscribed shares in September 2015. In March 2015 5.35% of shares of AB Bankas Finasta was sold for EUR 220 thousand to management of the bank (for shares it was paid in July 2015).

Brand name Finasta is used by the Group. Wealth management services, which were provided by AB bankas Finasta, are currently provided by UAB INVL Finasta, which received the brokerage company licence in November 2015.

In November 2015 the Group's unconsolidated subsidiary has sold the 100% of the shares of UAB Naujosios Vilnios Turgavietė for the EUR 290 thousand. The Group has received the proceeds from disposal through repayment of loans granted to the unconsolidated subsidiary.

On 31 December 2015 the Company has sold the 100% of shares of UAB Sago (entity in bankruptcy) for EUR 396 thousand.

Disposals of subsidiaries in 2014

In July 2014 the Company has sold the 54.55% shares of UAB Finansų Rizikos Valdymas for EUR 1 thousand.

(all amounts are in EUR thousand unless otherwise stated)

4 Business combinations and acquisition of non-controlling interests, investments into associates and joint ventures, disposals and deconsolidation of subsidiaries on becoming investment entity (cont'd)

Deconsolidation of subsidiaries on becoming investment entity in 2014

According to the management the Company is investment entity in accordance with IFRS 10 after the Split-off completed in 2014. Therefore, the subsidiaries are ceased to consolidate and the revaluation of investments is recognised. Subsidiaries and associates are measured at fair value. The entities having negative equity are measured at nil. The Group has earned a profit of EUR 3,099 thousand from the revaluation of investments. In this profit the profit of EUR 865 thousand from UAB Sago is included. The negative equity of UAB Sago amounted to EUR 2,033 thousand. As the Group has also recognised impairment loss of EUR 1,168 thousand from loans granted by real estate segment entities to UAB Sago, therefore presented the net profit on revaluation of investments to UAB Sago amounting to EUR 865 thousand in discontinued operation.

The Company has earned a profit of EUR 3,441 thousand from the revaluation of investments becoming the investment entity. Due to the bankruptcy of UAB Sago the Company had not suffered any additional loss, because the impairment losses were recognised in the previous accounting periods.

In March 2014 management of UAB Sago and UAB INTF Investicija has applied to the court regarding bankruptcy. On 29 April 2014, when the split-off was completed, UAB INTF Investicija has left the Group (it's solely shareholder, AB Invaldos Nekilnojamojo Turto Fondas, was transferred during the split-off). On 16 May 2014 after the court decision regarding bankruptcy of UAB Sago came to force, The Group has ceased to control this entity also.

The carrying amounts of the assets and liabilities of the deconsolidated subsidiaries due to becoming investment entity are follows (inter-group balances between them are eliminated):

	Carrying amount
Intangible assets	292
Investment properties	4,344
Property, plant and equipment	903
Deferred income tax assets	176
Inventories	679
Trade and other receivables	1,539
Loans granted	9
Prepayments and deferred charges	136
Restricted cash	462
Cash and cash equivalents	499
Total assets	**9,039**
Deferred income tax liability	(45)
Borrowings and financial lease liabilities	(8,856)
Trade payables	(596)
Income tax payable	(23)
Advance received	(266)
Other liabilities	(990)
Total liabilities	**(10,776)**
Total net assets	**(1,737)**
Derecognition of non-controlling interest	297
Net assets less non-controlling interest	**(1,440)**

<u>Disposals of associates in 2015 and 2014</u>

There were not any disposals of associates in 2015.

On 28 April 2014 the Company signed the agreement with AB Invalda Privatus Kapitalas regarding sale of 45.4% of shares in associates AB Vilniaus Baldai. The transaction was completed on 28 May 2014. Shares' sale price after deduction of dividends received (EUR 4,497 thousand), amounted to EUR 18,730 thousand. The Company and the Group have recognised the profit of EUR 13,038 thousand and EUR 1,200 thousand from the shares sale, respectively.

5. Segment information

The Board of Directors monitors the operating results of the business units of the Group separately for the purpose of making decisions about resource allocations and performance assessment. Segment performance until becoming investment entity is evaluated based on net profit or loss and it is measured on the same basis as net profit or loss in the financial statements. After becoming investment entity the performance of segments excluding asset management segment is evaluated based on changes in fair value of investments, including dividends income received by the Company. Asset management segment's performance is evaluated based on net profit or loss. Group financing (including finance costs and finance income) and income taxes are allocated between segments as they are identified on basis of separate legal entities. Consolidation adjustments and eliminations are not allocated on a segment basis. Segment assets are measured in a manner consistent with that of the financial statements. All assets are allocated between segments, because segments are identified on a basis of separate legal entities. The granted loans by the Company are allocated to segment's, to which entities they are granted, assets. The impairment losses of these loans are allocated to a segment to which the loan was granted initially.

For management purposes, the Group is organised into following operating segments based on their products and services:

Asset management (continuing operations)

The asset management segment includes pension, investment funds, private equity, alternative investments and portfolio management, financial brokerage and land administration services.

Agriculture (continuing operations)

Agricultural activities include the primary crop and livestock (milk) production, grain processing and agricultural services. The segment's companies sell plant protection products, fertilizers, seeds, compound feed, feed supplements, veterinary products, buy grain, provide grain and other raw materials drying, cleaning, handling and storage services.

Facility management (continuing operations)

The facility management segment includes facility management of dwelling-houses, commercial and public real estate properties.

Banking activities (disposed, continuing operations)

The banking activities segment includes investment and private banking activities and accounting services of the issuers' shares. In July 2015 entities of the segment were fully disposed.

All other segments (continuing operations)

All other segments are involved in road signs production, wood manufacturing. The Group also presents investment, financing and management activities of the holding company in this column, as these are not analysed separately by the Board of Directors.

Furniture production (disposed, discontinued operation)

The furniture segment includes flat-pack furniture mass production and sale. In May 2014 entities of the segment were fully disposed.

Real estate (transferred during the Split-off, discontinued operation)

The real estate segment is investing in investment properties held for future development and in commercial real estate and its rent. The entities of the segment were transferred during the Split-off completed in 2014 to AB INVL Baltic Real Estate. Control of UAB Sago was lost due to a bankruptcy proceedings.

Agricultural land (transferred during the Split-off, discontinued operation)

The agricultural land segment is involved in investment in agricultural land and its rent. The entities of the segment were transferred during the Split-off completed in 2014 to AB INVL Baltic Farmland.

Information technology infrastructure (transferred during the Split-off, discontinued operation)

The information technology infrastructure segment is involved in offering IT infrastructure strategy, security and maintenance solutions and supplies of all hardware and software needed for IT infrastructure solutions of any size and in the development and implementation of software for government register systems, including consultation. The entities of the segment were transferred during the Split-off completed in 2014 to AB INVL Technology.

(all amounts are in EUR thousand unless otherwise stated)

5 Segment information (cont'd)

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in column 'Inter-segment transactions and consolidation adjustments'. Capital expenditure consists of additions to property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

The following table presents measurement of segments results after becoming investment entity on the basis of changes in fair value:

	Agriculture	Facility management	Banking activities	All other segments	Total
Year ended 31 December 2015					
Net changes in fair value on financial assets	42	1,384	1,820	122	3,368
Total changes in fair value	**42**	**1,384**	**1,820**	**122**	**3,368**
Year ended 31 December 2014					
Revaluation of investments on becoming investment entity	501	1,537	-	196	2,234
Net changes in fair value on financial assets	(131)	1,331	-	(89)	1,111
Total changes in fair value	**370**	**2,868**	**-**	**107**	**3,345**

(all amounts are in EUR thousand unless otherwise stated)

5 Segment information (cont'd)

The following table presents revenues, profit (loss) and certain assets and liabilities information regarding the Group's business segments for the year ended 31 December 2015:

	Asset management	Agriculture	Facility management	Banking activities	All other segments	Inter-segment transactions and consolidation adjustments	Total
Year ended 31 December 2015							
Revenue							
Sales to external customers	3,593	-	-	-	-	-	3,593
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	**3,593**	**-**	**-**	**-**	**-**	**-**	**3,593**
Results							
Net changes in fair value of financial assets	3	42	1,384	1,820	1,463	-	4,712
Interest income	22	-	-	-	458	-	480
Other income	379	-	237	-	46	(1)	661
Employee benefits expense	(1,790)	-	-	-	(453)	-	(2,243)
Depreciation and amortization	(314)	-	-	-	(15)	-	(329)
Impairment, write-down, allowances and provisions	(5)	-	-	-	56	-	51
Interest expenses	-	-	-	-	(3)	-	(3)
Other expenses	(2,202)	-	-	-	(291)	1	(2,492)
Profit (loss) before income tax	(314)	42	1,621	1,820	1,261	-	4,430
Income tax credit (expenses)	22				(264)		(242)
Net profit (loss) for the year	**(292)**	**42**	**1,621**	**1,820**	**997**	**-**	**4,188**
Attributable to:							
Equity holders of the parent	(292)	42	1,621	1,820	997	-	4,188
Non-controlling interest	-	-	-	-	-	-	-
As at 31 December 2015							
Assets and liabilities							
Segment assets	7,142	-	4,828	-	22,775	(76)	34,669
Investment in associates and joint ventures	-	14,897	-	-	-	-	14,897
Total assets	**7,142**	**14,897**	**4,828**	**-**	**22,775**	**(76)**	**49,566**
Segment liabilities	**932**	**-**	**-**	**-**	**587**	**(76)**	**1,443**
Other segment information							
Capital expenditure:							
• Property, plant and equipment	70	-	-	-	1	-	71
• Intangible assets	788	-	-	-	-	-	788

(all amounts are in EUR thousand unless otherwise stated)

5 Segment information (cont'd)

The following table presents revenues, profit (loss) and certain assets and liabilities information regarding the Group's business segments for the year ended 31 December 2014:

	Asset management	Agriculture	Facility management	Banking activities	All other segments	Inter-segment transactions and consolidation adjustments	Total continuing operations
Year ended 31 December 2014							
Revenue							
Sales to external customers	272	-	1,750	-	569	-	2,591
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	**272**	**-**	**1,750**	**-**	**569**	**-**	**2,591**
Results							
Interest income	1	-	1	-	869	(91)	780
Other income	-	-	2	-	36	-	38
Revaluation of investments on becoming investment entity	-	501	1,537	-	196	-	2,234
Net gains (loss) on disposal of subsidiaries, associates and joint ventures	-	-	-	-	1	-	1
Net changes in fair value of financial assets	-	(131)	1,331	-	11	-	1,211
Impairment, write-down, allowances and provisions	-	-	-	-	(294)	-	(294)
Employee benefits expense	(111)	-	(649)	-	(758)	-	(1,518)
Raw materials and consumables used	(1)	-	(104)	-	(334)	-	(439)
Depreciation and amortization	(33)	-	(71)	-	(45)	-	(149)
Interest expenses	-	-	(5)	-	(56)	3	(58)
Other expenses	(181)	-	(746)	-	(415)	-	(1,342)
Share of profit (loss) of the associates and joint ventures	-	(59)	-	-	(68)	-	(127)
Profit (loss) before income tax	(53)	311	3,046	-	(288)	(88)	2,928
Income tax credit (expenses)	2	-	(26)	-	(1,784)	-	(1,808)
Net profit (loss) for the year	**(51)**	**311**	**3,020**	**-**	**(2,072)**	**(88)**	**1,120**
Attributable to:							
Equity holders of the parent	(51)	311	3,020	-	(2,068)	(88)	1,124
Non-controlling interest	-	-	-	-	(4)	-	(4)
As at 31 December 2014							
Assets and liabilities							
Segment assets	5,641	54	3,952	4,284	16,998	-	30,929
Investment in associates and joint ventures	-	14,855	-	-	-	-	14,855
Total assets	**5,641**	**14,909**	**3,952**	**4,284**	**16,998**	**-**	**45,784**
Segment liabilities	**308**	**-**	**-**	**-**	**991**	**-**	**1,299**
Other segment information							
Capital expenditure:							
• Property, plant and equipment	26	-	17	-	9	-	52
• Intangible assets	3,583	-	1	-	6	-	3,590

(all amounts are in EUR thousand unless otherwise stated)

5 Segment information (cont'd)

The following table presents reconciliation of the Group net profits and capital expenditure for the year ended 31 December 2014:

2014	Reconciliation of the net profit			Reconciliation of the capital expenditure		
	Equity holders of the parent	Non-controlling interest	Net profit for the year	Property, plant and equipment	Intangible assets	Investment property
Continuing operations	**1,124**	**(4)**	**1,120**	**52**	**3,590**	**-**
Discontinued operations:						
Furniture production	1,772	-	1,772	-	-	-
Real estate	1,138	-	1,138	-	-	200
Agricultural land	(119)	-	(119)	-	-	264
Information technology	25	(13)	12	66	2	-
Inter-segment transactions and consolidation adjustments	87	-	87	-	-	-
Discontinued operation total	**2,903**	**(13)**	**2,890**	**66**	**2**	**464**
Total	**4,027**	**(17)**	**4,010**	**118**	**3,592**	**464**

In 2015 employee benefits expense of the Group included EUR 463 thousand social security contribution paid by employer (2014: EUR 346 thousand) and EUR 150 thousand social security contribution paid by employee (2014: EUR 105 thousand). In 2015 employee benefits expense of the Company included EUR 105 thousand social security contribution paid by employer (2014: EUR 131 thousand) and EUR 32 thousand social security contribution paid by employee (2014: EUR 40 thousand).

Analysis of revenue by category:

	Group	
	2015	**2014**
Sales of goods		
Sales of other production	-	563
Total	**-**	**563**
Revenue from services		
Facilities management revenue	-	1,750
Asset management sector income	3,593	272
Other services revenue	-	6
Total	**3,593**	**2,028**
Total revenue	**3,593**	**2,591**

The Company is domiciled in the Lithuania. The result of its revenue from external customers in the Lithuania is EUR 2,892 thousand (2014: EUR 2,266 thousand), and the total of revenue from external customers from European Union countries is EUR 701 thousand (2014: EUR 325 thousand). In 2015 all revenue from external customers are from Latvia.

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 31 December 2015 and 2014:

	Lithuania	**Latvia**	**Total**
As at 31 December 2015	3,428	699	4,127
As at 31 December 2014	3,600	-	3,600

(all amounts are in EUR thousand unless otherwise stated)

6. Other income and expenses

6.1. Net changes in fair value on financial instruments

	Group		Company	
	2015	**2014**	**2015**	**2014**
Net gain (loss) from changes in fair value of subsidiaries and associates	3,368	1,111	3,368	1,111
Net gain (loss) from financial assets designated upon initial recognition at fair value through profit or loss	1,279	113	1,276	113
Net gain (loss) from financial assets held for trading	65	(13)	65	(13)
Net gain (loss) from financial assets at fair value through profit or loss, total	4,712	1,211	4,709	1,211

6.2. Impairment, write-down and provisions

	Group		Company	
	2015	**2014**	**2015**	**2014**
Change in provision for impairment of loans granted	-	(292)	-	7
Change in provision for term deposits (Note 19)	54	-	54	-
Change in provision for impairment of trade receivables	(3)	(2)	2	(2)
Impairment on financial assets, total	*51*	*(294)*	*56*	*5*
Reversal of impairment due to increase of recoverable amount of the investments in subsidiaries, associates and joint ventures	-	-	-	186
Impairment on non-financial assets and provisions, total	-	-	-	*186*
	51	(294)	56	191

In 2014 the Group has recognised impairment losses to loans granted which were recognised on the Group's statement of financial position after deconsolidation of subsidiaries. At the Company level impairment losses to these loans were recognised in previous years.

(all amounts are in EUR thousand unless otherwise stated)

6.3. Other income

	Group		Company	
	2015	2014	2015	2014
Interest income from loans, receivables, term deposit and cash	459	778	458	890
Interest income from held to maturity financial assets	-	2	-	2
Interest income from financial assets at fair value through profit loss	21	-	-	-
Dividend income	249	-	249	4,497
Gain on bargain purchase	365	-	-	-
Other income	47	38	35	37
	1,141	818	742	5,426

In 2015 the Company recognised nil interest income on impaired loans (2014: EUR 3 thousand). In 2015 and 2014 the Group recognised nil interest income on impaired loans.

6.4. Finance costs

	Group		Company	
	2015	2014	2015	2014
Interest expenses	(3)	(58)	(3)	(49)
Other finance costs	-	(2)	-	(2)
	(3)	(60)	(3)	(51)

6.5. Other expenses

	Group		Company	
	2015	2014	2015	2014
Vehicles maintenance costs	(60)	(80)	(8)	(14)
Advertising and other promotion expenses	(389)	(6)	-	-
Taxes	(230)	(70)	(35)	(54)
Professional services	(176)	(49)	(67)	(43)
Information technology maintenance expenses	(239)	(41)	(15)	(8)
Fees for securities	(199)	(66)	(34)	(45)
Acquisition-related cost	-	(63)	-	(63)
Other expenses	(281)	(242)	(84)	(37)
	(1,574)	(617)	(243)	(264)

7. Income tax

	Group		Company	
	2015	2014	2015	2014
Components of the income tax expense				
Current year income tax	(14)	(34)	-	-
Discount on tax losses transferred within the Group	-	-	-	(53)
Deferred income tax expense	(228)	(1,774)	(265)	(1,795)
Income tax expense charged to the income statement – continuing operation	(242)	(1,808)	(265)	(1,848)
Current year income tax	-	(29)	-	-
Prior year current income tax correction	-	(2)	-	-
Deferred income tax credit	-	5	-	-
Income tax expense charged to the income statement – discontinued operation	-	(26)	-	-
Income tax expense charged to the income statement – total	(242)	(1,834)	(265)	(1,848)

There is no income tax expense recognised in other comprehensive income in 2015 and 2014.

(all amounts are in EUR thousand unless otherwise stated)

7 Income tax (cont'd)

Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2015.

The movement in deferred income tax assets and liabilities of the Group during 2015 is as follows:

	Balance as at 31 December 2014	Recognised in the income statement	Merger*	Acquired subsidiaries	Balance as at 31 December 2015
Deferred tax asset					
Tax loss carry forward for indefinite period of time	1,385	167	-	39	1,591
Tax loss carry forward till 2016 – 2019	2,013	(69)	-	-	1,944
Receivables	1	1	-	-	2
Investments at fair value through profit and loss	-	4	-	-	4
Accruals	7	(1)	-	4	10
Intangible assets	177	(73)	290	-	394
Deferred tax asset available for recognition	3,583	29	290	43	3,945
Less: unrecognised deferred tax asset from tax losses carried forward for indefinite period of time	(364)	(81)	-	-	(445)
Less: unrecognised deferred tax asset from tax losses carried forward till 2016 – 2019	(1,676)	(63)	-	-	(1,739)
Less: unrecognised deferred tax asset due to future uncertainties	-	5	(290)	-	(285)
Recognised deferred income tax asset, net	1,543	(110)	-	43	1,476
Asset netted with liability of the same legal entities	(560)	(115)	-	(43)	(718)
Deferred income tax asset, net	**983**	**(225)**	**-**	**-**	**758**
Deferred tax liability					
Property, plant and equipment	-	-	-	(1)	(1)
Intangible assets	(519)	45	-	(115)	(589)
Investments at fair value through profit and loss	(41)	(163)	-	-	(204)
Deferred income tax liability	(560)	(118)	-	(116)	(794)
Liability netted with asset of the same legal entities	560	115	-	43	718
Deferred income tax liability, net	**-**	**(3)**	**-**	**(73)**	**(76)**
Deferred income tax, net	**983**	**(228)**	**-**	**(73)**	**682**

*Due to merger of UAB INVL Fondai and UAB MP Pension Funds Baltic into UAB INVL Asset Management, the goodwill for tax purposes arising from acquisition of UAB MP Pension Funds Baltic was recognised and would be utilised over 15 years through straight-line amortisation to decrease taxable profit.

(all amounts are in EUR thousand unless otherwise stated)

7 Income tax (cont'd)

Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2014.

The movement in deferred income tax assets and liabilities of the Group during 2014 is as follows:

	Balance as at 31 December 2013	Recognised in the income statement	Deconso-lidation on becoming investment entity (Note 4)	Correction of transfer of tax losses within group	Split-off (Note 3)	Acquired subsidia-ries	Balance as at 31 December 2014
Deferred tax asset							
Tax loss carry forward for indefinite period of time	1,100	66	(527)	(1)	(521)	1,268	1,385
Tax loss carry forward till 2015 – 2019	2,185	(178)	-	-	-	6	2,013
Property, plant and equipment	30	(1)	(12)	-	(17)	-	-
Investment properties	237	(19)	(218)	-	-	-	-
Receivables	41	-	(33)	-	(8)	1	1
Investments at fair value through profit and loss	190	(190)	-	-	-	-	-
Inventories	18	-	(13)	-	(5)	-	-
Accruals	26	4	(8)	-	(17)	2	7
Intangible assets	5	(11)	-	-	(5)	188	177
Other	89	(3)	-	-	(86)	-	-
Deferred tax asset available for recognition	3,921	(332)	(811)	(1)	(659)	1,465	3,583
Less: unrecognised deferred tax asset from tax losses carried forward for indefinite period of time	(698)	47	401	-	244	(358)	(364)
Less: unrecognised deferred tax asset from tax losses carried forward till 2015 – 2019	(269)	(1,407)	-	-	-	-	(1,676)
Less: unrecognised deferred tax asset due to future uncertainties	(238)	20	218	-	-	-	-
Recognised deferred income tax asset, net	2,716	(1,672)	(192)	(1)	(415)	1,107	1,543
Asset netted with liability of the same legal entities	(316)	(80)	16	-	347	(527)	(560)
Deferred income tax asset, net	**2,400**	**(1,752)**	**(176)**	**(1)**	**(68)**	**580**	**983**
Deferred tax liability							
Property, plant and equipment	(21)	1	20	-	-	-	-
Intangible assets	(94)	13	41	-	45	(524)	(519)
Investment properties	(4,503)	(69)	-	-	4,572	-	-
Investments at fair value through profit and loss	(18)	(20)	-	-	-	(3)	(41)
Inventories	-	-	-	-	-	-	-
Other	(110)	(22)	-	-	132	-	-
Deferred income tax liability	(4,746)	(97)	61	-	4,749	(527)	(560)
Liability netted with asset of the same legal entities	316	80	(16)	-	(347)	527	560
Deferred income tax liability, net	**(4,430)**	**(17)**	**45**	**-**	**4,402**	**-**	**-**
Deferred income tax, net	**(2,030)**	**(1,769)**	**(131)**	**(1)**	**4,334**	**580**	**983**

(all amounts are in EUR thousand unless otherwise stated)

7 Income tax (cont'd)

The movement in deferred income tax assets and liabilities of the Company during 2015 is as follows:

	Balance as at 31 December 2014	Recognised in the income statement	Balance as at 31 December 2015
Deferred tax asset			
Tax loss carry forward for indefinite period of time	107	29	136
Tax loss carry forward till 2016 - 2019	2,007	(65)	1,942
Accruals	2	-	2
Deferred tax asset available for recognition	2,116	(36)	2,080
Less: unrecognised deferred tax asset from tax losses carried forward till 2016 – 2019	(1,676)	(63)	(1,739)
Recognised deferred income tax asset, net	440	(99)	341
Asset netted with liability of the same legal entities	(38)	(166)	(204)
Deferred income tax asset, net	**402**	**(265)**	**137**
Deferred tax liability			
Investments at fair value through profit and loss	(38)	(166)	(204)
Deferred income tax liability	**(38)**	**(166)**	**(204)**
Liability netted with asset of the same legal entities	**38**	**166**	**204**
Deferred income tax liability, net	**-**	**-**	**-**
Deferred income tax, net	**402**	**(265)**	**137**

The movement in deferred income tax assets and liabilities of the Company during 2014 is as follows:

	Balance as at 31 December 2013	Recognised in the income statement	Split-off (Note 3)	Balance as at 31 December 2014
Deferred tax asset				
Tax loss carry forward for indefinite period of time	127	(1)	(19)	107
Investments at fair value through profit and loss	190	(190)	-	-
Tax loss carry forward till 2015 - 2019	2,185	(178)	-	2,007
Accruals	1	1	-	2
Deferred tax asset available for recognition	2,503	(368)	(19)	2,116
Less: unrecognised deferred tax asset from tax losses carried forward till 2015 – 2019	(269)	(1,407)	-	(1,676)
Recognised deferred income tax asset, net	2,234	(1,775)	(19)	440
Asset netted with liability of the same legal entities	(18)	(20)	-	(38)
Deferred income tax asset, net	**2,216**	**(1,795)**	**(19)**	**402**
Deferred tax liability				
Investments at fair value through profit and loss	**(18)**	**(20)**	**-**	**(38)**
Deferred income tax liability	**(18)**	**(20)**	**-**	**(38)**
Liability netted with asset of the same legal entities	**18**	**20**	**-**	**38**
Deferred income tax liability, net	**-**	**-**	**-**	**-**
Deferred income tax, net	**2,216**	**(1,795)**	**(19)**	**402**

(all amounts are in EUR thousand unless otherwise stated)

7 Income tax (cont'd)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	741	887	135	400
Deferred tax assets to be recovered within 12 months	17	96	2	2
	758	983	137	402
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months	76	-	-	-
Deferred tax liability to be recovered within 12 months	-	-	-	-
	76	-	-	-

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Accounting profit before tax from continuing operations	4,430	2,928	4,746	22,346
(Loss) profit before tax from a discontinued operation	-	2,916	-	-
(Loss) profit before income tax	**4,430**	**5,844**	**4,746**	**22,346**
Tax calculated at the tax rate of 15 %	(665)	(877)	(712)	(3,352)
Tax non-deductible (expenses) / non-taxable income	559	803	510	3,337
Deferred tax expenses arising from write-down of deferred tax asset due to changes in probability to utilise it	(139)	(1,778)	(63)	(1,780)
The amount of the benefit arising from previously unrecognised tax loss or temporary difference of a prior period that is used to reduce deferred tax expense	-	(17)	-	-
Discount on tax losses transferred within the Group	-	-	-	(53)
Correction of prior year deferred income tax	3	-	-	-
Correction of prior year current income tax	-	(2)	-	-
Different income tax rate in foreign subsidiaries	-	3	-	-
Income tax credit (expenses) recorded in the income statement	(242)	(1,834)	(265)	(1,848)
Income tax attributable to a discontinued operation	-	(26)	-	-
Income tax attributable to a continuing operation	(242)	(1,808)	(265)	(1,848)

(all amounts are in EUR thousand unless otherwise stated)

8. Discontinued operations

Due to the Split-off completed in 2014 the Group has transferred and does not continue activity in the real estate, agricultural land and information technology infrastructure segments. Also the furniture production segment was disposed. Therefore, the result of these segments is presented as discontinued operations. For the year ended 31 December 2014 the data include only a period from January till April and the furniture production segment was accounted using equity method as associates until disposal in May 2014.

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of net assets is as follows:

	2014
Revenue	5,759
Net gains (losses) from fair value adjustments on investment property	34
Other income	(172)
Raw materials and consumables	(1,217)
Employee benefits expenses	(1,117)
Impairment, write-down and provisions	(6)
Premises rent and utilities	(1,094)
Depreciation and amortization	(215)
Repairs and maintenance cost of premises	(153)
Other expenses	(1,311)
Operating profit (loss)	**508**
Finance cost	(229)
Share or profit (loss) of associates and joint ventures	572
Profit (loss) before income tax	**851**
Income tax credit (expense)	(26)
Profit (loss) for the period before the disposal	**825**
Gain from the disposal of associates	**1,200**
Gain from the revaluation of subsidiaries at fair value	**865**
Profit (loss) for the period	**2,890**

Earnings per share in EUR:	**2014**
Basic from discontinued operations (EUR per share)	0.16
Diluted from discontinued operations (EUR per share)	0.16

	2014
Operating cash flows	1.744
Investing cash flows	(917)
Financing cash flows	(1,254)
Total cash flows	**(427)**

In 2014 employee benefits expense for discontinued operation included EUR 264 thousand social security contribution paid by employer and EUR 79 thousand social security contribution paid by employee.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for 2015 and 2014 was as follows:

Calculation of weighted average for the year 2015	Number of shares (thousand)	Par value (EUR)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2014	11,866	0.29	365/365	11,866
Own shares acquired as at 25 June 2015	(144)	0.29	189/365	(75)
Shares issued as at 31 December 2015	11,722	0.29	-	11,791

Calculation of weighted average for the year 2014	Number of shares (thousand)	Par value (LTL)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2013	22,797	1	365/365	22,797
Decrease of share capital as at 29 April 2014	(10,931)	1	246/365	(7,367)
Shares issued as at 31 December 2014	11,866	1	-	15,430

The following table reflects the income and share data used in the basic earnings per share computations:

	Group		Company	
	2015	2014	2015	2014
Net profit, attributable to the equity holders of the parent from continuing operations	4,188	1,124	4,481	20,498
Net profit, attributable to the equity holders of the parent from discontinued operations	-	2,903	-	-
Net profit, attributable to equity holders of the parent for basic earnings	4,188	4,027	4,481	20,498
Weighted average number of ordinary shares (thousand)	11,791	15,430	11,791	15,430
Basic earnings per share (EUR)	0.36	0.26	0.38	1.33

For 2015 and 2014 diluted earnings per share of the Group and the Company are the same as basic earnings per share.

10. Dividends per share

In 2015 and 2014 dividends were not declared.

(all amounts are in EUR thousand unless otherwise stated)

11. Property, plant and equipment

Group

	Land	Buildings	Machinery and equipment	Vehicles	Construc-tion in progress	Other property, plant and equipment	Total
Cost:							
Balance as at 31 December 2013	45	2,218	1,385	294	2	1,751	5,695
Additions	-	-	-	14	-	79	93
Acquisition of subsidiaries	-	-	-	14	-	11	25
Disposals and write-offs	-	-	-	-	-	(8)	(8)
Deconsolidation on becoming investment entity (Note 4)	(45)	(2,002)	(1,385)	(282)	(2)	(253)	(3,969)
Split-off (Note 3)	-	(216)	-	(26)	-	(1,462)	(1,704)
Balance as at 31 December 2014	-	-	-	14	-	118	132
Additions	-	-	-	4	-	62	66
Acquisition of subsidiaries (Note 4)	-	-	-	-	-	5	5
Disposals and write-offs	-	-	-	-	-	(18)	(18)
Balance as at 31 December 2015	-	-	-	18	-	167	185
Accumulated depreciation:							
Balance as at 31 December 2013	-	1,527	1,183	152	-	1,266	4,128
Charge for the year	-	12	20	14	-	100	146
Disposals and write-offs	-	-	-	-	-	(4)	(4)
Deconsolidation on becoming investment entity (Note 4)	-	(1,527)	(1,203)	(155)	-	(181)	(3,066)
Split-off (Note 3)	-	(12)	-	(11)	-	(1,085)	(1,108)
Balance as at 31 December 2014	-	-	-	-	-	96	96
Charge for the year	-	-	-	2	-	19	21
Disposals and write-offs	-	-	-	-	-	(15)	(15)
Balance as at 31 December 2015	-	-	-	2	-	100	102
Net book value as at 31 December 2014	**-**	**-**	**-**	**14**	**-**	**22**	**36**
Net book value as at 31 December 2015	**-**	**-**	**-**	**16**	**-**	**67**	**83**

(all amounts are in EUR thousand unless otherwise stated)

11 Property, plant and equipment (cont'd)

Company	**Other property, plant and equipment**	**Total**
Cost:		
Balance as at 31 December 2013	98	98
Additions	9	9
Balance as at 31 December 2014	107	107
Additions	1	1
Disposals and write-offs	(15)	(15)
Balance as at 31 December 2015	93	93
Accumulated depreciation:		
Balance as at 31 December 2013	88	88
Charge for the year	7	7
Balance as at 31 December 2014	95	95
Charge for the year	7	7
Disposals and write-offs	(15)	(15)
Balance as at 31 December 2015	87	87
Net book value as at 31 December 2014	**12**	**12**
Net book value as at 31 December 2015	**6**	**6**

The depreciation charge of the Group's and the Company's property, plant and equipment for the year 2015 amounts to EUR 21 thousand and EUR 7 thousand, respectively (in the year 2014 EUR 146 thousand and EUR 7 thousand, respectively). Amounts of EUR 21 thousand and EUR 7 thousand for the year 2015 (EUR 62 thousand and EUR 7 thousand for the year 2014) have been included into operating expenses of continuing operations in the Group's and the Company's income statement, respectively. Amounts of EUR 84 thousand for the year 2014 have been included into operating expenses of discontinued operations in the Group's income statement. The depreciation charge of the Group is reduced by EUR 7 thousand of amortization of grants related to assets in 2014 in the income statement within discontinued operation.

Any property, plant and equipment of the Group and the Company as at 31 December 2015 and 2014 was not have any encumbrance.

(all amounts are in EUR thousand unless otherwise stated)

12. Investment properties

	Group				
	Agricultural land	**Other investment properties valued using sales comparison method**	**Leased Investment properties**	**Investment properties held for future redevelopment**	**Total**
Fair value hierarchy	**Level 2**	**Level 2**	**Level 3**	**Level 3**	
Balance as at 31 December 2013	**10,451**	**206**	**32,371**	**9,262**	**52,290**
Additions	263	200	-	-	463
Subsequent expenditure	1	-	-	-	1
Disposals	(25)	-	-	-	(25)
Split-off (Note 3)	(10,558)	(572)	(31,329)	(5,960)	(48,419)
Deconsolidation on becoming investment entity (Note 4)	-	-	(1,042)	(3,302)	(4,344)
Gain from fair value adjustment	567	166	-	-	733
Loss from fair value adjustment	(699)	-	-	-	(699)
Balance as at 31 December 2014	**-**	**-**	**-**	**-**	**-**
Unrealised gains and losses for the year 2014 included within 'Net gains (losses) from fair value adjustments on investment property' in the caption "Discontinued operation" in the income statement	**(132)**	**166**	**-**	**-**	**34**

Gains and losses from changes in fair value of investment properties are recognised in the caption "Discontinued operations" in the income statement.

Investment properties of the Group included office buildings, warehouses, land and flats. The majority of buildings and warehouses were leased under the operating lease agreements and generate rental income amounting to EUR 1,113 thousand in 2014. The direct operating expenses arising from investment properties that generated rental income during the year 2014 amounted to EUR 469 thousand.

During 2014 the Group has acquired investment properties for EUR 463 thousand, including agricultural land for EUR 263 thousand. During 2014 investment properties were sold for EUR 25 thousand. During 2014 the Group has disposed the investment properties with carrying amount of EUR 48,419 thousand due to split-off of the Company (Note 3). As result of deconsolidation of UAB Sago the Group's investment property decreased by EUR 4,344 thousand.

After split-off the Group has not owned any investment property.

(all amounts are in EUR thousand unless otherwise stated)

13. Intangible assets

Group	Goodwill	Contracts and customer relationship	Funds' management rights	Software	Other intangible assets	Total
Cost:						
Balance as at 31 December 2013	463	4,456	-	366	34	5,319
Additions	-	1	-	8	-	9
Acquisition of subsidiaries (Note 4)	90	-	3,490	3	-	3,583
Deconsolidation on becoming investment entity (Note 4)	-	(767)	-	(70)	(1)	(838)
Split-off (Note 3)	(463)	(3,690)	-	(275)	(33)	(4,461)
Balance as at 31 December 2014	90	-	3,490	32	-	3,612
Additions	-	-	-	21	-	21
Acquisition of subsidiaries (Note 4)	-	-	767	-	-	767
Disposals and write-offs	-	-	-	(6)	-	(6)
Balance as at 31 December 2015	90	-	4,257	47	-	4,394
Accumulated amortisation:						
Balance as at 31 December 2013	-	2,630	-	274	21	2,925
Charge for the year	-	156	31	35	3	225
Deconsolidation on becoming investment entity (Note 4)	-	(496)	-	(50)	-	(546)
Split-off (Note 3)	-	(2,290)	-	(242)	(24)	(2,556)
Balance as at 31 December 2014	-	-	31	17	-	48
Charge for the year	-	-	298	10	-	308
Disposals and write-offs	-	-	-	(6)	-	(6)
Balance as at 31 December 2015	-	-	329	21	-	350
Net book value as at 31 December 2014	**90**	**-**	**3,459**	**15**	**-**	**3,564**
Net book value as at 31 December 2015	**90**	**-**	**3,928**	**26**	**-**	**4,044**

(all amounts are in EUR thousand unless otherwise stated)

13 Intangible assets (cont'd)

Company	**Software**	**Total**
Cost:		
Balance as at 31 December 2013	24	24
Additions	6	6
Disposals and write-offs	-	-
Balance as at 31 December 2014	30	30
Additions	-	-
Disposals and write-offs	(6)	(6)
Balance as at 31 December 2015	24	24
Accumulated amortisation:		
Balance as at 31 December 2013	10	10
Charge for the year	7	7
Disposals and write-offs	-	-
Balance as at 31 December 2014	17	17
Charge for the year	9	9
Disposals and write-offs	(6)	(6)
Balance as at 31 December 2015	20	20
Net book value as at 31 December 2014	**13**	**13**
Net book value as at 31 December 2015	**4**	**4**

The amortisation charge of the Group's and the Company's intangible assets for the year ended 31 December 2015 amounts to EUR 308 thousand and EUR 9 thousand, respectively (in the year 2014 EUR 225 thousand and EUR 7 thousand, respectively). Amounts of EUR 308 thousand and EUR 9 thousand for the year 2015 (EUR 87 thousand and EUR 7 thousand for the year 2014) have been included into operating expenses of continuing operations in the Group's and the Company's income statement, respectively. Amounts of 138 thousand for the year 2014 have been included into operating expenses of discontinued operations in the Group's income statement.

As at 31 December 2014 the goodwill was acquired through business combination in the asset management segment and has been allocated to cash-generating units of UAB MP Pension Funds Baltic and UAB INVL Asset Management. After asset management entities merger in 2015 the goodwill are allocated to cash-generating unit of merged entity UAB INVL Asset Management (Note 4). In 2015 the recoverable amount of cash generating units has been determined based on value in use calculation using cash flow projections based on financial forecasts approved by the Group management covering an 8-year period. The pre–tax discount rate applied to cash flow projections is 10.2 %, cash flows beyond 8-year period are extrapolated using 0 % growth rate. In 2014 the recoverable amount of cash generating units has been determined based on value in use calculation using cash flow projections based on financial forecasts approved by the Group management covering a 9-year period. The pre–tax discount rate applied to cash flow projections is 11.49 %, cash flows beyond 9-year period are extrapolated using 0 % growth rate. The forecasted period is more than five years since profitability is achieved in fund management industry over a longer time when funds sizes reach the economies of scale.

(all amounts are in EUR thousand unless otherwise stated)

13 Intangible assets (cont'd)

The following table sets out the key assumptions for the valuation of the cash-generating unit to which goodwill is allocated in 2015:

Assumptions	Type of funds	Value
Churn rate	Second pillar pension funds	2%
	Third pillar pension funds	3%
	Investment funds and portfolio	5%
Capital gain	Second pillar bonds pension funds, investment bonds funds	2%
	Second pillar mixed pension funds and third pillar bonds pension funds	3%
	Second pillar shares pension funds and third pillar mixed and shares pension funds	4%
	Investment shares funds and portfolio	4%
Average management revenue	All funds	EUR 4,201 thousand
Average management expenses	All funds	EUR 3,764 thousand
Long term growth rate	All funds	0%
Pre–tax discount rate	All funds	10.2%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	**Approach uses to determining values**
Churn rate	Reflects the average loss of funds asset value per year on disbursements to customers. The assumption based on the industry average rate.
Capital gain	Reflects average annual growth of funds' investments value; based on long term bonds' and/or shares' typical gain rate
Average management revenue	Average revenue of cash-generating unit for the eight-year forecast period.
Average management expenses	Average expenses of cash-generating unit for the eight-year forecast period.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre–tax discount rate	Reflects specific risks relating to the relevant segments and the countries in which they operate.

Main intangible assets of the Group are as at 31 December 2015:
- 2nd pillar pension funds. The funds' with carrying amount of EUR 803 thousand remaining estimated useful live is 8.75 - 9 years (EUR 677 thousand of this carrying amount is related to Latvian entity). The funds' with carrying amount of EUR 1,699 thousand remaining estimated useful live is 13.75 - 14 years. The funds' with carrying amount of EUR 1,313 thousand remaining estimated useful live is 18.75 years.
- 3rd pillar pension funds. The funds' with carrying amount of EUR 84 thousand remaining estimated useful live is 8.75 - 9 years.
- Investments funds and portfolio of clients. Its carrying amount equals to EUR 29 thousand and remaining estimated useful live is 4 years (EUR 12 thousand of this carrying amount is related to Latvian entity).

Main intangible assets of the Group are as at 31 December 2014:
- 2nd pillar pension funds. The funds' with carrying amount of EUR 23 thousand remaining estimated useful live is 9.75 years. The funds' with carrying amount of EUR 728 thousand remaining estimated useful live is 14.75 years. The funds' with carrying amount of EUR 1,383 thousand remaining estimated useful live is 19.75 years. The funds' with carrying amount of EUR 1,210 thousand were acquired on the year-end and were not amortised in 2014.
- 3rd pillar pension funds. The funds' with carrying amount of EUR 42 thousand remaining estimated useful live is 9.75 years. The funds' with carrying amount of EUR 52 thousand were acquired on the year-end and were not amortised in 2014.
- Investments funds and portfolio of clients. They were acquired on the year-end and were not amortised in 2014. Its carrying amount equals to EUR 21 thousand.

(all amounts are in EUR thousand unless otherwise stated)

14. Financial instruments by category

Group	Available-for-sale	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2015				
Assets as per statement of financial position				
Investments into subsidiaries	-	-	5,765	5,765
Investments into associates and joint ventures	-	-	14,897	14,897
Investments available-for-sale	494	-	-	494
Loans granted	-	6,245	-	6,245
Trade and other receivables short term excluding tax receivables	-	663	-	663
Financial assets at fair value through profit and loss	-	-	13,759	13,759
Current loans granted	-	801	-	801
Restricted cash	-	83	-	83
Cash and cash equivalents	-	1,815	-	1,815
Total	**494**	**9,607**	**34,421**	**44,522**

Group	Available-for-sale	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2014				
Assets as per statement of financial position				
Investments into subsidiaries	-	-	8,978	8,978
Investments into associates and joint ventures	-	-	14,855	14,855
Investments available-for-sale	494	-	-	494
Loans granted	-	6,655	-	6,655
Trade and other receivables short term excluding tax receivables	-	721	-	721
Financial assets at fair value through profit and loss	-	-	3,883	3,883
Current loans granted	-	1,435	-	1,435
Cash and cash equivalents	-	4,148	-	4,148
Total	**494**	**12,959**	**27,716**	**41,169**

Group	**31 December 2015**	**31 December 2014**
Liabilities as per statement of financial position	Financial liabilities at amortised cost	
Borrowings	-	-
Trade payables	336	206
Other current payables excluding tax payables and employee benefit payables	586	928
Total	**922**	**1,134**

(all amounts are in EUR thousand unless otherwise stated)

14 Financial instruments by category (cont'd)

Company	Available-for-sale	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2015				
Assets as per statement of financial position				
Investments into subsidiaries	-	-	5,765	5,765
Investments into associates and joint ventures	-	-	14,897	14,897
Investments available-for-sale	494	-	-	494
Non-current loan granted	-	6,245	-	6,245
Trade and other receivables	-	2	-	2
Financial assets at fair value through profit and loss	-	-	12,694	12,694
Current loans granted	-	801	-	801
Restricted cash	-	83	-	83
Cash and cash equivalents	-	1,238	-	1,238
Total	**494**	**8,369**	**33,356**	**42,219**

Company	Available-for-sale	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2014				
Assets as per statement of financial position				
Investments into subsidiaries	-	-	8,978	8,978
Investments into associates and joint ventures	-	-	14,855	14,855
Investments available-for-sale	494	-	-	494
Non-current loan granted	-	6,655	-	6,655
Trade and other receivables	-	352	-	352
Financial assets at fair value through profit and loss	-	-	3,515	3,515
Current loans granted	-	1,435	-	1,435
Cash and cash equivalents	-	3,292	-	3,292
Total	**494**	**11,734**	**27,348**	**39,576**

Company	**31 December 2015**	**31 December 2014**
Liabilities as per statement of financial position	Financial liabilities at amortised cost	
Borrowings	-	-
Trade payables	5	32
Other current payables excluding tax payables and employee benefit payables	804	1,177
Total	**809**	**1,209**

15. Fair value estimation

Financial instruments that are not carried at fair value

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, restricted cash, trade and other receivables, loans granted, trade and other payables and investments available-for-sale.

The fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The carrying amount of the cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2015 and 2014 approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of loans granted by the Company and Group as at 31 December 2015 and 2014 approximates their fair value because the interest rates are reviewed and adjusted when market rates change. Their fair value is based on cash flows discounted using 4.5 % and 5.8 % interest rate as at 31 December 2015 and 2014, respectively. It is Level 3 fair value measurement.

Financial instruments carried at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As the Split-off completed in 2014 the Company is investment entity in accordance with IFRS 10. Subsidiaries and associates are measured at fair value through profit or loss.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on arm's length basis. The quoted market price used for financial assets held by the Group and Company is the measurement date exchange closing price.

The valuation of Level 3 instruments are performed by the Company's employees, analysts, every quarter. The value are estimated as at the last day of quarter. The management of the Company review the valuations prepared by analysts.

Investment into shares of UAB Litagra (agriculture segment) was measured using EBITDA multiplier method for the business segment of grains processing and agricultural productions and using Price to book value (P/BV) multiplier method for trading business segment. It was used EBITDA for last three trailing 12 months periods ended at the end of reporting period with bigger weight for last 12 months period figures. At the time of becoming an investment entity it was measured according to the latest deal that has finished at the end of May of 2014 (Note 4).

Investment in facility management entities was measured using trailing twelve months EBITDA and applying a multiplier of comparable entity AB City Service, operating in Lithuania and listed on the NASDAQ Vilnius. It was decided not to use other foreign companies' multipliers, which were higher than the one used in the calculations due to the fact that facility management is local business dependent on varying Lithuanian legal and business environment. Other facility management entities operating in Lithuania are not public companies.

The entities of banking activities segment were measured according to the last transaction price as at 31 December 2014, as these entities were acquired in December 2014. In 2015 they are sold (Note 4).

UAB Kelio Ženklai was measured according to fair value of its assets and liabilities. The main assets - buildings - of UAB Kelio Ženklai was valued using sales comparison method. On the assessment the value of UAB Kelio Ženklai reflects its liquidation value.

Dormant entities are measured according to its equity, because they have only cash and current liabilities.

15 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

The following table represents inputs and fair value valuation techniques of subsidiaries and associates used by the Company as at 31 December 2015

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Facility management (Level 3)	4,644	Comparable companies in the market	EBITDA multiple	5.7
			EBITDA, EUR thousand	775
Agriculture (UAB Litagra) (Level 3)	14,897	Comparable companies in the market	EBITDA multiple	7.6-7.8
			P/BV multiple	1.0
			EBITDA, EUR thousand (grains processing and agricultural productions)	4,496
			Book value EUR thousand (trading)	8,092
			Discount for lack of marketability	10%
Road signs production, wood manufacturing and dormant SPEs (Level 3)	1,121	Fair value of net assets	-	-

The following table represents inputs and fair value valuation techniques of subsidiaries and associates used by the Company as at 31 December 2014

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Facility management (Level 3)	3,260	Comparable companies in the market	EBITDA multiple	4.8
			EBITDA, EUR thousand	666
Agriculture (UAB Litagra) (Level 3)	14,855	Comparable companies in the market	EBITDA multiple	6.4-7.1
			P/BV multiple	0.78
			EBITDA, EUR thousand (grains processing and agricultural productions)	5,692
			Book value EUR thousand (trading)	9,416
			Discount for lack of marketability	10%
Banking activities (Level 2)	4,284	Comparable valuation (last transaction price)	-	-
Road signs production, wood manufacturing and dormant SPEs (Level 3)	1,434	Fair value of net assets	-	-

The table below presents the effect of changing one or more those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions:

Profile of activities	Unobservable inputs	Reasonable possible shift +/- (absolute value/bps/%)	Change in Valuation +/-	
			As at 31 December 2015	As at 31 December 2014
Facility management (Level 3)	EBITDA multiple	1	775/(775)	666/(666)
Agriculture (UAB Litagra) (Level 3)	EBITDA multiple	0.5	650/(650)	861/(861)
	P/BV multiple	0.1	269/(269)	312/(312)
	EBITDA	5 %	574/(574)	639/(639)
	Discount for lack of marketability	100 bps	(165)/165	(166)/166

(all amounts are in EUR thousand unless otherwise stated)

15 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	4,644	4,644
- Other activities	-	-	1,121	1,121
Associates				
- Agriculture	-	-	14,897	14,897
Financial assets designated upon initial recognition at fair value through profit or loss				
- Real estate	1,985	-	-	1,985
- Information technology	3,831	-	-	3,831
- Bank sector	6,363	-	-	6,363
- Other ordinary shares	1	2	-	3
- Collective investment undertaking	-	658	-	658
- Government bonds	357		-	357
- Corporate bonds	49	-	-	49
Financial assets held for trading				
Equity securities				
- Food industry	513	-	-	513
Total Assets	13,099	660	20,662	34,421
Liabilities	-	-	-	-

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2015:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	4,644	4,644
- Other activities	-	-	1,121	1,121
Associates				
- Agriculture	-	-	14,897	14,897
Financial assets designated upon initial recognition at fair value through profit or loss				
- Real estate	1,985	-	-	1,985
- Information technology	3,831	-	-	3,831
- Bank sector	6,363	-	-	6,363
- Other ordinary shares	-	2	-	2
Financial assets held for trading				
Equity securities				
- Food industry	513	-	-	513
Total Assets	12,692	2	20,662	33,356
Liabilities	-	-	-	-

(all amounts are in EUR thousand unless otherwise stated)

15 Fair value estimation (cont'd)

The following table presents the Company's and Group's assets and liabilities that are measured at fair value at 31 December 2014:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	3,260	3,260
- Other activities	-	-	1,434	1,434
- Banking activities	-	4,284	-	4,284
Associates				
- Agriculture	-	-	14,855	14,855
Financial assets designated upon initial recognition at fair value through profit or loss				
- Real estate	1,628	-	-	1,628
- Information technology	744	-	-	744
- Other ordinary shares*	1	-	-	1
- Collective investment undertaking*	-	108	-	108
- Government bonds*	11	28	-	39
- Corporate bonds*	154	66	-	220
Financial assets held for trading				
Equity securities				
- Food industry	559	-	-	559
- Bank sector	584	-	-	584
Total Assets	3,681	4,486	19,549	27,716
Liabilities	-	-	-	-

*These financial assets owned by the Group, but not by the Company itself

During 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

The available-for-sale financial assets owned by the Group are measured at cost in accordance with IAS 39 because their fair value cannot be measured reliably, as they have no quoted market prices in an active market.

(all amounts are in EUR thousand unless otherwise stated)

15 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

Financial instruments in Level 3

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. Investments into agriculture segment, when they were measured using EBITDA and P/BV multiplier methods, instead of the value of the last transaction price, were transferred into Level 3.

The following table presents the changes in Level 3 instruments of Company and Group for the period ended 31 December 2015:

	Facilities management	Agriculture	Other activities	Total
Balance at 31 December 2014	**3,260**	**14,855**	**1,434**	**19,549**
Gains and losses recognised in profit or loss after becoming investment entity (within 'Net changes in fair value of financial assets at fair value through profit or loss')	1,384	42	(274)	1,152
Loans granted repaid	-	-	(100)	(100)
Interest charged	-	-	56	56
Share capital increase	-	-	5	5
Balance at 31 December 2015	**4,644**	**14,897**	**1,121**	**20,662**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	1,384	42	(274)	1,152

The following table presents the changes in Level 3 instruments of Company and Group for the year ended 31 December 2014.

	Facilities management	Agriculture	Other activities	Total
The carrying amount of consolidated net assets on the time becoming investment entity	392	-	200	592
Gains and losses from the revaluation of investments becoming investment entity	1,537	-	196	1,733
Gains and losses recognised in profit or loss after becoming investment entity (within 'Net changes in fair value of financial assets at fair value through profit or loss')	1,331	(131)	(89)	1,111
Loans granted to reclassified to 'investments in subsidiaries' on becoming investment entity	-	-	938	938
Loans granted	-	-	393	393
Loans repaid	-	-	(32)	(32)
Interest charged	-	-	35	35
Transfer from Level 2	-	14,986	-	14,986
Increase of share capital	-	-	3	3
Decreased share capital – free funds returned	-	-	(200)	(200)
Closing balance	**3,260**	**14,855**	**110**	**18,225**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	2,868	370*	107	3,345

* It was recognised profit of EUR 501 thousand on the Company becoming investment entity from the revaluation of investments into agriculture segment according to the last deal of additionally acquisition of shares of UAB Litagra.

(all amounts are in EUR thousand unless otherwise stated)

16. Financial assets available-for-sale and at fair value through profit and loss

	Group		Company	
	2015	2014	2015	2014
Available-for-sale				
Ordinary shares – unquoted (carried at cost)	494	494	494	494
	494	494	494	494
Held-for-trading				
Ordinary shares - quoted	513	1,143	513	1,143
	513	1,143	513	1,143
Designated at fair value through profit and loss on initial recognition				
Ordinary shares - quoted	12,180	2,373	12,179	2,372
Bonds	406	259	-	-
Investment units	658	108	-	-
Ordinary shares - unquoted	2	-	2	-
	13,246	2,740	12,181	2,372
Total financial assets at fair value through profit and loss	13,759	3,883	12,694	3,515
Non-current financial assets at fair value through profit and loss	12,181	-	12,181	-
Current financial assets at fair value through profit and loss	1,578	3,883	513	3,515

In July 2015 the Company and the Group has additional invested EUR 2,313 thousand into shares of AB INVL Technology during public offer and acquired shares from management of the entity (EUR 1,607 thousand was set-off against receivables from loans granted). The owned shares of the entity were increased from 8.25% till 15.65%. Source for payment of shares – loans granted to the entity and its management. After payment for shares the Company and the Group have not any loans granted to AB INVL Technology and its management.

In September 2015 the Company and the Group have obtained the ownership of subscribed shares of AB Šiaulių bankas (acquisition price EUR 6,193 thousand).

The fair value of the quoted ordinary shares and listed bonds is determined by reference to published price quotations in the active market (Level 1).

The unquoted ordinary shares are measured at cost. The fair value of unquoted ordinary shares has not been disclosed because the fair value cannot be measured reliably. The Company, as a non-controlling shareholder, is getting only limited information about these investments. There are only a limited number of comparable companies in Europe. No liquid market for these securities exists, only small deals are noticed in recent years. The Company intends to dispose of these shares in case majority stake of the company is sold to another investor or if current shareholders will offer attractive price.

The fair value of bonds that are not traded in an active market is determined by using observable market data (taking for basis listed bonds of comparable issuers with similar remaining maturity, cash flow pattern, currency, credit risk and interest basis).

The credit quality of debt securities can be assessed by reference to external credit ratings of the issuer:

	Group	
	2015	2014
Moody's ratings		
From AAA till AA3	-	8
From BAA1 till BAA3	357	31
From BA1 till BA3	49	220
	406	259

(all amounts are in EUR thousand unless otherwise stated)

17. Loans granted

The Group's and the Company's loans granted are described below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Loans granted to third parties	685	781	685	781
Secured loans granted to third parties	-	198	-	198
Loans granted to subsidiaries	184	1,035	184	987
Loans granted to other related parties	8,544	8,732	8,544	8,732
	9,413	10,746	9,413	10,698
Less: long-term loans to subsidiaries	-	(692)	-	(692)
Less: long-term loans to other related parties	(6,245)	(5,765)	(6,245)	(5,765)
Less: long-term loans to third parties	-	(198)	-	(198)
Total long-term loans	(6,245)	(6,655)	(6,245)	(6,655)
Less: allowance for impairment to third parties	(685)	(685)	(685)	(685)
Less: allowance for impairment to subsidiaries	-	(289)	-	(241)
Less: allowance for impairment to other related parties	(1,682)	(1,682)	(1,682)	(1,682)
Total allowance for impairment	(2,367)	(2,656)	(2,367)	(2,608)
Total short-term loans granted	**801**	**1,435**	**801**	**1,435**

As at 31 December 2014 the Group and the Company have the loans receivable from minority shareholders of AB INVL Technology (previous name – AB BAIP Grupė), which is secured by the pledge of shares of AB INVL Technology owned by the debtors.

Loans granted to other related parties and to subsidiaries are disclosed in more details in Note 28

As at 31 December 2015 the Group's and the Company's loans granted with nominal value of EUR 2,367 thousand and EUR 2,367 thousand, respectively, were impaired (as at 31 December 2014 EUR 2,656 thousand and EUR 2,608 thousand, respectively). The net amounts of impaired loans of nil are recognised in the statement of financial position of the Group and the Company (nil in 2014, respectively).

Movements in the allowance for impairment of granted loans (assessed individually) were as follows:

	Individually impaired	
	Group	**Company**
Balance as at 31 December 2013	5,290	4,874
Charge for the year	295	-
Reversal of amounts previously written-off	(7)	(7)
Deconsolidation on becoming investment entity (Note 4)	(614)	-
Split-off (Note 3)	(2,308)	(2,259)
Balance as at 31 December 2014	2,656	2,608
Charge for the year	-	-
Reversal of amounts previously written-off	-	-
Increase of share capital of subsidiaries by converting loans granted	(289)	(241)
Balance as at 31 December 2015	2,367	2,367

Changes in allowance for impairment of loans granted for the year 2015 and 2014 have been included within 'impairment, write down and provisions' expenses in the income statement (Note 6.2.).

(all amounts are in EUR thousand unless otherwise stated)

17 Loans granted (cont'd)

The ageing analysis of loans granted of the Group and the Company as at 31 December 2015 and 2014 is as follows:

		Granted loans past due but not impaired				
	Granted loans neither past due not impaired	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
2015	7,046	-	-	-	-	7,046
2014	8,090	-	-	-	-	8,090

All granted loans neither past due nor impaired as at 31 December 2015 and 2014 have no history of counterparty defaults.

18. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
Trade and other receivables, gross	668	723	2	354
Taxes receivable, gross	111	-	-	-
Less: allowance for doubtful trade and other receivables	(5)	(2)	-	(2)
	774	721	2	352

Changes in allowance for doubtful trade and other receivables for the year 2015 and 2014 have been included within 'impairment, write down and provisions' expenses in the income statement (Note 6.2.).

Trade and other receivables are non-interest bearing and are generally on 10–30 days terms. Receivables from related parties are disclosed in more details in Note 28.

As at 31 December 2015 the Group's and the Company's trade and other receivables with gross carrying amount of EUR 6 thousand and nil, respectively, were impaired (as at 31 December 2014 EUR 3 thousand and EUR 3 thousand, respectively). The net amounts of EUR 1 thousand and nil, respectively, are presented in the statement of financial position of the Group and the Company (as at 31 December 2014 EUR 1 thousand and EUR 1 thousand).

In 2012 shares classified as financial assets held for trading were sold in two transactions with the same counterparty. The receivables in amount of EUR 348 thousand from this transaction were interest bearing, were settled till 2015, and were secured by the pledge of sold shares as at 31 December 2014.

Movements in the allowance for accounts receivable of the Group and the Company (assessed individually) were as follows:

	Individually impaired	
	Group	Company
Balance as at 31 December 2013	614	126
Charge for the year	13	2
Reversal of amounts previously written-off	(1)	-
Split-off (Note 3)	(242)	(126)
Deconsolidation on becoming investment entity (Note 4)	(382)	-
Balance as at 31 December 2014	2	2
Charge for the year	5	-
Reversal of amounts previously written-off	(2)	(2)
Balance as at 31 December 2015	5	-

(all amounts are in EUR thousand unless otherwise stated)

18 Trade and other receivables (cont'd)

The ageing analysis of trade and other receivables of the Group as at 31 December 2015 and 2014 is as follows:

		Trade receivables past due but not impaired				
	Trade receivables neither past due nor impaired	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
2015	658	1	1	1	1	662
2014	708	-	2	2	8	720

The ageing analysis of trade and other receivables of the Company as at 31 December 2015 and 2014 is as follows:

		Trade receivables past due but not impaired				
	Trade receivables neither past due nor impaired	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
2015	1	-	-	-	1	2
2014	348	-	-	1	2	351

<u>Credit quality of financial assets neither past due nor impaired</u>

All trade receivables neither past due nor impaired as at 31 December 2015 and 2014 have no history of counterparty defaults. With respect to trade and other receivables that are neither past due nor impaired, there are no indications as at the reporting date that the debtors will not meet their payment obligations since the Group and the Company trades only with recognised, creditworthy third parties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security, except as mentioned above.

(all amounts are in EUR thousand unless otherwise stated)

19. Cash and cash equivalents, term deposits

	Group		Company	
	2015	**2014**	**2015**	**2014**
Cash at bank	1,815	4,023	1,238	3,292
Term deposits with the maturity up to 3 months	-	125	-	-
	1,815	4,148	1,238	3,292

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group and the Company's cash and cash equivalents were not having any encumbrance.

As at 31 December 2015 and 2014, the Group and the Company had term deposits at banks with the maturity of more than 3 months, which are fully provided for:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Deposit's certificate of AB Bankas Snoras	3,106	3,160	3,106	3,160
Accumulated interest	16	16	16	16
Less allowance for impairment as consequence of AB Bankas Snoras insolvency	(3,122)	(3,176)	(3,122)	(3,176)
	-	-	-	-

On 24 November 2011, the Bank of Lithuania announced AB Bankas Snoras as insolvent and revoked the licence. According to the public information about AB Bankas Snoras, most likely is that bank's assets were significantly below the liabilities already on 30 September 2011. Therefore the management of the Company decided to recognise allowance for impairment of deposit's certificate in full amount. After decision of the Supreme Court of Lithuania in 2015 the Company and the Group have received insurance payment of EUR 54 thousand for deposit's certificate. Therefore, the nominal value of the certificate and allowance for impairment was decreased by EUR 54 thousand.

The credit quality of cash can be assessed by reference to external credit ratings of the banks:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Moody's ratings				
Prime-1	1,522	3,885	1,105	3,166
Not Prime	290	1	133	1
Not rated	3	262	-	125
	1,815	4,148	1,238	3,292

20. Restricted cash

The Group has not any restricted cash as at 31 December 2014. In 2015 the Company has deposited EUR 83 thousand within AB Šiaulių bankas to secure future commitment to purchase 100% of shares of AS "Finasta atklatais pensiju fonds" (entity managed 3rd pillar pension funds in Latvia, Note 27). The above mentioned restricted cash is also pledged to AB Šiaulių bankas to secure future commitment.

21. Share capital and share premium

The total authorised number of ordinary shares is 11,865,993 (as of 31 December 2014: 11,865,993 shares) with a par value of EUR 0.29 per share (as of 31 December 2014: LTL 1 per share). All issued shares are fully paid.

Changes during 2014

According to the terms of the Split-off completed in 2014 2,036,254 acquired own shares were cancelled, and the reserve for the acquisition of own shares was decreased by EUR 5,438 thousand. In addition, according to the terms of the Split-off, 10,931,304 shares owned by the shareholders, were transferred to the share capital of AB INVL Baltic Farmland, AB INVL Baltic Real Estate and AB INVL Technology.

Changes during 2015

From 12 June 2015 until 22 June 2015 the Company implemented share buy-back through the tender offer market. Maximum number of shares to be acquired was 262,000. Share acquisition price established at EUR 3.82 per share. During buy-back 143,645 shares (1.2% of share capital) were acquired for EUR 550 thousand, including brokerage fees. The acquired shares were settled on 25 June 2015. Acquired own shares do not have voting rights.

The changes in share capital regarding a par value of share were registered in the Register of Legal entities on 11 May 2015 and share capital increased by EUR 4 thousand as a result. From 11 May 2015 the total authorised number of ordinary shares is 11,865,993 with the par value of EUR 0.29 per share, the Company's authorized share capital is equal to EUR 3,441,137.97. The total amount of shares with voting rights equals to 11,722,348 units.

(all amounts are in EUR thousand unless otherwise stated)

22. Reserves

The movements in legal and other reserves are as follows:

Group	Legal reserve	Reserve for acquisition of own shares	Share based payments reserve	Other reserves	Foreign currency reserve	Total
As at 31 December 2013	**1,088**	**26,836**	**83**	**189**	**(18)**	**28,178**
Exchange differences on translation of foreign operations	-	-	-	-	5	5
Split-off (Note 3)	(691)	(10,277)	(83)	(197)	13	(11,235)
Deconsolidation on becoming investment entity (Note 4)	(19)	-	-	8	-	(11)
Transfer to reserves	95	-	-	-	-	95
Decrease of share capital (Note 21)	-	(5,438)	-	-	-	(5,438)
As at 31 December 2014	**473**	**11,121**	**-**	**-**	**-**	**11,594**
As at 31 December 2015	**473**	**11,121**	**-**	**-**	**-**	**11,594**

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

Reserve for the acquisition of own shares

Reserve for the acquisition of own shares is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations. It can be formed by shareholders' decision at the Annual Shareholders Meeting from the profit available for distribution. The reserve cannot be used to increase the share capital. The reserve does not change when Company acquires own shares, but is utilised when own shares are cancelled. The shareholders can decide to transfer unused amounts of the reserve back to retained earnings at the Annual Shareholders Meeting.

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(all amounts are in EUR thousand unless otherwise stated)

23. Borrowings

As at 31 December 2015 and 2014 the Group and the Company have not any borrowings. During the year 2015 the Group and the Company received and repaid respectively EUR 1,360 thousand and EUR 1,480 thousand of loans granted from related parties (Note 28). During the year of 2014 the Group and the Company repaid respectively EUR 2,873 thousand and EUR 2,028 thousand of loans granted.

In December 2013 the Company has signed short-term loan agreement with Šiaulių bankas for the loan of EUR 2,500 thousand. The loan was used to finance acquisition of 50% of claim right in respect of loans received by Latvian entity SIA Dommo Biznesa Parks. During split-off the Company has transferred EUR 899 thousand of borrowing with AB Šiaulių bankas. In May 2014 remaining part of borrowing (EUR 1,601 thousand) was repaid to the bank.

During the split-off the Company has transferred also EUR 1,280 thousand of borrowing from subsidiary AB Invaldos Nekilnojamojo Turto Fondas.

In 2011 and in 2012 the Group has agreed with Nordea bank on the extension of current financing of the real estate segment for 3 years. On 28 February 2014 the borrowings of EUR 10,574 thousand of subsidiaries UAB INTF Investicija and UAB Sago have matured. The agreement with bank regarding the extension of the terms of borrowings was not reached and the subsidiaries have defaulted. Therefore, the management of subsidiaries initiated bankruptcy procedures (Note 4). The main creditors of subsidiaries were Nordea Bank Finland Plc Lithuania Branch and the Group. In March of 2014 the bank had deducted the amount of EUR 77 thousand of the restricted cash to cover in part the borrowings.

Due to above mentioned default, according to the terms of credit agreements between AB Invaldos Nekilnojamojo Turto Fondas and Nordea bank, the bank had demanded to repay part of loan earlier than is set in the credit agreement. In March 2014 the bank had deducted the amount of EUR 391 thousand of the restricted cash of the entity to settle the partial repayment of loan. After the split-off AB Invaldos Nekilnojamojo Turto Fondas has left the Group.

Weighted average effective interest rates of borrowings during the year:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
Borrowings	3.00%	2.69%	3.00%	4.05%

(all amounts are in EUR thousand unless otherwise stated)

24. Trade payables

Trade payables are non-interest bearing and are normally settled on 14–60 day terms. For terms and conditions relating to related parties please refer to Note 28.

25. Other liabilities

The other current and non-current liabilities are presented in the table below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Financial liabilities				
Dividends payable	395	399	395	399
Amounts payable for acquisition of shares (Note 4)	-	500	345	770
Other amounts payable	191	29	64	8
	586	928	804	1,177
Non – financial liabilities				
Salaries and social security payable	311	158	46	50
Tax payable	120	7	3	1
	431	165	49	51
Total other current and non-current liabilities	1,017	1,093	853	1,228
Non-current liabilities	-	-	-	-
Current liabilities	1,017	1,093	853	1,228

26. Financial risk management

26.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market and liquidity), operational risks and legal risks. On an overall Group level strategical risk management is executed by the Board of Directors. Operational risk management is carried out at each entity level by directors. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Group's and the Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's and the Company's operations. The Group and the Company have various financial assets such as trade and other receivables, loans granted, investments in equity and debt securities, deposits held in banks and cash which arise directly from its operations. The Group and Company has not used any of derivative instruments so far, as management considered that there is no necessity for them.

The Group is being managed the way so its main businesses would be separated from each other. This is to diversify the operational risk and create conditions for selling any business avoiding any risk to the Company and the Group.

The Company's policy is to not provide any guarantee or surety for the Group's companies. The Group's companies do not provide any guarantees one against another usually.

The main risks arising from the financial instruments are market risk (including currency risk, cash flow and fair value interest rate risk and price risk), liquidity risk and credit risk. The risks are identified and disclosed below.

<u>Credit risk</u>

Credit risk arises from cash and cash equivalents, restricted cash, deposits with banks and financial institutions, as well as credit exposures to outstanding trade receivables, loans granted and debt securities.

The Group estimates the credit risk separately by the segments.

At the date of financial statements there are no indications of worsening credit quality of trade and other receivables, which are neither due, nor impaired, due to constant control by the Group of receivable balances. The maximum exposure to credit risk is disclosed in Notes 17 and 18. The maximum exposure to credit risk for loans granted classified as 'investments to subsidiaries measured at fair value through profit or loss' are their carrying amounts (EUR 1,048 thousand as at 31 December 2015 and EUR 1,324 thousand as at 31 December 2014). There are no significant transactions of the Group or the Company that occur outside Lithuania and Latvia.

With respect to credit risk arising from other financial assets of the Group and the Company, which comprise deposits at banks and cash and cash equivalents, restricted cash and debt securities, the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The maximum exposure to credit risk is disclosed in Notes 16 and 19.

(all amounts are in EUR thousand unless otherwise stated)

26 Financial risk management (cont'd)

26.1 Financial risk factors (cont'd)

Cash flow and fair value interest rate risk

The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates and to the owned bonds.

The Group and the Company has not any borrowing as at 31 December 2015 and 2014. The Company and the Group has loans granted to its subsidiaries with fixed interest rates for one year. Therefore, the Group and the Company are not exposed to cash flow interest rate risk from loans granted.

In 2014 and 2015 bonds at fixed rates expose the Group to fair value interest rate risk. The table below shows the impact of change in market interest rate on the debt securities at fair value.

Group	
Increase/decrease in basic points	**Effect on profit before tax**
2015	
+100	(7)
-100	7
2014	
+100	(5)
-100	5

Price risk

The Group and the Company are exposed to equity securities price risk because of investments held by the Group and the Company and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group and the Company are not exposed to commodity price risk. To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The Group's and the Company's investments in equity of other entities that are publicly traded are included in the equity index: OMX Baltic Benchmark Gross Index (OMXBBGI).

The table below summarises the impact of increases/decreases of the equity index on the Group's and the Company's profit before tax for the year. The analysis is based on the assumption that the equity index had increased/ decreased by 20 % with all other variables held constant and all the Group's and Company's equity instruments moved according to the historical correlation with the index:

Index	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
OMXBBGI	982	204	982	204

Profit before tax for the year would increase/decrease as a result of gains/losses on equity securities classified at fair value through profit or loss.

Foreign exchange risk

As a result of operations the statement of financial position of the Group can be affected by movements in the reporting currencies' exchange rates. The Group's and the Company's policy is related to matching of money inflows from the most probable potential sales with purchases by each foreign currency. The Group and the Company do not apply any financial instruments allowing to hedge foreign currency risks, because these risks are considered insignificant.

The foreign currency risk at the Group and the Company is not large, taking into consideration that most monetary assets and obligations are denominated in euro. As at 31 December 2014 and 2015 the Group and Company has insignificant assets denominated in other foreign currency.

(all amounts are in EUR thousand unless otherwise stated)

26 Financial risk management (cont'd)

26.1 Financial risk factors (cont'd)

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet their commitments at a given date in accordance with strategic plans. The liquidity risk of the Group and the Company is controlled on a level of subsidiaries. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. The liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity management is to meet daily needs for funds. Each operating segment is independently planning its internal cash flows. Short-term liquidity for the Group and the Company is controlled through monthly monitoring of the liquidity status and needs of funds according to the Group's operating segments.

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Group and the Company evaluate the possibilities to attract needed funds. The general rule is applied in the Group to finance the Group companies or to take loans from them through the parent company in order to minimise the presence of direct borrowings between the companies of different operating segments.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Trade and other payables	-	272	64	-	-	336
Other liabilities	395	191	-	-	-	586
Balance as at 31 December 2015	**395**	**463**	**64**	**-**	**-**	**922**
Trade and other payables	-	206	-	-	-	206
Other liabilities	399	529	-	-	-	928
Balance as at 31 December 2014	**399**	**735**	**-**	**-**	**-**	**1,134**

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Trade and other payables	-	5	-	-	-	5
Other current liabilities	395	408	-	-	-	803
Balance as at 31 December 2015	**395**	**413**	**-**	**-**	**-**	**808**
Trade and other payables	-	32	-	-	-	32
Other current liabilities	399	778	-	-	-	1,177
Balance as at 31 December 2014	**399**	**810**	**-**	**-**	**-**	**1,209**

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2015 was approximately 3.7 (7.9 as at 31 December 2014). The Company's liquidity ratio as at 31 December 2015 was approximately 3.1 (6.8 as at 31 December 2014). The Group's and the Company's management considers the liquidity position of the Group and the Company based on the current market conditions and takes actions to keep the favourable situation.

(all amounts are in EUR thousand unless otherwise stated)

26 Financial risk management (cont'd)

26.2. Capital management

The primary objective of the capital management is to ensure that the Group and the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts and credit agreements, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprises share capital, share premium, reserves and retained earnings.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2015 and 2014.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. As at 31 December 2015 all the Group consolidated subsidiaries comply with above mentioned requirement, except UAB FMĮ INVL Finasta. The appropriate measures were taken by the Company and the share capital was increased by cash contributions in March 2016. As at 31 December 2014 all the Group consolidated subsidiaries comply with above mentioned requirement. Pursuant to the Law on Investment Management Companies of Republic of Latvia the authorised share capital of an investment management entity, which managed pension funds, which total assets is till EUR 50 million, must be not less than EUR 500,000. As of 31 December 2015 IPAS INVL Asset Management complied with this requirement.

The Company's subsidiaries UAB MP Pension Funds Baltic, UAB INVL Asset Management and UAB FMĮ INVL Finasta are managing their capital and all relevant risks in accordance with requirements set by the Bank of Lithuania. The Company's subsidiary IPAS INVL Asset Management is managing their capital and all relevant risks in accordance with requirements set by the Financial and Capital Market Commission of Latvia. Internally there was approved a common risk level – to which extent the minimal capital adequacy requirement would not be violated and there would not be a real threat of its violation. UAB MP Pension Funds Baltic and UAB INVL Asset Management ensure that the capital adequacy ratio calculated according to the Bank of Lithuania requirements would be at least 1.1. UAB FMĮ INVL Finasta ensures that the capital adequacy ratio calculated according to the Bank of Lithuania requirements would be at least 8%. IPAS INVL Asset Management ensures that the capital adequacy ratio calculated according to the Financial and Capital Market Commission of Latvia requirements would be at least 8%.The capital adequacy ratios in these subsidiaries were:

	2015	2014
UAB MP Pension Funds Baltic	-	1.93
UAB INVL Asset Management	2.34	1.61
UAB FMĮ INVL Finasta (%)	4.32	-
UAB IPAS INVL Asset Management (%)	36.63	-

In March 2016 the share capital of UAB FMĮ INVL Finasta was increased and the capital adequacy ratio of the entity is 13.52%.

(all amounts are in EUR thousand unless otherwise stated)

27. Commitments and contingencies

Commitments to purchase the shares

In May 2015 the Company has signed Conditional Share Purchase Agreement with AB bankas Finasta regarding purchasing 100% shares of AS "Finasta atklatais pensiju fonds" (entity managed 3rd pillar pension funds in Latvia). Restricted cash of 83 thousand was placed in separate bank account to secure commitment to purchase the shares (Note 20). After merger of AB Bankas Finasta with AB Šiaulių bankas, the latter is contracting party.

Commitments to provide financial support to unconsolidated subsidiary

In December 2014 the Company has acquired the shares of AB bankas Finasta. According to the Strategic Action Plan of the AB bankas Finasta, the Company has commitment to provide financial support to Bank during 2015-2017, if the Company would be shareholder of the Bank. The amount of financial support for 2015 is EUR 2,025 thousand. The Company has not provided any financial support in 2015 to AB bankas Finasta and in July 2015 has sold the shares (Note 4).

Funds and individual portfolios managed by the Group

The table below presents the net assets of the Group's managed funds and individual portfolios (cross-holding is not excluded):

	2015	2014
2nd pillar pension funds	229,898	155,192
3rd pillar pension funds	12,951	8,255
Investment funds	47,293	43,918
Portfolios of clients	39,399	28,093
Total	**329,541**	**235,458**

Operating lease commitments – Group as a lessee

The Group and the Company concluded several contracts for operating lease. The terms of lease do not include restrictions on the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements.

In 2015 and 2014, the lease expenses of the Group amounted to EUR 173 thousand and EUR 785 thousand, respectively. In 2015 and 2014, the lease expenses of the Company amounted to EUR 33 thousand and EUR 38 thousand, respectively.

Future lease payments according to the signed operating lease contracts are as follows:

		Group		Company	
		2015	2014	2015	2014
Within one year					
	- lease of premises	221	51	23	17
	- other lease	5	10	5	5
		226	61	28	22
From one to five years					
	- lease of premises	804	-	91	-
	- other lease	-	11	-	-
		804	11	91	-
After five years					
	- lease of premises	891	-	110	-
	- other lease	-	-	-	-
		891	-	110	-
		1,921	**72**	**229**	**22**

(all amounts are in EUR thousand unless otherwise stated)

27 Commitments and contingencies (cont'd)

Tax legislation

Tax authorities have right to examine accounting records of the Company and its subsidiaries at any time during the 5 year period after the current tax year and account for additional taxes and fines. In the opinion of the Company's management, currently there are no circumstances which would raise substantial liability in this respect to the Company and to the Group.

28. Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

The related parties of the Group in 2015 and 2014 were unconsolidated subsidiaries, associates, joint ventures, the shareholders of the Company, who have joint control or significance influence (Note 1) and key management personnel, including companies under control or joint control of key management and shareholders having significant influence or joint control and including companies, where shareholders having joint control over the Company are key management personnel or having significant influence. To the other related parties are attributed entities left the Group during split-off occurred in 2014 (Note 3), because shareholders having joint control over the Company are key management personnel of these entities or having significant influence. In 2015 and 2014 UAB Laikinosios Sostinės Projektai, over which the Group had lost joint control as result of bankruptcy of entity in 2011, is also attributed to the list of related parties (under the subgroup of joint ventures). In 2014 UAB Sago, over which the Group has lost control, is also attributed to the list of related parties (under the subgroup of subsidiaries).

Receivables from related parties are presented in gross amount (without allowance, with interests, which are calculated according to the agreement on gross amount disregarding the allowance). Interest income and expenses are presented in the 'revenue and other income' and 'purchases' columns, respectively.

Transactions of the Group with unconsolidated subsidiaries in 2015 and balances as at 31 December 2015 were as follows:

2015 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	88	-	1,236	-
Banking activity	9	182	-	-
Dividends	247	-	-	-
Accounting services	3	-	-	-
	347	182	1,236	-

The maturity of loans granted is 2016, effective interest rate is fixed at 4.5 %. Loans hold no collateral. The Group classifies part of loans granted as long term, because has policy to prolong them on maturity date.

The Group has not any transactions with associates in 2015.

Transactions of the Group with joint ventures in 2015 and balances as at 31 December 2015 were as follows:

2015 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	-	-	1,682	-
	-	-	1,682	-

In July 2015 the Group has received the loan from shareholder for EUR 1,300 thousand. The loan was repaid in the same month and loans interest was paid for EUR 3 thousand.

(all amounts are in EUR thousand unless otherwise stated)

28 Related party transactions (cont'd)

Transactions of the Group with other related parties in 2015 (entities transferred to newly established entities during split-off in 2014) and balances as at 31 December 2015 were as follows:

2015 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	354	-	6,862	-
Accounting services	30	-	-	-
The group of AB INVL Baltic Real Estate (rent and utilities)	-	44	-	11
The group of AB INVL Baltic Farmland (land administration services)	117	7	103	-
The group of AB INVL Technology (information technology maintenance)	-	41	-	13
	501	92	6,965	24

The maturity of loans granted is 2016, effective interest rate is fixed at 4.5 %. Loans hold no collateral. EUR 6,245 thousand of loans is subordinated to bank borrowing and could be repaid only upon maturity of bank borrowing in 2019.

Transactions of the Group with unconsolidated subsidiaries in 2014 and balances as at 31 December 2014 were as follows:

2014 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	106	-	2,367	-
Banking activity	-	1	140	79
Accounting services	3	-	1	-
	109	1	2,508	79

The maturity of loans granted is 2015, effective interest rate is fixed at 4.5 %. Loans hold no collateral. The Group classifies part of loans granted as long term, because has policy to prolong them on maturity date.

Transactions of the Group with associates in 2014 and balances as at 31 December 2014 were as follows:

2014 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
IT segment	19	-	-	-
Furniture production segment - dividends	4,497	-	-	-
Facilities management segment	1	-	-	-
	4,517	-	-	-

Transactions of the Group with joint ventures in 2014 and balances as at 31 December 2014 were as follows:

2014 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	67	-	1,682	-
Other	-	-	-	-
	67	-	1,682	-

(all amounts are in EUR thousand unless otherwise stated)

28 Related party transactions (cont'd)

The Group has acquired shares of AB INVL Baltic Real Estate and AB INVL Technology from shareholder UAB Lucrum Investicija for EUR 2,200 thousand.

Transactions of the Group with other related parties in 2014 (entities transferred to newly established entities during split-off in 2014) and balances as at 31 December 2014 were as follows:

2014 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	368	-	7,050	-
Accounting services	24	-	5	-
IT segment	-	11	-	1
	392	11	7,055	1

The maturity of loans granted is 2015, effective interest rate is fixed at 4.5% and 11%. Loans hold no collateral. EUR 4,622 thousand of loans is subordinated to bank borrowing and could be repaid only upon maturity of bank borrowing in 2019. EUR 1,143 thousand of loans is subordinated to bank borrowing and could be repaid only upon maturity of bank borrowing in 2016.

The Company's related parties were the subsidiaries, associates, joint ventures, shareholders, who have joint control or significance influence (Note 1), key management personnel, companies under control or joint control of key management and shareholders with significant influence or joint control and companies, where shareholders having joint control over the Company are key management personnel or having significant influence. To the other related parties are also attributed entities left the Group during split-off occurred in 2014 (Note 3), because shareholders having joint control over the Company are key management personnel of these entities or having significant influence.

Transactions of the Company with subsidiaries in 2015 and balances as at 31 December 2015 were as follows:

2015 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	88	-	1,236	-
Payables for share capital increase in subsidiaries	-	-	-	345
Dividends	247	-	-	-
Banking activity	-	5	-	-
Accounting services	4	-	-	-
Other services	2	-	1	-
	341	5	1,237	345

The maturity of loans granted is 2016, effective interest rate is fixed at 4.5 %. Loans hold no collateral. The Company classifies part of loans granted as long term, because has policy to prolong them on maturity date.

The Company has not any transactions with associates in 2015.

Transactions of the Company with joint ventures in 2015 and balances as at 31 December 2015 were as follows:

2015 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	-	-	1,682	-
	-	-	1,682	-

(all amounts are in EUR thousand unless otherwise stated)

28 Related party transactions (cont'd)

In July 2015 the Company has received the loan from shareholder for EUR 1,300 thousand. The loan was repaid in the same month and loans interest was paid for EUR 3 thousand.

Transactions of the Company with other related parties in 2015 (entities transferred to newly established entities during split-off in 2014) and balances as at 31 December 2015 were as follows:

2015 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	354	-	6,862	-
The group of AB INVL Baltic Real Estate (rent and utilities)	-	5	-	1
The group of AB INVL Technology (information technology maintenance)	-	11	-	1
Accounting services	30	-	-	-
	384	16	6,862	2

The maturity of loans granted is 2016, effective interest rate is fixed at 4.5 %. Loans hold no collateral. EUR 6,245 thousand of loans is subordinated to bank borrowing and could be repaid only upon maturity of bank borrowing in 2019.

Transactions of the Company with subsidiaries in 2014 and balances as at 31 December 2014 were as follows:

2014 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	396	25	2,367	-
Payables for share capital increase in subsidiaries	-	-	-	270
IT segment	-	5	-	-
Banking activity	-	1	1	1
Accounting services	13	-	1	-
	409	31	2,369	271

The maturity of loans granted is 2015, effective interest rate is fixed at 4.5 %. Loans hold no collateral. The Company classifies part of loans granted as long term, because has policy to prolong them on maturity date.

In 2014 the Company has received EUR 4,497 thousand dividends from associate AB Vilniaus Baldai. There were no other transactions of the Company with associates in 2014 and any outstanding balances as at 31 December 2014.

Transactions of the Company with joint ventures in 2014 and balances as at 31 December 2014 were as follows:

2014 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	67	-	1,682	-
Other	-	-	-	-
	67	-	1,682	-

The Company has acquired shares of AB INVL Baltic Real Estate and AB INVL Technology from shareholder UAB Lucrum investicija for EUR 2,200 thousand.

(all amounts are in EUR thousand unless otherwise stated)

28 Related party transactions (cont'd)

Transactions of the Company with other related parties in 2014 (entities transferred to newly established entities during split-off in 2014) and balances as at 31 December 2014 were as follows:

2014 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	368	-	7,050	-
IT segment	5	11	-	1
Accounting services	19	-	5	-
	392	11	7,055	1

The maturity of loans granted is 2015, effective interest rate is fixed at 4.5 % and 11%. Loans hold no collateral. EUR 4,622 thousand of loans is subordinated to bank borrowing and could be repaid only upon maturity of bank borrowing in 2019. EUR 1,143 thousand of loans is subordinated to bank borrowing and could be repaid only upon maturity of bank borrowing in 2016.

The movements of loans granted to joint ventures were:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
At 1 January	**1,682**	**6,469**	**1,682**	**6,469**
Loans granted during year	-	-	-	-
Loans repayment received	-	(11)	-	(11)
Loans granted transferred during the split-off	-	(600)	-	(600)
Joint venture became subsidiary - reclassification loan granted*	-	(4,032)	-	(4,032)
Interest charged	-	67	-	67
Interest received	-	(211)	-	(211)
At 31 December	**1,682**	**1,682**	**1,682**	**1,682**

*In 2014 the Group acquired the remaining shares of UAB Cedus Invest and later became subsidiary.

There were no movements and balances outstanding of loans granted to associates in 2015 and 2014.

(all amounts are in EUR thousand unless otherwise stated)

28 Related party transactions (cont'd)

The movements of loans granted to subsidiaries were:

	Group		Company	
	2015	2014	2015	2014
At 1 January	**2,367**	**-**	**2,367**	**13,661**
Loans granted during year	-	993	-	2,224
Loans repayment received	(665)	(346)	(665)	(927)
Loans and interest converted to increased share capital	(532)	(8,104)	(532)	(8,104)
Acquired loans granted	-	3,859	-	3,859
Subsidiary became third parties– reclassification loan granted*	-	(3)	-	(3)
Loans granted transferred during the split-off	-	-	-	(5,363)
Subsidiary became other related parties – reclassification loan granted**	-	-	-	(7,246)
Joint venture became subsidiary - reclassification loan granted (see above)	-	-	-	4,032
Loans granted to subsidiaries recognised in the statement of financial position on becoming investment entity as reason of deconsolidation of subsidiaries	-	6,020	-	-
Interest charged	88	106	88	396
Interest received	(22)	(158)	(22)	(162)
At 31 December	**1,236**	**2,367**	**1,236**	**2,367**

* The Group has sold shares of UAB Finansų rizikos valdymas and granted loans to it were reclassified. In the statement of financial position these loans are fully provided for.
**AB Invaldos Nekilnojamojo Turto Fondas and UAB BAIP Grupė were transferred during split-off in 2014. But the loans granted to them remain in the Group. Therefore, they are reclassified from loans granted to subsidiaries to loans granted to other related parties.

The movements of loans granted to other related parties were:

	Group		Company	
	2015	2014	2015	2014
At 1 January	**7,050**	**-**	**7,050**	**-**
Loans granted during year	4,132	1,743	4,132	1,743
Loans repayment received	(3,231)	(2,142)	(3,231)	(2,142)
Subsidiary became other related parties – reclassification loan granted (see in the page above)	-	7,246	-	7,246
Loans and interest converted to increased share capital	(1,402)	-	(1,402)	-
Interest charged	354	368	354	368
Interest received	(41)	(165)	(41)	(165)
At 31 December	**6,862**	**7,050**	**6,862**	**7,050**

The movements of borrowings from subsidiaries were:

	Group	Company	
	2015	2015	2014
At 1 January	**-**	**-**	**1,421**
Borrowings received during year	60	180	268
Borrowings repaid during year	(60)	(180)	(421)
Borrowings transferred during the split-off	-	-	(1,280)
Interest charged	-	-	25
Interest paid	-	-	(13)
At 31 December	**-**	**-**	**-**

(all amounts are in EUR thousand unless otherwise stated)

28 Related party transactions (cont'd)

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free (except as stated above) and settlement occurs in cash. As at 31 December 2015 the impairment allowance for the Company's and Group's loans granted to UAB Laikinosios Sostinės Projektai and subsidiaries, amounted to EUR 1,682 thousand and nil, respectively (EUR 1,682 thousand and EUR 241 thousand, respectively, as at 31 December 2014). As at 31 December 2015 the cumulative interest amount, which is not recognised in the financial statements, but is calculated according to the loans' agreements, for Company's loans granted to subsidiaries, amounted to EUR 4 thousand (EUR 57 thousand, respectively, in 2014). Doubtful debts assessment is undertaken at the end of each financial year through examination of the financial position of the related party and the market in which the related party operates.

Key management compensation and other payments

The management remuneration contains short-term employees' benefits and share-based payments. In 2014 key management of the Company and the Group includes Board members and Chief financial officer and the General Managers, which manage the Group's segments, (excluding associates and joint ventures), respectively. In 2015 key management of the Company and the Group includes Board members and Chief financial officer of the Company, the Board members of asset management entities UAB INVL Asset Management and IPAS INVL Asset Management and the General Manager of UAB FMĮ INVL Finasta.

	Group		Company	
	2015	**2014**	**2015**	**2014**
Wages, salaries and bonuses	413	341	258	249
Social security contributions	118	106	80	77
Bonus for the Board members	-	11	-	-
Payments to pensions funds	11	-	9	-
Share-based payments	-	3	-	-
Total key management compensation	542	461	347	326

There were no loans granted during the reporting period or outstanding at the end of the reporting period. In 2015 and 2014 dividends were not paid.

29. Events after the reporting period

Acquisition of shares of AB INVL Baltic Real Estate

In March 2016 the Company has additionally invested EUR 6,219 thousand into the share capital of listed entity AB INVL Baltic Real Estate by converting loans granted and now owns 32.08% shares of the entity. The entity becomes the associate of the Group.

Acquisition of shares of UAB Informacinio Verslo Paslaugų Įmonė

In March 2016 the Group's unconsolidated subsidiary investing in facility management segment's entities has acquired 36.5% of the shares of UAB Informacinio Verslo Paslaugų Įmonė for EUR 350 thousand. The acquired entity administers payments by Lithuanian residents for public utilities as a service to companies and institutions. A controlling stake in the entity is held by Statistics Lithuania. According to preliminary figures, the company last year had revenue of EUR 615 thousand and earned a net profit of EUR 100 thousand.

INVALDA INVL

Invalda INVL, AB Consolidated Annual Report of 2015

Prepared in accordance with The Rules for the Preparation and the Submission of the Periodic and Additional Information, approved by the decision No. 03-50 of the Board of the Bank of Lithuania passed on 28 February 2013

Approved by the Board of Invalda INVL, AB on 7 April 2016

Translation note:

This version of the Annual Report is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

CONTENTS

I.GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 12 months of 2015 (January – December).

2. General information about the Issuer and other companies comprising the Issuer‘s group

2.1. Information about the Issuer

Name of the Issuer	The public joint-stock company Invalda INVL
Code	121304349
Adress	Gynėjų str. 14, LT-01109 Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	info@Invaldainvl.lt
Website	www.invaldainvl.lt
Legal form	The public joint-stock company
Date and place of registration	20 March 1992. Register of Enterprise of Vilnius
Register in which data about the Company are accumulated and stored	Register of Legal Entities

2.2. Information on company's goals, philosophy and strategy

Invalda INVL, operating since 1991, is one of the leading asset management groups in the Baltic region. The companies it owns in Lithuania and Latvia manage more than 20 mutual, real estate and pension funds (2nd and 3rd pillar), alternative investments, individual portfolios, private equity and other financial instruments. Companies in the group manage more than EUR 300 million of assets entrusted to them by over 150,000 clients in Lithuania and Latvia as well as international investors. Invalda INVL also directly owns private equity investments. Company seeks to continuously increase shareholder‘s property value.

Invalda INVL, AB started the activity in 1991 as the company Invalda, AB. From 1991 until 1997 it operated as an public investment company established during the state property privatization, which was implemented in accordance to the State Property Primary Privatization law of the Republic of Lithuania. From 1997 until 2003 the company operated as a licenced holding investment company (the license was issued by the Securities Commission of Lithuania). Company's equities have been traded on the NASDAQ Vilnius Exchange since 1995.

31 May 2013 the split-off procedure of Invalda, AB was completed and the company continued its activity under the new name of Invalda LT, AB. On May 2015 the company changed its corporate name to the public joint-stock company Invalda INVL.

2.3. Information about the Issuer‘s group of companies

Currently, the largest part of Invalda INVL group assets is concentrated in Lithuania and Latvia. At the end of the reporting period the company acted in the field of asset managemet business and managed other private equity investments, investing in IT (INVL Technology), real estate (INVL Baltic Real Estate) business and other private equity investments, operating in agricultural and facility management areas.

The asset management business is the core of the company's strategic, while other investments may be sold receiving attractive offers.

List of group companies as well as their contact information is presented at Annex 1.

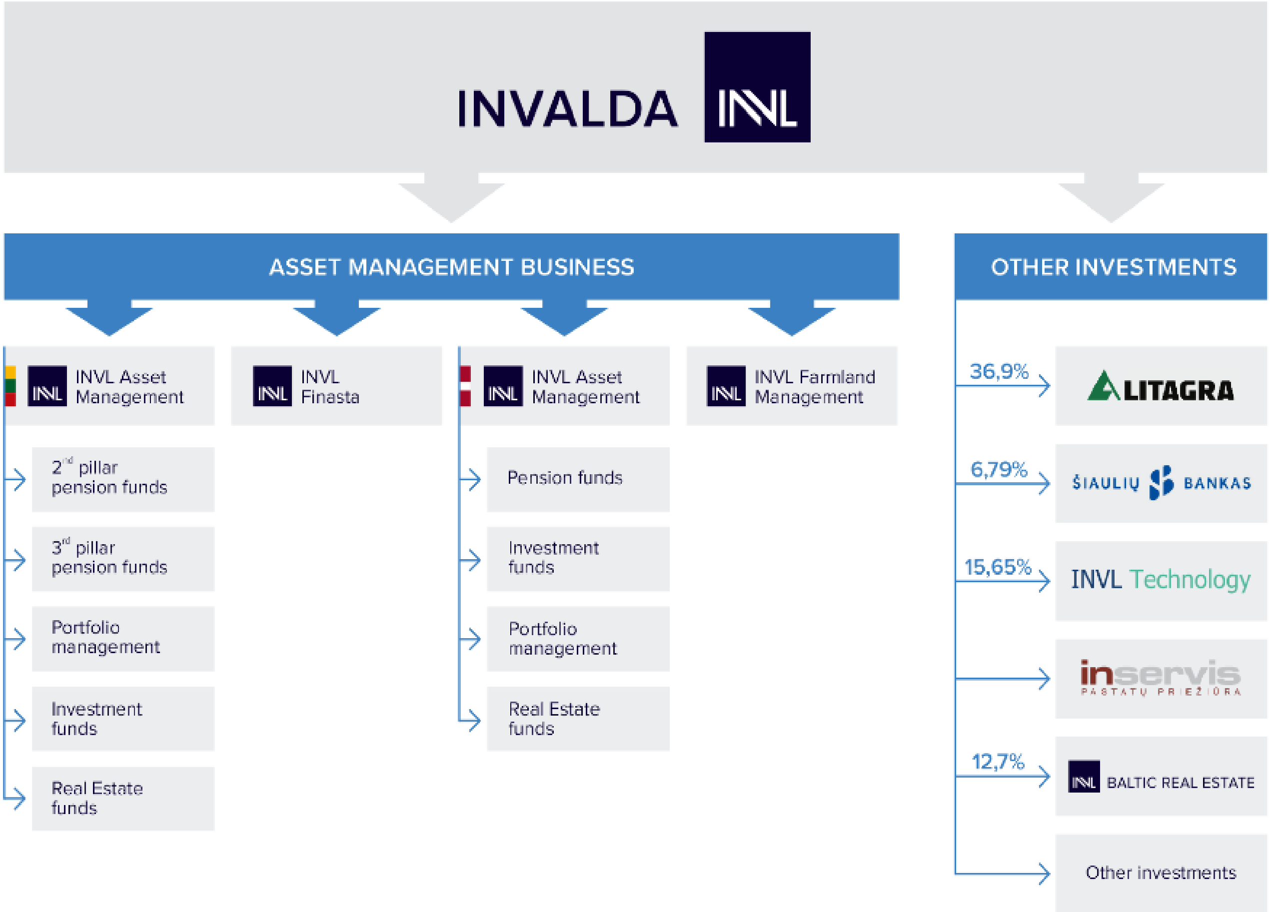


Fig. 2.3.1. The group companies of Invalda INVL, AB as of 31 December 2015

3. Agreements with intermediaries on public trading in securities

Invalda INVL, AB has signed agreements with these intermediaries:

- Siauliu Bankas, AB (Tilzes str. 149, Siauliai, Lithuania; tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- DnB Bankas, AB (J. Basanaviciaus str. 26, Vilnius, Lithuania; tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas, AB (Gedimino ave. 12, Vilnius, Lithuania; tel. +370 5 268 2370) – the agreement on management of securities account;
- Medicinos Bankas, UAB (Pamenkalnio str. 40, Vilnius, Lithuania; tel. +370 5 264 4845) - the agreement on management of securities account;
- Danske Bank A/S, Lithuania branch (Saltoniskiu str. 2, Vilnius, Lithuania; tel. +370 5 521 6666) - the agreement on investment services;
- FMI Orion Securities, UAB (A. Tumeno str. 4. (block B), Vilnius, Lithuania; tel. +370 5 231 3841) - the agreement on investment services;
- Bank Zachodni WBK S.A. (Rynek 9/11, 50-950 Wrocław, Poland; tel. +61 856 4445) – the agreement of intermediation;
- AB SEB Pank (Tornimae str. 2., 15010, Tallin, Estonia; tel. +372 6657 772) - the agreement of intermediation.

4. Information on Issuer's branches and representative offices

Invalda INVL, AB has no branches or representative offices.

II. Information About Securities

5. The order of amendment of Issuer's Articles of Association

The Articles of Association of Invalda INVL, AB may be amended by resolution of the General Shareholders' Meeting, if the decision is passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

Actual wording of the Articles of Association is dated as of 11 May 2015. The document is published on the company's website.

6. Information about Issuer's authorised capital

6.1. Adjustments of the authorised capital

Information concerning adjustments of Invalda INVL, AB authorised capital during past 10 years is presented below:

- During the period from 15 October 1996 till 1 October 2004 the authorised capital of Invalda, AB amounted to LTL 38,000,000. It was divided into 38,000,000 ordinary registered shares of nominal value of 1 litas.
- The increased authorised capital of LTL 40,417,339 was registered and divided into 40,417,339 ordinary registered shares of nominal value of 1 litas on 1 October 2004. The round of 2,417,339 shares was issued during the process of reorganisation when Kremi, AB shares were changed into Invalda, AB ones.
- Invalda, AB the General Shareholders' Meeting held on 21 November 2005 passed the resolution to increase the authorised capital of the company by LTL 1,317,323 from LTL 40,417,339 up to LTL 41,734,662, by issuing 1,317,323 shares of nominal value of 1 litas. The amended Articles of Association were registered in the Register of Legal Entities on 24 November 2005. The increased authorised capital amounted to LTL 41,734,662 and was divided into 41,734,662 ordinary registered shares of nominal value of 1 litas.
- Invalda, AB and Pozityvios Investicijos, AB reorganization was completed on 30 June 2006. Pozityvios Investicijos, AB was merged with Invalda, AB. During reorganisation shares of Pozityvios Investicijos, AB were changed into Invalda, AB shares – the round of 3,273,714 Invalda, AB shares was issued. After the reorganisation the authorised capital of Invalda, AB amounted to LTL 45,008,376 and was divided into 45,008,376 shares of nominal value of 1 litas.
- The reorganisation of Invalda, AB and one of the largest shareholders Nenuorama, AB was finished on 28 September 2007. Nenuorama, AB was merged with Invalda, AB. Changing Nenuorama, AB shares into Invalda, AB ones, the round of 19,866,060 shares was issued. Following the terms of the reorganisation 22,305,587 Invalda, AB shares held by Nenuorama, AB were annulled. After reorganisation the authorised capital of Invalda, AB amounted to LTL 42,568,849 and was divided into 42,568,849 shares of nominal value of 1 litas.
- The share capital of Invalda, AB was increased by LTL 9,090,909, from LTL 42,568,849 till from LTL 51,659,758 issuing 9,090,909 ordinary registered shares of nominal value of 1 litas on 3 February 2010. New shares were issued after conversion of LTL 50,000,000 bonds issue.
- The share capital of Invalda, AB was increased by LTL 5,898,182, from LTL 51,659,758 till LTL 57,557,940 issuing 5,898,182 ordinary registered shares of nominal value of 1 litas on 30 March 2012. New shares were issued after conversion of LTL 32,440,000 bonds issue.
- On 6 August 2012 the share capital of Invalda, AB was decreased by LTL 5,755,794, from LTL 57,557,940 till LTL 51,802,146 canceling 5,755,794 ordinary registered shares of nominal value of 1 litas. The authorised capital of Invalda, AB decreased due to cancelling of own shares acquired by the company.
- The amended Articles of Association of Invalda, AB were registered with the Register of Legal Entities on 31 May 2013. The Articles of Association were amended due to split-off of the company and stated a new name of the company – public joint-stock company Invalda LT as well as a reduced authorized capital due to the split-off procedure. The authorised capital of Invalda LT, AB is LTL 24,833,551, it is divided into 24,833,551 ordinary registered shares with nominal value - 1 (one) litas per share. The total amount of voting rights in Invalda LT, AB equaled to 22,797,297 units on 31 December 2013.
- The amended Articles of Association of Invalda LT, AB were registered with the Register of Legal Entities on 29 April 2014. The Articles of Association were amended due to split-off of the company. After the completion of the split-off of Invalda LT, the authorised capital is LTL 11,865,993 and it is divided into 11,865,993 ordinary registered shares with nominal value LTL 1 each. The total amount of voting rights in Invalda LT, AB (ISIN LT0000102279) equaled to 11,865,993 units on 31 December 2014.
- The amended Articles of Association were registered with the Register of Legal Entities on 11 May 2015. According to amended Articles of Association the name of the company was changed into Invalda INVL, AB. The authorised capital was recounted into EUR and makes EUR 3,441,137.97. It is divided into 11,865,993 ordinary registered shares with nominal value EUR 0.29 each. The total amount of voting rights in Invalda INVL, AB (ISIN LT0000102279) equaled to 11,722,348 units on 31 December 2015.

6.2. Structure of the authorized capital

Table 6.2.1. Structure of Invalda INVL, AB authorised capital as of 31 December 2015.

Type of shares	Number of shares, units	Total voting rights granted by the issued shares, units	Nominal value, EUR	Total nominal value, EUR	Portion of the authorised capital, %
Ordinary registered shares	11,865,993	11,722,348	0.29	3,441,137.97	100

All shares are fully paid-up and no restrictions apply on their transfer.

Invalda INVL group manages asset management company INVL Asset Management and financial brokerage company INVL Finasta. According to Lithuanian law, a natural or legal person (or persons acting in concert), indirectly willing to acquire or increase their shareholding in an asset management company (more than 20, 30 or 50 percent), have to obtain a decision from the Bank of Lithuania not to object this acquisition. This means that investors, willing to acquire more than 20 percent shareholding in Invalda INVL, AB, can do so only with a prior decision from the Bank of Lithuania.

Invalda INVL also owns asset management company INVL Asset Management in Latvia, therefore according Latvian Financial and Capital Market Commission restrictions under acquisition of the shareholding in Invalda INVL must be fulfilled as well.

6.3. Information about the Issuer's treasury shares

Since the beginning of 2015 until the release of the report, the company implemented own share acquisition process for one time.

11 June 2015 Invalda INVL announced about aquisition of own shares. Share purchase started on 12 June 2015. Share purchase ended on 22 June 2015. Max number of shares to be acquired (units): 262,000. Share purchase price (EUR): 3.82 per share. On 22 June 2015 the company acquired 143,645 units of own shares (1.2 percent), EUR 548.7 thousand (without brokerage fee) were paid for the acquired shares on 25 June 2015.

The authorised capital of Invalda INVL is EUR 3,441,137.97. It is divided into 11,865,993 ordinary registered shares with nominal value EUR 0.29 each. Taking into consideration the fact that the shares own by the company does not give the voting rights, the total amount of shares with voting rights in Invalda INVL, AB (ISIN LT0000102279) equals to 11,722,348 units.

7. Trading in Issuer's securities as well as securities, which are deemed to be a significant financial investment to the Issuer on a regulated market

Table 7.1. Main characteristics of Invalda INVL, AB shares admitted to trading

Shares issued, units	11,865,993
Shares with voting rights, units	11,722,348
Nominal value	0.29 EUR
Total nominal value	3,441,317.97 EUR
ISIN code	LT0000102279
Name	IVL1L
Exchange	NASDAQ Vilnius
List	Baltic Secondary list Baltic Main List (from 1 January 2008 untill 20 July 2015)
Listing date	19 December 1995
Indrawn into indexes	VILSE (OMX Vilnius Index) OMXBPI (OMX Baltic All Share Price Index) B40PI (OMX Baltic Financials Price Index) B8000PI (OMX Baltic Financials PI) B8700PI (OMX Baltic Finl Svc PI) B8000GI (OMX Baltic Financials GI) B8700GI (OMX Baltic Finl Svc GI)

Company uses no services of liquidity providers.

Table 7.2. Trading in the company's shares during the period of 2011–2015 (quarterly) on NASDAQ Vilnius:

Reporting period	Price, €			Last trading date	Total turnover	
	high	low	last		units	€
2011, 1st Q	2.120	1.750	1.920	31-03-2011	796,183	1,582,474
2011, 2nd Q	2.400	1.750	2.400	30-06-2011	1,099,505	2,309,339
2011, 3rd Q	2.650	1.780	1.947	30-09-2011	1,554,598	3,284,869
2011, 4th Q	2.135	1.733	1.943	30-12-2011	1,535,160	2,966,605
2012, 1st Q	2.280	1.871	2.274	30-03-2012	670,763	1,373,701
2012, 2nd Q	2.940	2.274	2.55	29-06-2012	20,800	2,629,952
2012, 3rd Q	2.650	2.350	2.370	28-09-2012	234,143	593,480
2012, 4th Q	1.900	2.390	1.970	28-12-2012	622,601	1,260,577
2013, 1st Q	2.340	1.960	2.310	28-03-2013	1,544,840	3,491,797
2013, 2nd Q	2.830	2.170	2.650	28-06-2013	390,915	911,640
2013, 3rd Q	2.950	2.400	2.830	30-09-2013	151,216	395,465
2013, 4th Q	3.450	2.520	3.450	30-12-2013	123,213	393,429
2014, 1st Q	3.490	2.930	3.140	31-03-2014	38,533	127,372
2014, 2nd Q	3.300	2.760	2.910	30-06-2014	17,650	52,319
2014, 3rd Q	3.270	2.800	2.850	30-09-2014	9,075	26,252
2014, 4th Q	3.210	2.950	3.100	30-12-2014	18,029	55,572
2015, 1st Q	3.150	2.950	3.100	30-03-2015	8,730	26,507
2015, 2nd Q	3.700	3.040	3.600	30-06-2015	20,746	71,633
2015, 3rd Q	3.780	3.300	3.500	30-09-2015	13,800	47,835
2015, 4th Q	3.640	3.400	3.400	30-12-2015	7,762	27,426

Table 7.3. Trading in Invalda INVL, AB shares

	2011	2012	2013	2014	2015
Share price, EUR					
- open	2.000	1.930	1.970	3.380	3.100
- high	2.650	2.940	3.450	3.490	3.780
- low	1.733	1.871	1.960	2.760	2.950
- medium	2.050	2.308	2.539	1.906	3.397
- last	1.943	1.970	3.450	3.100	3.400
Turnover, units	4,985,446	2,514,347	2,210,184	83,287	51,038
Turnover, EUR	10,143,287	5,857,710	5,192,330	261,512	173,403
Traded volume, units	10,377	5,754	3,870	531	328

Fig. 7.4. Turnover of Invalda INVL. AB shares. change of share price and indexes*

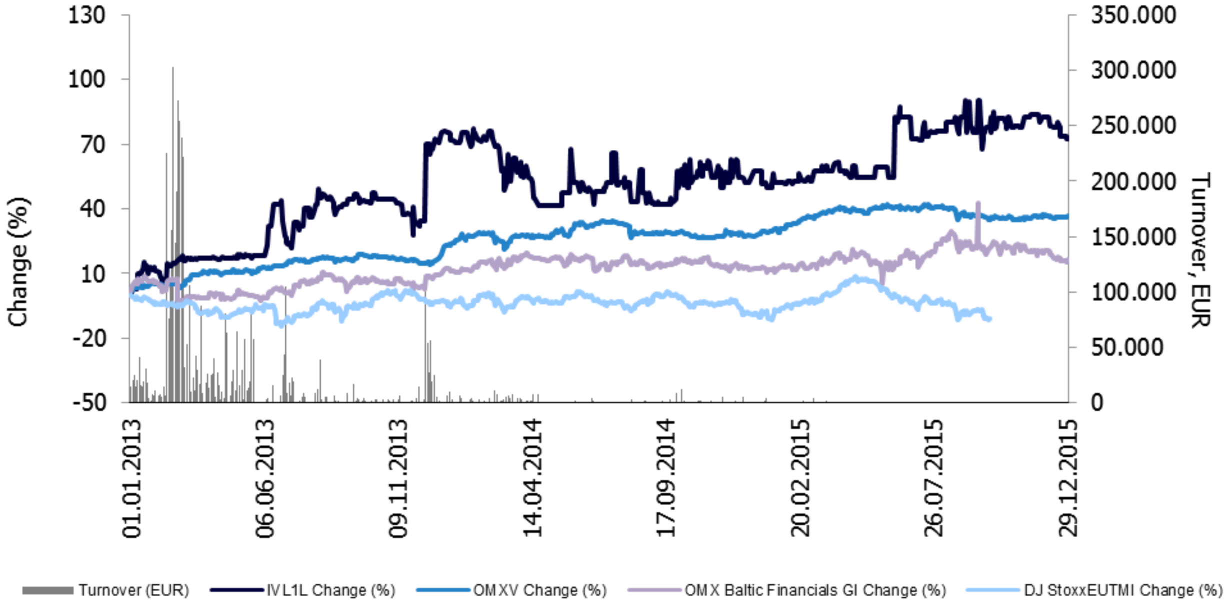


Table 7.5. Capitalisation

Last trading date	Number of issued shares. units	Last price. €	Capitalisation. €
31-03-2011	51,659,758	1.920	99,186,735
30-06-2011	51,659,758	2.400	123,983,419
31-09-2011	51,659,758	1.947	100,581,549
30-12-2011	51,659,758	1.943	100,374,910
30-03-2012	57,557,940	2.274	130,886,756
29-06-2012	57,557,940	2.550	146,772,747
28-09-2012	51,802,146	2.370	122,771,086
28-12-2012	51,802,146	1.970	102,050,228
28-03-2013	46,621,932	2.310	107,696,663
28-06-2013	24,833,551	2.650	65,808,910
30-09-2013	24,833,551	2.830	70,278,949
30-12-2013	22,797,297	3.450	78,650,675
31-03-2014	22,797,297	3.140	71,583,513
30-06-2014	11,865,993	2.910	34,530,040
30-09-2014	11,865,993	2.850	33,818,080
30-09-2014	11,865,993	3.100	36,784,578
31-03-2015	11,865,993	3.100	36,784,578
30-06-2015	11,865,993	3.600	42,717,574
30-09-2015	11,865,993	3.500	41,530,975
30-09-2015	11,865,993	3.400	40,344,376

* OMX index is an all-share index which includes all the shares listed on the Main and Secondary lists on the NASDAQ OMX Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares. The OMX Baltic Financial GI index is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE). Dow Jones Stoxx EU Enlarged TMI index covers approximately 95% of the free float market capitalisation of the New Europe countries, including Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

8. Dividends

The General Shareholders' Meeting decides upon dividend payment and sets the amount of dividends. The company pays out the dividends within 1 month after the day of adoption of the resolution on profit distribution.

Persons have the right to receive dividends if they were shareholders of the company at the end of the tenth working day after the day of the General Shareholders' Meeting which issued the resolution to pay dividends. According to the Law on Personal Income Tax and the Law on Corporate Income Tax starting from 2014 15 % tax is applied to the dividends. The company is responsible for calculation. withdrawn and transfer (to the benefit of the State) of applicable taxes[1].

The company did not allocate dividends during the reporting period. Information about allocation of dividends since the establishment of the company is presented on the company's web page: http://www.invaldalt.com/en/main/for_investors/dividends.

8.1. table. Ratios related with shares.

	2013	2014	2015
Net Asset Value per share, EUR	2.78	3.75	**4.11**
Price to book value (P/Bv)	**1.24**	**0.83**	**0.83**

9. Shareholders

9.1. Information about shareholders of the company

The Shareholders of Invalda INVL, AB Alvydas Banys, LJB Investments, UAB, Irena Ona Mišeikienė, Indrė Mišeikytė, Darius Šulnis, Lucrum investicija, UAB, have signed the agreement on the implementation of a long-term corporate governance policy, so their votes are countable together .

Table 9.1.1. Shareholders who held title to more than 5% of Invalda INVL, AB authorised capital and/or votes as of 31 December 2015.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total (together with the persons acting in concert), %
LJB Investments. UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	3,612,330	30.44	30.82	61.04	91.86
Irena Ona Mišeikienė	3,369,435	28.40	28.74	63.12	
Darius Šulnis	0	0.00	0.00	91.86	
Lucrum Investicija, UAB* code 300806471. Šeimyniškių str. 3, Vilnius	2,401,442	20.24	20.49	71.37	
Alvydas Banys	910,875	7.68	7.77	84.09	
Indrė Mišeikytė	236,867	2.00	2.02	89.84	

*Lucrum Investicija, UAB has additionally 2.02 % of votes granted by the shares sold by the repurchase agreement.

[1]This information should not be treated as tax consultation.

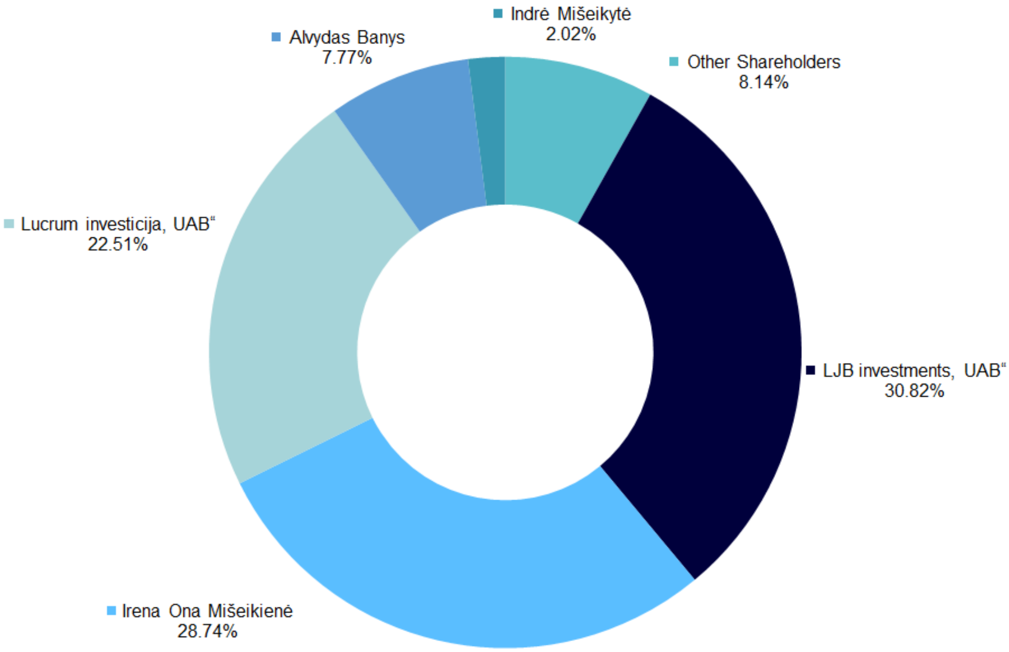


Fig. 9.1.1. Votes as of 31 December 2015

There are no shareholders entitled to special rights of control.

Invalda INVL, AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders. that might result in the restriction of shares transfer and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect of being amended or terminated in case of change in the Issuer's control in 2015. At the end of 2015 the total number of shareholders was 3,690.

9.2. Rights and obligations carried by the shares

9.2.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

1) to receive a part of the Company's profit (dividend);
2) to receive the company's funds when the authorised capital of the company is reduced with a view to paying out the company's funds to the shareholders;
3) to receive a part of assets of the company in liquidation;
4) to receive shares without payment if the authorised capital is increased out of the Company funds. except in cases provided by the laws of the Republic of Lithuania;
5) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company. except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
6) to lend to the company in the manner prescribed by law; however. when borrowing from its shareholders. the company may not pledge its assets to the shareholders. When the company borrows from a shareholder. the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business. which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;
7) other property rights provided by laws;
8) to attend the General Shareholders' Meetings;
9) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;
10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;
12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;

13) other non-property rights established by laws and the Company's Articles of Association.

9.2.2. Obligations of the shareholders

The shareholders have no property obligations to the Company. except for the obligation to pay up. in the established manner. all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders. the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

The person who acquired all shares in the company or the holder of all shares in the company who transferred a part of his shares to another person must notify the company of the acquisition or transfer of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or transferred shares, the nominal share price and the particulars of the person who acquired or transferred the shares (the natural person's full name, personal number and address; the name, legal form it has taken, registration number, address of the registered office of the legal person.)

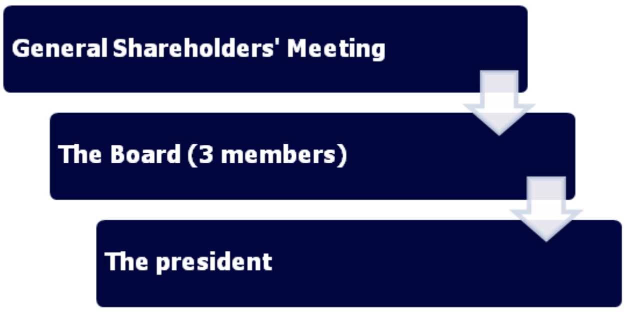
Contracts between the company and holder of all its share shall be executed in a simple written form. unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies. if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

III. ISSUER'S MANAGING BODIES

10. Structure. authorities. the procedure for appointment and replacement



The governing bodies of Invalda INVL, AB are: the General Shareholders' Meeting. sole governing body – the President. and a collegial governing body – the Board. The Supervisory Board is not formed.

10.1. General Shareholders' Meeting

10.1.1. Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person. unless otherwise provided for by laws. or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established. the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present. the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened. which shall be authorised to take decisions only on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

The General Shareholders' Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company. unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- elect members of the Board;
- dismiss the Board or its members;
- elect and dismiss the firm of auditors. set the conditions for auditor remuneration;
- determine the class. number. nominal value and the minimum issue price of the shares issued by the Company;
- take a decision regarding conversion of shares of one class into shares of another class. approve share conversion procedure;
- take a decision to replace private limited liability company share certificates by shares;
- approve the annual accounts and the report on company operations;
- take a decision on profit/loss appropriation;
- take a decision on the formation. use. reduction and liquidation of reserves;
- take a decision on the issue of convertible debentures;
- take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital. except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase its own shares;
- take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off;
- take a decision on transformation of the Company;
- take a decision on restructuring of the Company;
- take a decision to liquidate the Company. cancel the liquidation of the Company. except the cases provided by the Law on Companies of the Republic of Lithuania;
- elect and dismiss the liquidator of the Company. except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that. in their essence, these are not the functions of the governing bodies.

10.1.2. Convocation of the General Shareholders' Meeting of Invalda INVL, AB

The documents related to the agenda, draft resolutions on every item of agenda, documents what have to be submitted to the General Shareholders Meeting and other information related to realization of shareholders rights are available at the registered office of the Company during working hours.

The shareholders are entitled: (i) to propose to supplement the agenda of the General Shareholders Meeting submitting draft resolution on every additional item of agenda or. than there is no need to make a decision - explanation of the shareholder. Proposal to supplement the agenda is submitted in writing by registered mail or delivered in person against signature. The agenda is supplemented if the proposal is received no later than 14 before the General Shareholders Meeting; (ii) to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders meeting (in writing. by registered mail or delivered in person against signature) or in writing during the General Shareholders Meeting; (iii) to submit questions to the Company related to the issues of agenda of the General Shareholders Meeting in advance but no later than 3 business days prior to the General Shareholders Meeting in writing by registered mail or delivered in person against signature.

Shareholder participating at the General Shareholders Meeting and having the right to vote must submit documents confirming personal identity. Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the General Shareholders Meeting. The representative has the same rights as his represented shareholder at the General Shareholders Meeting. The authorized persons must have documents confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the General Shareholders Meeting. Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the General Shareholders Meeting. The shareholders must inform the Company about power of attorney issued by means of electronic communications no later than before the commencement of registration for the General Shareholders Meeting. The power of attorney issued by means of electronic communications and notice about it must be written and submitted to the Company by means of electronic communications.

Shareholder or its representative may vote in writing by filling general voting bulletin. in such a case the requirement to deliver a personal identity document does not apply. The form of general voting bulletin is presented at the Company's webpage. If shareholder requests. the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if authorized person is voting. The filled general voting bulletin must be delivered to the Company by means of electronic communications. registered mail or in person against signature no later than before the day of the General Shareholders Meeting.

For the convenience of the shareholders of Invalda INVL, AB the company provides notifications about convocation of General Shareholders Meeting. draft resolutions as well as general voting bulletins and resolutions adopted in the Meetings in the section For Investors reference Shareholders' Meeting Voting Results on the company‘s web page.

2 (two) Shareholders‘ Meetings of Invalda INVL, AB were held in 2015. Ordinary Shareholders‘ Meeting of Invalda INVL, AB was held on 30 April 2015. The president of the company attended the Meeting. He presented to the shareholders of the company annual report of the last year. The Chief Finance Officer of the company also attended the Meeting, CFO introduced shareholders with the main articles of the financial statements and distribution of the Company's profit.

10.2. The Board

10.2.1. Powers of the Board

The Board shall continue in office for the 4 year period or until a new Board is elected and commences its activities. but not longer than until the date of the Annual General Shareholders’ Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected. they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders’ Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members. newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders’ Meeting may dismiss from the office the entire Board or its individual members (as well as the Chairman of the Board) before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders’ Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system. the Board closely cooperates with the manager of the Company. The working procedure of the Board shall be laid down in the rules of procedure of the Board adopted by it.

The Board shall consider and approve:

- the operating strategy of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited through competition;
- regulations of branches and representative offices of the Company.

The Board shall elect and dismiss from office the manager of the Company. fix his salary and set other terms of the employment contract. approve his job description. provide incentives for and impose penalties against him.

The Board shall determine which information shall be considered to be the Company's commercial secret and confidential information. Any information which must be publicly available under the laws may not be considered to be the commercial secret and confidential information.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest. dispose of or lease the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company;
- to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company;
- to restructure the Company in the cases laid down by the Law on Restructuring of Enterprises of the Republic of Lithuania;
- other decisions assigned to the scope of powers of the Board by the Law on Companies of the Republic of Lithuania. Articles of Association or the decisions of the General Shareholders’ Meeting.

The Board shall analyse and evaluate the information submitted by the manager of the Company on:

- the implementation of the operating strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;
- the results of business activities. income and expenditure estimates. the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and shall submit them to the General Shareholders' Meeting together with the annual report of the Company.

It shall be the duty of the Board to convene and organise the General Shareholders' Meetings in due time.

Members of the Board must keep commercial secrets of the Company and confidential information which they obtained while holding the office of members of the Board.

10.2.2. Procedure of work of the Board

The order of the formation of the Board of the company should ensure objective. impartial and fair representation of minority shareholders of the company: names and surnames of the candidates to become members of the Board of the company. information about their education. qualification. professional background. positions taken in supervisory and management Boards of other companies. owned block of shares in other companies. larger than 1/20. potential conflicts of interest. information on whether the candidates are applied to administrative sanctions or punishment for violations / crimes against the economy. business policy. property. property rights and property interests. or do they have no obligations neither functions which would threaten the safe and reliable operations of the company. or whether candidates meet the legal requirements made for the Managers. are disclosed not later than 10 days prior the General Shareholders' Meeting in which the election of the Members of the Board is intended. so that the shareholders would have sufficient time to make an informed voting decision

In order to maintain a proper balance in terms of the current qualifications possessed by its members. the desired composition of the Board of the company are determined with regard to the company's structure and activities. and are periodically evaluated once a year.

Any Member of the Board of the company must confound companies property with its own property and do not use it or information which they received while holding position as the Members of the Board for personal benefit or for the benefit of third party on other way than the General Shareholders Meeting and the Board allows it.

Any Member of the Board of the company within 5 (five) days must inform the Manager or the Chairman of the company on any subsequent changes in provided information that have been submitted for shareholders prior to the election of the Member of the Board. Changes in provided information are disclosed in the company's annual report.

Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board. Regulation of the work of the Board of the company settles the statements that if the Member of the Board attended the Meetings of the Board less than 2/3 times in the financial year. such information must be disclosed to shareholders in the General Shareholders‘ Meeting.

29 Meetings of the Board of the company have been held in 2015. Alvydas Banys, Indrė Mišeikytė and Darius Šulnis are Members of the Board of Invalda INVL. Avydas Banys attended all the Meetings of the Board: two of which attended by distance. Indrė Mišeikytė attended all the Meetings of the Board: three of which attended by distance. Darius Šulnis attended all the Meetings of the Board: one of which attended by distance.

10.3. The President

The manager of the Company (the President) shall be elected and dismissed from office by the Board which shall also fix his salary. approve his job description. provide incentives and impose penalties. An employment contract shall be concluded with the President. The President shall assume office after the election. unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office. the employment contract therewith shall be terminated.

In his activities. the President shall be guided by laws and other legal acts. the Articles of Association of the Company. decisions of the General Shareholders' Meeting and the Board. his job description. The President is accountable to the Board.

The President shall organise daily activities of the Company. hire and dismiss employees. conclude and terminate employment contracts therewith. provide incentives and impose penalties.

The President shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The President may conclude the transactions to invest. dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction). to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions). to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company. to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company. provided there is a decision of the Board to enter into these transactions.

The President shall be responsible for:

- the organisation of activities and the implementation of objects of the company
- the drawing up of the annual accounts;
- the conclusion of the contract with the firm of auditors where the audit is mandatory or required under the Statutes of the company;
- the submission of information and documents to the General Meeting. the Supervisory Board and the Board in cases laid down in this Law or at their request;
- the submission of documents and particulars of the company to the administrator of the Register of Legal Persons;
- the submission of the documents of a public limited liability company to the Securities Commission and the Central Securities Depository of Lithuania;
- the publication of information referred to in this Law in the daily indicated in the Statutes;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Statutes and the staff regulations of the manager of the company.

The President must keep commercial secrets and confidential information of the Company which he learned while holding this office.

11. Information about members of the Board. CFO and the Audit Committee of the Company

The Board of Invalda INVL, AB was elected during the Extraordinary General Shareholders' Meeting on 28 May 2013. The Board was elected for the 4 years term of office. Mr. Banys was elected as the Chairman of the Board. Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board. Mr. Šulnis was appointed as the President of the company on 22 May 2013.

Alvydas Banys – Chairman of the Board

	From 2013 until 2017
Educational background and qualifications	Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economic's Institute of Lithuania's Science Academy.
Work experience	Since 1 July 2013 Invalda INVL, AB - Advisor Since 2007 LJB Investments, UAB - Director Since 2007 JLB Property, UAB - Director 1996 – 2006 Invalda, AB - Vice President 1996 – 2007 Nenuorama, UAB - President
Owned amount of shares in Invalda INVL, AB	Personally: 910,875 units of shares. 7.68 % of authorised capital and 7.77 % votes; together with controlled company LJB Investments: 4,523,205 units of shares. 38.12 % of authorized capital and 38.59 % votes. Total votes together with persons acting in concert - 91.86 %.
Participation in other companies	Invalda LT Investments, UAB – Chairman of the Board INVL Baltic Farmland, AB – Chairman of the Board INVL Baltic Real Estate, AB – Chairman of the Board INVL Technology, AB – Member of the Board Litagra, UAB – Member of the Board

Indre Miseikyte – Member of the Board

The term of office	**From 2013 until 2017**
Educational background and qualifications	Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture.
Work experience	Since May 2012 Invalda INVL, AB - Advisor Since June 2013 Invalda Privatus Kapitalas, AB - Advisor Since 2002 Inreal Valdymas, UAB - Architect 2000 – 2002 Gildeta, UAB - Architect 1997 – 2000 Kremi, UAB - Architect 1996 – 2002 Invalda, AB - Architect 1996 – 1997 Gildeta, UAB - Architect 1994 – 1996 Vilniaus Baldai, AB - Architect
Owned amount of shares in Invalda INVL, AB	Personally: 236,867 units of shares. 2 % of authorised capital and 2.02 % votes. Total votes together with persons acting in concert - 91.86 %.
Participation in other companies	Invalda Privatus Kapitalas, AB – Member of the Board INVL Baltic Real Estate, AB – Member of the Board INVL Baltic Farmland, AB – Member of the Board

Darius Sulnis – Member of the Board, the President

The term of office in the Board	**From 2013 until 2017**
Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker's license (general) No. A109.
Work experience	Since the beginning of 2015 – CEO of INVL Asset Management, UAB. 2006 – 2011 Invalda. AB – President. 2011 – 2013 Invalda. AB – Advisor. Since May 2013 Invalda INVL, AB – President. 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in Invalda INVL, AB	Personally: 0 units of shares. 0.00 % of authorised capital and votes; together with controlled company Lucrum Investicija: 2,401,442 units of shares. 20.24 % of authorised capital. 22.51 % of votes (including votes granted by the shares transferred by the repurchase agreement). Total votes together with persons acting in concert - 91.86 %.
Participation in other companies	INVL Asset Management, UAB – CEO, Chairman of the Board INVL Asset Management, IPAS (Latvia) - Member of the Supervisory Board INVL atklātajs pensiju fonds, AS (Latvia) – Member of the Supervisory Board

	Litagra, UAB – Member of the Board Invalda LT Investments, UAB – director, Member of the Board INVL Baltic Farmland, AB – Member of the Board

Raimondas Rajeckas – CFO

Educational background and qualifications	**Vilnius University, Faculty of Economics.**
Work experience	Since 2006 Invalda LT, AB – CFO 2001 – 2006 Valmeda, AB – CFO 2000 – 2001 Galincius, AB – CFO 2000 – 2001 Invaldos Marketingas, UAB (current name Inreal Valdymas. UAB) – CFO 2000 – 2002 Gildeta, AB – Accountant 1998 – 2000 Invalda, AB – Accountant
Owned amount of shares in Invalda INVL, AB	-
Participation in othercompanies	Invalda LT Investments, UAB – Member of the Board Proprietas, UAB – Director Aktyvo, UAB – Director Aktyvus Valdymas, UAB – Director Iniciatyvos Fondas, VSI – Director MBGK, UAB – Director MGK Invest, UAB – Director RPNG, UAB – Director Regenus, UAB – Director Cedus Invest, UAB – Director Cedus, UAB – Director Group of companies Inservis, UAB – Member of the Board

12. Information about the Audit Committee of the company

The Audit Committee consists of 2 members. one of which is independent. The members of the Audit Committee are elected and dismissed by the General Shareholders' Meeting of Invalda INVL, AB for a term not exceeding 4 years. The main functions of the Audit Committee should be the following:

- provide recommendations to the Board of the company with selection. appointment. reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the process of preparation of financial reports of the company;
- monitor the efficiency of the internal control and risk management systems of the company. Once a year review the need of the internal audit function.
- monitor the implementation of the audit firm's recommendations and comments imposed by the Board and the manager of the company.

The Member of the Audit Committee of the company may resign from his post before the expiry of term of office. notifying the Board of the company in writing at least 14 calendar days in advance. When the Board of the Company receives the notice of resignation and estimates all circumstances related to it. the Board may pass the decision either to convene the Extraordinary General Shareholders Meeting to elect the new member of the Audit Committee or to postpone the question upon the election of the new member of the Audit Committee until the nearest General

Shareholders Meeting. In any case the new member is elected till the end of term of office of the operating Audit Committee.

Procedure of work of the audit committee

The Audit Committee is a collegial body. taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid. when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The Member of the Audit Committee may express his will – for or against the decision in question. the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices. provided text protection is ensured and it is possible to identify the signature. The right of initiative of convoking the meetings of the Audit Committee is held by both Members of the Audit Committee. The other Member of the Audit Committee should be informed about the convoked meeting. questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be recorded. and the taken decisions should be signed by both Members of the committee. When both Audit Committee Members vote in writing. the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Board of the Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the Manager of the Company. Member(s) of the Board. the chief financier. and employees responsible for finance. accounting and treasury issues as well as external auditors to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee at the maximum hourly rate approved by the General Shareholders' Meeting

On 30 August 2013 the General Shareholders meeting removed the Audit Committee in corpore and elected new Committee members: Danute Kadanaite, a lawyer at Legisperitus, UAB and Tomas Bubinas, a Chief Operating Officer at Biotechpharma, UAB (independent member).

Danutė Kadanaitė – Member of the Audit Committee

The term of office	**Since 2013 until 2017**
Educational background and qualifications	2004 – 2006 Mykolas Romeris University. Faculty of Law. Master in Financial Law 2000 – 2004 m. Faculty of Law, BA in Law 1997 International School of Management
Work experience	Since 2009 Lawyer. Legisperitus, UAB 2008 – 2009 Lawyer, Finasta FBC 2008 – Lawyer, Invalda, AB 1999 – 2002 Administrator, Office of Attorney of Law Arturas Sukevicius 1994 – 1999 Legal Consultant, Financial brokerage company Apyvarta, UAB
Owned amount of shares in Invalda INVL, AB	-

Tomas Bubinas – Independent Member of the Audit Committee

The term of office	**Since 2013 until 2017**

Educational background and qualifications	2004 – 2005 Baltic Management Institute (BMI), Executive MBA 1997 – 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member 1997 Lithuanian Sworn Registered Auditor 1988 – 1993 Vilnius University, Msc. in Economics
Work experience	Since 2013 Chief Operating Officer of Biotechpharma, UAB. 2010 – 2012 Senior Director of TEVA Biopharmaceuticals (USA). 2004-2010 – TEVA Pharmaceuticals, Chief Financial Offiser for the Baltic States. 2001-2004 – Sicor Biotech, Chief Financial Officer 1999 – 2001 Senior Manager of PricewaterhouseCoopers. 1994 – 1999 Senior Auditor, Manager of Coopers & Lybrand.
Owned amount of shares in Invalda INVL, AB	-

13. Information on the amounts calculated by the Issuer. other assets transferred and guarantees granted to the Members of the Board, the president and CFO

The Members of the Board and the president who are directly elected by the General Shareholders' Meeting and have concluded employment contracts with the company as well as CFO of the company are entitled only to a fixed salary. The company does not have a policy concerning payment of a variable part of remuneration to the Board members or management.

During the year 2015 the Members of the Board did not receive dividends or bonuses from the company. There were no assets transferred. no guarantees granted, no bonuses paid and no special payouts made by the company to its managers. The Members of the Board and the president of the Company were not granted with bonuses by other companies of Invalda INVL, AB group.

Table 13.1. Information about calculated remuneration for Invalda INVL, AB managers for 2015

	Calculated remuneration. thousand EUR		
	2013	2014	2015
For members of the Board (according to employment contracts as employees of the company)	258	211	215
For each member of the Board (average per month)	7	6	6
For members of administration (the President and CFO)[2]	146	135	136
For each member of administration (average per month)	6	6	6

IV. Information about the Issuer's and its Group Companies' activity

14. Overview of the Issuer's and its group activity. their performance and business development

14.1. Operational environment

Lithuanian economy overview

The growth of Lithuanian economy according to Statistics Lithuania in 2015 was 1.7 percent year-on-year. Quarter-on-quarter growth has shown positive trend and was 2.1 percent. According to the economic overview published by the Bank of Lithuania "Lithuanian economy overview: December, 2015" the growth of Lithuanian economy was almost half of what it used to be several years before. The main reasons are trade sanctions between Lithuania and Russia and difficult economic situation in neighbouring eastern countries. Bank of Lithuania forecasts Lithuanian GDP to grow by 2.9 percent in 2016 based on expectations that consumers' purchasing power and investments grow in 2016.

[2] Company and Group companies calculated remuneration

According to the comment by SEB published on January 2016, Lithuanian economy growth in 2015 was effected by economic situation in countries – export partners, therefore exports to growing economies such as Poland has increased while exports to Russia and Belarus has decreased as these two countries have entered a recession.

On the other hand economic growth was saved by internal consumption. The main driving forces of it are moderately improving unemployment rate, which has decreased by 1.3 percentage point compared to the end of 2014 (10.1 percent) and reached 8.8 percent in the end of 2015 and drop in consumer price index (CPI) which was negative -0.1 percent. The biggest negative impact on prices due to high assigned weights in the CPI had plummeting prices of natural resources.

According to the forecasts prepared by the Bank of Lithuania, Lithuanian economy development should be impacted by contrary factors. As stated in the forecasts in 2016 economy should grow by 2.9 percent. The main positive driving factors possibly will be sustainable recovery of Eurozone countries, growth of sectors oriented in internal consumption, decreasing unemployment, growing average wage and due to before mentioned reasons stable prices. However, there will possibly be plenty of negative factors too. It is possible that difficult economic situation in Russia and Belarus will persist which means continuous decrease in purchasing power of these countries. Furthermore economic growth of other developing countries should be viewed with caution as well. However, western countries, which in the recent years grew their importance in the list of Lithuanian export partners, stays as an alternative for Lithuanian foreign trade.

Despite the slower economy growth Lithuanian stock market has showed solid results, however other Baltic countries had even better results. Riga stock exchange demonstrated the highest growth mainly due to compulsory Ventspils nafta share purchase by its main shareholder for the price significantly higher than the market price at that time.

Index/shares	01-01-2015	31-12-2015	+/-%
OMX Tallinn	755.05	898.99	19.06
OMX Riga	408.03	594.35	45.66
OMX Vilnius	452.42	485.99	7.42

Source: NASDAQ OMX

Key economics indicators:

Rate	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP, annual change (exluding seasonal and labour days, %)	(14.9)	1.6	6.1	3.7	3.7	3.0	1.6	2.8
Nominal GDP (LTL billion)	26.935	28.028	31.263	33.335	34.962	36.444	37.190	37.846
Retail trade turnover (at constant prices. excluding vehicle trade) annual change (%)	(21.3)	(6.7)	6.1	3.9	4.5	5.6	5.3	
CPI, annual change (%)	1.3	3.8	3.4	2.8	0.4	(0.3)	(0.1)	
HICP, annual average change (%)	4.2	1.2	4.1	3.2	1.2	0.2	(0.7)	0.3
Average monthly wage (4th quarter, LTL)	613.5	614.4	629.9	646.4	677.8	714.5	756.9	795.3
Annual change of average monthly wage (4th quarter, LTL)	(8.7)	0.2	2.5	2.6	4.8	5.4	5.9	5.5

Source: SEB bank.

Global GDP forecast

Annual change, %	2014	2015	2016	2017
USA	2.4	2.4	2.4	2.7
Japan	(0.1)	0.6	1.0	0.5
Germany	1.6	1.7	1.9	2.0
China	7.3	6.9	6.5	6.0
Great Britain	2.9	2.2	2.2	2.4
Euro zone	0.9	1.5	1.9	2.0
Nordic countries	1.6	2.1	2.2	2.1
Baltic coutries	2.8	1.9	2.7	3.2
Lithuania	3.0	1.6	2.8	3.2
Latvia	2.4	2.8	2.7	3.5
Estonia	2.9	1.3	2.4	3.0
Emerging markets	4.7	4.0	4.3	4.7
The World, PPP	3.5	3.1	3.4	3.8
Source – SEB Nordic Outlook. February 2016. OECD				

14.2. Significant Issuer's and its group events during the reporting period

The Company

- On 6 January 2015 Invalda LT completed Finasta group acquisition in Lithuania and Latvia. Invalda LT acquired 100 percent shares in Finasta Asset Management, an asset management company in Latvia. Separate deals were also completed on January 5, 2015 that increased the owned stake in Lithuanian investment bank Finasta up to 99.99 percent and up to 100 percent in the financial brokerage company Finasta. The joint acquisition cost of the Finasta group companies in Lithuania and Latvia, including the amount paid to minority of the shareholders and the expenses paid for the consultants, amounted to EUR 7.35 million.

- On 23 of February Invalda LT announced an unaudited results of Invalda LT, AB group for the 12 months of 2014. Consolidated net profit attributable to shareholders of Invalda LT, AB totalled to EUR 3.106 million (LTL 10.725 million), Consolidated net profit totalled to EUR 3.088 million (LTL 10.663 million), The net profit of Invalda LT, AB for the 12 months of 2014 amounted to EUR 19.319 million (LTL 66.703 million), In the same period of 2013 it was EUR 23.456 million (LTL 80.990 million).

- On 9 March 2015 Invalda LT, AB and Siauliu bankas, AB have signed a Letter of Intent, which foresees a possible integration of Finasta banking business with Siauliu bankas. Once the deal would be closed, Invalda LT would become a shareholder in Siauliu bankas and Siauliu bankas would take over Finasta banking business.

- On 8 April 2015 Invalda LT, AB announced an audited results of Invalda LT, AB group for the period for 2014, which showed that consolidated net profit attributable to shareholders of Invalda LT, AB totalled to EUR 4.0 million (LTL 13.9 million, total consolidated net profit amounted to EUR 4.0 million (LTL 13.8 million).
- On 10 April 2015 Invalda LT, AB gave notice to INVL Technology AB regarding intentions to announce voluntary tender offer to buy 414,034 ordinary registered shares of INVL Technology, AB, which constitute 6.77 per cent of INVL Technology, AB capital. Preliminary voluntary tender offer price amounts to EUR 1.61 per share.

- On 15 April 2015 Invalda LT, AB announced that the company continues negotiations with Siauliu bankas, AB regarding Bank Finasta.

- On 30 April 2015 Invalda LT, AB submitted announcement to Bank of Lithuania, NASDAQ Vilnius and public joint-stock company INVL Technology about the intention to submit a voluntary tender offer for INVL Technology, AB shares.

- On 30 April 2015 Invalda LT, AB announced the annual information of Invalda LT, AB for the year 2014 comprising consolidated and Company's financial statements, consolidated annual report and the confirmation of responsible persons.

- On 30 April 2015 the General Shareholders Meeting of Invalda LT, AB was held. The Shareholders of Invalda LT were presented with the consolidated annual report of Invalda LT for 2014, the independent auditor's report on the financial statements of Invalda LT and audit's committee report for 2014. The Shareholders approved the consolidated and companies financial statements for 2014 and the New Wording of the public joint-stock company Invalda LT Articles of Association. The General Shareholders Meeting made a decisions to change the corporate name of the public joint stock company Invalda LT from the public joint stock company Invalda LT to the public joint stock company Invalda INVL, to change the par value of one Invalda LT share from LTL 1 to EUR 0.29 cents, accordingly changing the share capital from LTL 11,865,993 to EUR 3,441,137.97. The Shareholders has formed the reserve for the purchase of own shares which is equal to EUR 11.1 million and made a decision to use it for the purchase of own shares and to purchase shares in Invalda LT. The announcement of General Shareholders Meeting was published on 8 April 2015.

- On 11 May 2015 Invalda LT, AB announced that the company changed corporate name from the public joint stock company Invalda LT to the public joint stock company Invalda INVL.

- On 12 May 2015 Invalda INVL, AB signed the agreements regarding the sale of bank Finasta and brokerage company Finasta shares to Šiaulių bankas. To close the deal Šiaulių bankas will issue new shares, which will be acquired by Invalda INVL. Conditions necessary to close the transaction are: Siauliu shareholders' decision regarding the new share issue, Bank of Lithuania and Competion council permits. It is planned that the deal will be closed in the third quarter of 2015.

- On 19 May 2015 Invalda INVL announced that on 18 May 2015 the Supervision Service of the Bank of Lithuania approved the circular of the voluntary tender offer by the group of shareholders, represented by Invalda INVL, AB by the agreement signed on 28 April 2015, to buy up remaining ordinary registered shares of INVL Technology, AB, not owned by the Offerors

- 26 May 2015 Invalda INVL announced that the company is merging the activities of its asset management businesses. On 25 May 2015 the Bank of Lithuania authorised a permission to reorganise the specialised pension fund managing company MP Pension Funds Baltic and transfer the pension funds management business to INVL Asset Management. Invalda's INVL owned asset management companies, MP Pension Funds Baltic and INVL Asset Management as well as INVL fondai will be merged. The joint company will operate under the name of INVL Asset Management.

- On 29 May 2015 Invalda INVL, AB announced an unaudited results of Invalda INVL, AB group for the 3 months of 2015. Consolidated net profit attributable to shareholders of Invalda INVL, AB amounted to EUR 1.225 million and consolidated net profit totalled to EUR 1.225 million. The net profit of Invalda INVL, AB for the 3 months of 2015 amounted to EUR 0.859 million, in the same period of 2014 it was EUR 0.287 million.

- On 8 June 2015 During the official tender offer to buy up shares in INVL Technology, AB which lasted from 22 May 2015 till 4 June 2015 Invalda INVL, AB acquired 47 shares in INVL Technology, AB with par value of EUR 1.61, for the total amount of EUR 75.67 (without brokerage fee). After completion of tender offer Invalda INVL, AB owns 504,509 INVL Technology, AB shares, which amount to 8.25 percent of INVL Technology, AB capital and votes.

- On 11 June 2015 the Board of the public joint stock company Invalda INVL, taking into account Invalda INVL, AB has formed the reserve for the purchase of own shares which is equal to EUR 11.1 million and considering the Resolution of the General Shareholders meeting held on 30 April 2015, initiated purchase of own ordinary registered EUR 0.29 (twenty nine euro cents) nominal value shares. The acquisition implemented through the market of official offer of NASDAQ OMX Vilnius stock exchange.

- On 22 June 2015 Invalda INVL, AB finished purchase of the share buy-back procedure. The company purchased EUR 1.2% of own shares for the total amount of EUR 548.7 thousand without brokerage fees. Invalda INVL, AB could purchase up to 262,000 shares. During the share purchase procedure 143,645 units of shares were tendered. Every shareholder sold 100 % of offered shares for the price of EUR 3.82 per share.

- On 22 June 2015 Šiaulių bankas announced that shareholders of the company approved the new issue of 23.35 million shares and offered the right to acquire new shares to the public joint-stock company Invalda INVL. The price of EUR 0.29 per share was set.

- On 25 June 2015 Invalda INVL, AB settled for treasury shares and purchased 143,645 units of shares (1.2 % of share capital) for the amount of EUR 548.7 thousand (without brokerage fee), during the share buy-back procedure, which took place from 12 June till 22 June 2015. The company paid EUR 3.82 for one share. Authorized capital of the company is EUR 3,441,137.97 and it is divided into 11,865,993 ordinary registered shares with nominal value EUR 0.29 each. Given the fact that the treasury shares do not grant voting rights, the total amount of voting rights in Invalda INVL, AB (ISIN LT0000102279) equals to 11,722,348 units.

- On 9 July 2015 Invalda INVL, AB acquired INVL Technology, AB shares for EUR 2.3 million and will hold 15.7 percent of stake. During public offering of the shares Invalda INVL, AB invested EUR 1.4 million and additional EUR 0.9 million worth of shares was acquired from INVL Technology managers and founders. In all deals price per share amounted to EUR 1.65.

- On 20 July 2015 Invalda INVL, AB announced that on 17 July 2015 the company completed the deal and transferred owned shares in Bank Finasta and financial brokerage company Finasta to Šiaulių Bankas. Šiaulių Bankas issued a new share emission in order to complete settlement of the deal for the amount of EUR 6.19 million. Invalda INVL, AB subscribed for 21.35 million of new issued shares in Šiaulių Bankas for a price EUR 0.29 per share. Šiaulių

Bankas still needs to receive a permit from Bank of Lithuania to increase share capital. After completion of the share capital increase, Invalda INVL, AB received 6.79 percent of shares in Šiaulių Bankas listed in NASDAQ Vilnius stock exchange. In the deal 100 percent of shares in Bank Finasta and FBC Finasta are valued EUR 6.19 million. Invalda INVL in the second quarter of 2015 will book EUR 1.12 million in profits from Finasta shares revaluation.

- On 31 August 2015 unaudited results of Invalda INVL, AB group for the 6 months were announced: consolidated net profit attributable to shareholders of Invalda INVL, AB amounted to EUR 4.1 million, in the same period of 2014 it was EUR 5.4 million; consolidated equity capital at the end of first half 2015 amounted to EUR 48.1 million, or EUR 4.10 per share; consolidated net profit totalled to EUR 4.1 million, in the same period of 2014 it was EUR 5.4 million; the net profit of Invalda INVL, AB for the 6 months of 2015 amounted to EUR 4.1 million, in the same period of 2014 it was EUR 21.9 million. Equity capital of Invalda INVL, AB at the end of first half 2015 amounted to EUR 47.8 million, or EUR 4.08 per share.

- On 15 September 2015 it was announced that Invalda INVL acquired shares in Siauliu bankas. On 14 September 2015 Invalda INVL acquired new issue of Siauliu bankas shares for the amount of EUR 6.19 million and will own 6.79 percent of share capital in Siauliu Bankas. The deal was completed after permit to increase share capital from the Bank of Lithuania was received and after amendments of the Articles of Association was registered at the Register of Legal Entities. The new issue of Siauliu bankas shares were settled for the aquisition of the shares of the bank Finasta and brokerage company Finasta from Invalda INVL.

- On 6 October 2015 it was announced about the convocation of the Shareholders Meeting of Invalda INVL on on 28 October 2015 and draft resolutions. The agenda of the General Shareholders Meeting of the public joint stock company Invalda INVL included: regarding election of auditor to carry out of the audit of the annual financial statements and setting conditions of payment for audit services; regarding the registered office address of the public joint stock company Invalda INVL.

- On 28 October 2015 the General Shareholders Meeting's of Invalda INVL, AB resolutions were announced: (1) to conclude an agreement with UAB PricewaterhouseCoopers to carry out of the audit of the annual financial statements of the public joint stock company Invalda INVL for 2015, 2016 and 2017 financial years and establish the payment in amount of EUR 11,000 for audit of annual financial statements of audit of each calendar year; (2) to change the registered office address of the public joint stock company Invalda INVL and to register the office at municipality of Vilnius, Vilnius city, Gyneju str. 14.

- On 5 November 2015, the Registry of Legal Entities registered the new office address of the public joint-stock company Invalda INVL, an asset management company. The new registered address of the company is Gyneju St. 14, Vilnius.

- 16 November 2015 Invalda INVL, AB gave notice to INVL Baltic Real Estate, AB regarding intentions to announce voluntary tender offer to buy 3,509,076 ordinary registered shares of INVL Baltic Real Estate, AB, which constitute 8.1 per cent of INVL Baltic Real Estate, AB capital. Preliminary voluntary tender offer price amounts to EUR 0.35 per share. Tender offer is announced seeking to ensure rights of these shareholders, who voted against or abstained from voting on INVL Baltic Real Estate, AB application for closed-end investment company license during the shareholders meeting of INVL Baltic Real Estate held on 28 October 2015.

- On 17 November 2015 is was announced that Invalda INVL voluntary tender offer for INVL Baltic Real Estate shares was approved on 16 November, 2015 by the Supervision Service of the Bank of Lithuania. The Bank approved the circular of the voluntary takeover bid, according to which the offerors, represented by "Invalda INVL", AB under the agreement signed on 5 November, 2015, to buy up remaining ordinary registered shares of "INVL Baltic Real Estate", AB, which are not owned by the offerors – 3,509,076 ordinary registered shares, 0.29 euro par value each, amounting to 8.12 per cent of "INVL Baltic Real Estate", AB issued shares and granting 8.12 per cent of the voting rights. Takeover bid will be deemed valid regardless of whether none ordinary registered share of "INVL Baltic Real Estate", AB with a nominal value of 0,29 euro, under the following ISIN code LT0000127151 will be submitted for bought-up. The takeover bid starts during the fourth business day following the supervisory authority's decision to approve the circular - on 20 November, 2015. The takeover bid implementation period - 14 days (from 20 November, 2015 till 3 December, 2015 (inclusive)). The price of non-competitive voluntary takeover bid is 0.35 euro for 1 (one) ordinary registered "INVL Baltic Real Estate", AB share with nominal value 0.29 euro per each, for shares will be payed in cash. The takeover bid will be implemented on Takeover bid market of NASDAQ Vilnius, AB through the intermediary bank Finasta, AB. The right to sell their shares during the takeover bid have "INVL Baltic Real Estate", AB shareholders, who at the General Shareholders Meeting held on 28 October 2015, did not vote or voted "against" the decision to reorganize the activity of "INVL Baltic Real Estate", AB to the closed-end investment company under the Law of the Republic of Lithuania on Collective Investment Undertakings. After reorganization of the activity of "INVL Baltic Real Estate", AB to the closed-end investment company under the Law of the Republic of Lithuanian on Collective Investment Undertakings, shareholders of "INVL Baltic Real Estate", AB will become participants of the closed-end investment company under the Law of the Republic of Lithuanian on Collective Investment Undertakings without an individual expression of will.

- On 30 November 2015 unaudited results of Invalda INVL, AB group for the 9 months were announced. Unaudited results of Invalda INVL, AB group for the 9 months of 2015: consolidated net profit attributable to shareholders of Invalda INVL, AB amounted to EUR 5.1 million, in the same period of 2014 it was EUR 6.2 million; consolidated equity capital for the 9 months of 2015 amounted to EUR 49.1 million, in the same period of 2014 it was EUR 46.6 million; consolidated net profit totalled to EUR 5.1 million, in the same period of 2014 it was EUR 6.1 million. The net profit of Invalda INVL, AB for the 9 months of 2015 amounted to EUR 5.1 million, in the same period of 2014 it was EUR 22.6 million. Equity capital of Invalda INVL, AB for the 9 months of 2015 amounted to EUR 49.1 million, in the same period of 2014 it was EUR 46.6 million.

- On 3 December 2015 Invalda INVL AB announces that during the tender offer to buy up shares in INVL Baltic Real Estate AB, 11,608 ordinary registered shares were offered for which Invalda INVL AB will pay EUR 4,063 (not including brokerage fees). The settlement date for the offered shares is 7 December 2015. After completion of the tender offer, Invalda INVL AB will own 5,509,016 INVL Baltic Real Estate AB shares, which comprise 12,74 per cent of INVL Baltic Real Estate AB's share capital and votes. In total Invalda INVL AB offered to pay EUR 0.35 per share to buy up 3,509,076 ordinary registered shares of INVL Baltic Real Estate AB with par value of EUR 0.29 and the ISIN code LT0000127151, which account for 8.12 per cent of all the issued shares of INVL During the official tender offer to buy up shares in INVL Baltic Real Estate, AB which lasted from 20 November 2015 till 3 December 2015 Invalda INVL, AB acquired 11,608 shares in INVL Baltic Real Estate, AB with par value of EUR 0.29, for the total amount of EUR 4,063 (without brokerage fee).

- On 7 December 2015 it was announced that after completion of tender offer Invalda INVL owns 5,509,016 INVL Baltic Real Estate, AB shares, which amount to 12.74 per cent of INVL Baltic Real Estate, AB's capital and votes.Baltic Real Estate AB and grant the same amount of voting rights.

- On 23 December 2015 Invalda INVL, AB announced that it plans to publish information for the 2016 according to the investors' calendar: 8 March 2016 - preliminary operating results and factsheet for 12 months of 2015; 31 May 2016 - preliminary operating results and factsheet for 3 months of 2016; 31 August 2016 - Interim information for 6 months of 2016; 30 November 2016 - preliminary operating results and factsheet for 9 months of 2016.

- On 23 December 2015 the information regarding the announcement of interim financial information was announced. Amended Securities Act in force since 4 December 2015 foresees that issuers can decide whether to prepare interim financial information (3, 9 and 12 months financial statements) or not. Public joint-stock company Invalda INVL announces that instead of interim financial statements the company will publish preliminary operating results and factsheet. This will lower the administrative burden for the company while at the same time providing investors with the information on more regular basis than it is foreseen in the aforementioned Securities Act. Interim information will not be published since the enforcement of the Amended Securities Act.

The asset management business

In 2014 acquired MP Pension Funds Baltic, UAB and Finasta Asset Management, UAB in 2015 were merged into the company INVL Asset Management, UAB which likely has the biggest team of investment specialists in the country. Name of the latvian Finasta Asset Management, IPAS also was changed to INVL Asset Management, IPAS in order to represent dependency to Invalda INVL group.

As shown in the tables bellow, during the reporting period asset management companies increased both number of clients and assets under management, however because of reorganizational expenses final net result was loss.

On June 2015 farmland administration company INVL Farmland Management, UAB signed an aggreement with INVL Baltic Farmland, AB under which INVL Farmland Management, UAB administrates and manages farmland owned by INVL Baltic Farmland, AB.

INVL Asset Management

INVL Farmland Management

INVL FMĮ INVL Finasta

Table 14.2.1. Results of the asset management

EUR million (if not stated otherwise)	2014		2015	
	Lithuania	Latvia	Lithuania	Latvia
Number of clients, units	**113.7**	**48.0**	**118.2**	**48.5**
Asset under management	**230.2***	**45.1**	**265.2***	**63.0**
2nd pillar pension funds	155.2	40.5	179.0	45.7
3rd pillar pension funds	8.3	1.2	10.6	1.2
Investment funds	38.4	2.2	32.5	14.8
Portfolios	28.3	1.2	33.6	1.3
Alternative assets	-	-	9.5	-
Revenues	**2.4**	**0.6**	**2.9**	**0.7**
Profit before tax (EUR thousand)	**(10)**	**150**	**(709)**	**30**

*eliminated investments into own products, for which management fee is not charged

Table 14.2.2. Number of employees

Number of employees	2014	2015
-	**58**	**58**

Other investments

Agriculture

During the reporting period in the agricultural sector Invalda INVL, AB owned 36.9 percent (until 28 May 2014 – 20.1 percent) of Litagra, UAB shares through the wholy-owned company Cedus Invest, UAB. Litagra, UAB is one of the largest groups of agriculture companies in the Baltic states.

Litagra, UAB shares owned by Invalda INVL were valued at EUR 14.9 million ar the end of 2015 – roughly as same as at the end of 2014.

In 2015 were actively working on strategy and management of Litagra group. In 2015 reorganization of the group started, in order to simplify structure by reducing number of group companies.

On a farming segment record crop yields and milk yield were achieved, which are above Lithuanian average. However milk price is below long-term historical average and this negatively affects operating results.

On a feed and flour production segment manufacturing were moved to Joniškis, this should reduce costs. Flour production was terminated becouse it was not profitable.

In 2015 Litagros prekyba, UAB increased amount of bougt and exported grains. Company assured storage capabilities in port of Klaipėda, which will help to increase export for following years. Also investments into elevator infrastructure were made, which will help to increase its penetrability and efficiency when grains are received.

Table 14.2.3. Results of Litagra, UAB group

EUR million	2013	2014	2015
Sales	131.3	134.2	131.4
EBITDA	8.1	5.1	6.5
Net profit	3.8	0.8	2.4

More information on the services and activity of the Litagra, UAB is provided on http://www.litagragroup.lt

Banking

On 1 December 2014 Invalda INVL acquired 78.28 percent of stake in bank Finasta. The owned stake was increased up to 99.99 percent in January 2015.

Taking into account that clasical banking activity requires scale, was dicided to sell bank Finasta and brokerage company Finasta to Šiaulių Bankas, AB. Acquired assets by Šiaulių Bankas, AB were settled with a new share issue to Invalda INVL, AB for subscription. For total amount of EUR 6.19 million Invalda INVL, AB acquired 6.79 percent stake in Šiaulių Bankas, AB. From this transaction and because of increase in value of Šiaulių Bankas, AB shares, Invalda INVL recorded profit of EUR 2 million.

Šiaulių Bankas, AB shares are listed on NASDAQ Vilnius stock exchange.

Facility management

Invalda INVL, AB owns facility management companies – Inservis, Priemiestis, Jurita.

The companies provide facility management. engineering systems oversight. audit and incidents management. indoor air quality testing. multi-apartment house management, installation, repair, cleaning and other services.

In 2015 Inservis group had the best year in the group's history, an improvement in operating results was caused by increase in the number of clients in commercial real estate sector.

In order to focus on core operations shares of Naujosios Vilnios turgavietė, UAB were sold for EUR 290 thousand. Also in order to simplify structure of the group Advima, UAB was merged with Inservis, UAB.

At the end of 2015 Invalda INVL owned investments into facility management companies were valuated at EUR 4.6 million, this is 42 percent more as in was at the end of 2014. During reporting period dividend of EUR 0.5 million were paid to Invalda INVL group. Profit for the reporting period because of change in fair value was EUR 1.4 million.

Table 14.2.6. Results of the facility management

EUR million	2013	2014	2015
Sales	4.5	5.9	7.6
EBITDA	0.3	0.7	0.8
Net profit	0.1	0.5	0.6

Table 14.2.7. Number of employees

Number of employees	2013	2014	2015
-	239	307	299

15. Issuer's and its group companies' performance results

Table 15.1. Main items of financial statements, thousand EUR

	Company's			Group's		
	2013	2014	2015	2013	2014	2015
Non current assets	31,752	37,197	46,683	85,327	35,565	**44,467**
Current assets	18,806	8,605	2,648	20,659	10,219	**5,099**
Equity	46,334	44,542	48,473	63,481	44,485	**48,123**
Equity attributable to equity holders of the parent Company	46,334	44,542	48,473	63,377	44,485	**48,123**
Minority interest	-	-	-	104	-	**-**
Non-current liabilities	-	-	-	21,414	-	**76**
Current liabilities	4,224	1,260	858	21,091	1,299	**1,367**
Result before taxes	23,946	22,346	4,746	6,737	2,928	**4,430**
Net result	23,456	20,948	4,481	31,433	4,010	**4,188**
Net result attributable to holders of the parent Company	**-**	**-**	**-**	**31,069**	**4,027**	**4,188**

Table 15.2. Calculation of the net asset value of Invalda INVL, AB

EUR thousand	Evaluation criteria	2014	2015
Investment into asset management	Acquisition cost price	5,789	**6,955**
Cash and cash equivalents	Book value	3,292	**1,238**
Deferred income tax asset	Book value	402	**137**
Investments into INVL Baltic Real Estate, AB	Market price	1,628	**1,985**
Investments into INVL Technology, AB	Market price	743	**3,831**
Other listed shares	Market price	1,143	**512**
Investments into Litagra, UAB (including loans granted)	Comparative method of multipliers	14,909	**14,897**
Investments into bank Finasta and FBC Finasta	Transaction value	4,284	**-**
Investments into Šiauliai Bank	Market price	-	**6,363**
Investments into Inservis, UAB (including loans granted)	Comparative method of multipliers	3,952	**4,828**
Investments into other subsidiary companies (including loans granted)	Fair value of net assets	1,434	**1,121**
Loans to group companies of INVL Baltic Real Estate, AB	Book value	5,212	**6,862**
Loans to group companies and shareholders of INVL Technology, AB	Book value	2,037	**-**
Other loans, other assets	Book value	977	**602**
Total assets	Book value	**45,802**	**49,331**
Liabilities	Book value	**1,260**	**858**
Net asset value	**Book value**	**44,542**	**48,473**

Table 15.3. Financial ratios

	Company's			Group's		
	2013	**2014**	**2015**	**2013**	**2014**	2015
Return on Equity (ROE), %	31.12	45.11	9.64	35.07	7.47	**9.04**
Debt ratio	0.08	0.03	0.02	0.40	0.03	**0.03**
Debt – Equity ratio	0.09	0.03	0.02	0.67	0.03	**0.03**
Liquidity ratio	4.45	6.83	3.09	0.98	7.87	**3.73**
Earning per share (EPS), litas	0.68	1.33	0.38	0.90	0.26	**0.36**
Price Earning ratio (P/E)	**5.06**	**2.33**	**8.95**	**3.82**	**11.88**	**9.57**

Invalda INVL, AB is an asset management and investment company. The significant impact for the profit of the company has investments recalculation by the true value as well as acquisition and selling deals, therefore not all company performance indicators are suitable for the evaluation of Invalda INVL, AB. Furthermore, investments into main asset management business are recorded at acquisition price in financial reports which may be different from the market price. That is why some ratios can show not real situation of the company.

16. Issuer's and its group companies' non – financial results. Information related to social responsibility. environment and employees

16.1. Information related to social responsibility of the Issuer and its group companies.

Social issues are important for Invalda INVL. Relations with all stake holders are based on principles of respect for an individual, society and nature. Principles accepted and applied by Invalda INVL, AB:

- Human rights
  - Support and respect the aims of protection of human rights in the area of its influence.
  - Ensure that the Company does not commit any infringements of human rights.
- Employee rights
  - Recognise the freedom of association of employees and their rights to hold efficient negotiations.
  - Elimination of compulsory or forced work in any form.
  - Elimination of any discrimination related to employment or profession.
- Protection of environment
  - Approval and support to initiatives for the enhancement of environmental responsibility.
  - Promotion of development and proliferation of environmentally friendly technologies.
  - Combating corruption
  - Combating any forms of corruption (including tampering and bribery).

Responsible business actions in the company

Ethical business practice

The company has prepared and approved its Code of Ethics to ensure that all employees are well aware of the principles of activities that they are expected to adhere to.

The fundamental basis of ethical norms is the compliance with legal acts and all employees without any exception respect laws and strictly adhere to them. Employees shall avoid situations that may potentially raise any doubts concerning their abilities to act for the benefit of the company. or could lead to conflicts of interests. Also employees of the company undertake not to disclose any confidential information and shall refrain from insider trading in securities in their own name. or on behalf of their members of family or other related persons.

Information and transparency

The company shall make public all information about the objectives of the company and its activities. financial results. members of its bodies of management and shareholders. related party transactions. the management structure of the company. etc. To ensure that information reaches as many users as possible. and provide timely access to such information. all this information is uploaded on the website of the company. Such information is simultaneously disclosed to all persons. The company discloses the information that may potentially affect the price of securities issued thereby in its commentaries. interview or other ways only after such information is publicly announced through the information system of the stock exchange.

Promotion of social initiative

Seeking to implement social initiative promotion programmes in 2007 Invalda INVL established a public enterprise Iniciatyvos Fondas.

The activities of Iniciatyvos Fondas involve the organisation of different programmes designed to enhance knowledge and awareness. The priorities defined for the activities of the foundation may differ from year to year while maintaining its key principle, rather than supporting individual projects, initiate and implement larger-scale integrated projects designed to encourage individual target groups to take independent initiatives and actively contribute to the growth of the Lithuanian economy and the development of a responsible and sustainable society.

During 2007 – 2014 Iniciatyvos Fondas organised and implemented the following programs:

- designed to encourage its participants to independently address different social and environmental problems in specific locations;
- designed to promote the feeling of responsibility among young people (schoolchildren) and city communities, teach them to take care of nature and protect environment;
- collecting books from people and donating these book to various libraries;
- designed to promote physical activity of young people (a collective exercise “I’ll grow active 2011” has been recognised as Lithuanian record).
- to encourage young people to read and desire to excel.

In 2015 Iniciatyvos fondas has organized a national competition for educators "New idea", during which the country's teachers, kindergarten teachers and other educators could acquire modern educational literature. The aim of the competition - to expand the country's teachers opportunities to apply new and innovative, globally recognized training programs. Competition "New Idea" has recieved even 345 applications from nearly a hundred cities and towns for more then a thousand kinds of publications - from necessary books for the daily educational activities to specialized learning materials. The fund satisfied most of the applications and bought books for the country's educators for over 11 thousand euros.

Ensuring the enforcement of key labour principles and employee social wellbeing

Invalda INVL seeks to operate as a company in which the rights. needs and contribution to the operations of the company of each employee are properly respected. In recruiting its employees the company ensures that no employee is discriminated on the basis of his gender. sexual orientation. race. nationality. language. origin. citizenship or social status. marital or family status. age. beliefs or views. membership in political parties and public organisations.

The working hours and standards of recreation. conditions for the compensation for work. and privileges. safety and health at work norms fully comply with the requirements stipulated in all relevant legislation.

Impartial treatment of shareholders and shareholder rights

All shareholders of the company have equal rights to be informed of and participate in passing important decisions related to the activities of the company. The procedure for convening and organising general meetings of shareholders fully comply with the relevant provisions of legal acts and ensures equal rights and possibilities for all shareholders to participate in meetings. having familiarised themselves in advance with draft resolutions on the agenda of the meeting and other information necessary for passing decisions. and are entitled to pose questions to Members of the Board of Invalda INVL, AB.

16.2. Employees

Invalda INVL, AB strives to be a company where the rights. needs. and contribution to the company’s activities of each employee are appreciated. Employees are one of the company’s values; therefore a lot of attention is paid to the people working in the company. their qualification and motivation. In building up our team, our target qualities are their creativity,. Professionalism, positive thinking, a desire to work hard and efficiently, and to strive for a continuous professional improvement. The collective agreement is not signed in the company. Remuneration Committee is not formed in the company. All employment agreements with the employees of the company are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code. There are no special employees’ rights and duties described in the employment agreements. Employee’s remuneration payment is set once a year considering performance evaluation and achieved results of the employee (annual goals for the employees are set in the beginning of the year. achievement of goals are important when considering the results of the employee).

Average number of employees in 2015 was 11 (in 2014 it was 12). All company's employees have higher university education.

Table 16.2.1. Number of employees and average monthly salary

	Measuring units	2013	2014	2015
Total amount of employees as of the end of the period	person	10	13	10
- managers	person	4	4	4
- specialists	person	6	9	6
Average monthly salary (calculated for)	litas	3,562	2,911	2,786
- managers	litas	6,519	5,186	4,525
- specialists	litas	1,814	1,782	1,662

Number of employees in Invalda INVL Group was 450 on 31 December 2015 (542 on 31 December 2014). The decrease of number is due to the sale of Bank Finasta.

16.3. Information about agreements of the Company and the members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

There are no agreements of the company and the Members of the Board. or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the company.

16.4. Environment matters

Invalda INVL, AB group pays attention towards environmental matters. Invalda INVL, AB group managed companies Inservis, UAB. Priemiestis, UAB signed a Green Protocol[3] agreement. This agreement expresses the willingness of the companies to start using electricity in a more rational way.

Managers of Litagra Group founded public enterprise Gamtosaugos Projektu Vystymo Fondas which helps to solve environmental problems. The purpose of the organization is to take care of conservation of biological diversity and environment in Lithuania, spread the ideas of environment protection and conservation in the society. These programs are implemented by the funds: Conservation of Sea Eagles in Lithuania (since 2003). Encouragement of responsible consumption when choosing household chemicals (2010-2011). Green Life (2010-2012) and Protection of Lesser Spotted Eagle in Lithuania (2010-2015).

17. Risk management

17.1. A description of the principal risks and uncertainties

Business risks

Activities of Invalda INVL, AB are influenced by overall economic situation of countries of activity.

Invada INVL, AB also depends on its main managers – their loss could have a negative effect on activities of the company and some of business opportunities could be lost.

The main activity of Invalda INVL – asset management business. Significant part of companie's assets consists of II pillar assets in Lithuania and Latvia, wherefore the change in legal acts in the pension system coul have a negative affect in this business area.

Our returns may be substantially lower than the average returns historically realized by the private equity industry as a whole because historical results do not show the future performance.

Economic recessions or downturns could impair our portfolio companies and harm our operating results. The equity interests we invest in may not appreciate in value and, in fact, may decline in value.

Our ability to use our capital loss carry forwards may be subject to limitations. Changes in the law or regulations that govern us could have a material impact on our business. Change in taxes and change in regulation of sectors. which are

[3] Green Protocol is an initiative created by electricity distribution network operator in Lithuania (LESTO). Any kind of organizations that signs this agreement, confirms that they agree with LESTO ideas how to save electricity and to reduce CO2 which creates greenhouse effect. Companies motivate their employees, colleagues and relatives to promote the idea to create electricity saving society.

dependent on governmental funding or are regulated by the government, could have negative consequences on our business.

Company‘s and group‘s results may fluctuate and may not be indicative of future performance.

The trading price of our stock may fluctuate substantially. The price of the stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control.

We are subject to market discount risk. Shares of Invalda INVL, AB can be traded below NAV.

We have not approved dividend payment policy and established a minimum dividend payment level; therefore we cannot assure you of our ability to make distributions to our shareholders in the future.

Changes in interest rates may affect our cost of capital and net operating income and our ability to obtain additional financing.

Credit risk - a risk that purchases of products and services of group companies will not fulfill their obligations and this would make negative effect on profit. Failure to fulfill major part of liabilities in time would effect the usual activity of Issuer. would result into research of additional sources of financial support. which may not always be possible. The Issuer also bears the risk of funds holding in bank accounts as well as investing into short-term financial instruments.

Currency risk - the major part of companies of Invalda INVL, AB experience a risk in selling goods and purchasing services that due to negatie foreign currency exchange rate they may suffer a loss or not to receive planned profit. The management of the company assumes that the main currency risk associates with changes in U.S. dollar.

Investment risk

Our investments may be illiquid; there is a risk that we may not exit out investment when it is planned. We may exit our investments when the portfolio company has a liquidity event, such as a sale, recapitalisation or listing in the stock exchange.

Our investments in small and middle-market privately-held companies are extremely risky and in the worst case the company could lose its entire investment.

When we are a minority equity investor in a portfolio company. we may not be in a position to control the entity. and management of the company may make decisions that could decrease the value of our portfolio holdings.

17.2. Information about the extent of risk and its management in the Company

Information on the extent of risks and management of them is disclosed in the section 26 of explanatory notes of consolidated and company’s financial statements in 2015.

17.3. The main indications about internal control and risk management systems related to the preparation of consolidated financial statements

The Audit Committee supervises preparation of the consolidated financial statements. systems of internal control and financial risk management and how the company follows legal acts that regulate preparation of consolidated financial statements.

Chief financial officer of the company is responsible for the preparation supervision and the final revision of the consolidated financial statements. Moreover. he constantly reviews International Financial Reporting Standards (IFRS) in order to implement in time IFRS changes. analyses company’s and group’s significant deals. ensures collecting information from the group’s companies and timely and fair preparation of this information for the financial statements. CFO of the company periodically informs the Board about the preparation process of financial statements.

18. Information about activities of the Issuer and companies comprising the Issuer’s group in the field of Research and Development

Companies of Invalda INVL, AB group did not deliver major researches and expansion projects.

19. Significant events since the end of the last financial year of the Issuer and its group

- On 7 March 2016 Invalda INVL AB informs having subscribed for the New Shares (15,546,663 shares for EUR 0.40 per share) of INVL Baltic Real Estate AB have paid thereof by offsetting against the opposite homogeneous demands against the Company, arising from the loan agreements (for the amount of EUR 6,218,665.20). After the registration of newly issued shares Invalda INVL AB will own 32.1 percent of share capital in INVL Baltic Real Estate AB.

- On 8 May 2016 unaudited results of Invalda INVL, AB group for the 12 months of 2015 were announced consolidated net profit attributable to shareholders of Invalda INVL, AB totalled to EUR 4.471 million, in the same period of 2014 it was EUR 4.027 million. Consolidated net profit totalled to EUR 4.471 million, in the same period of 2014 it was EUR 4.010 million. The net profit of Invalda INVL, AB for the 12 months of 2015 amounted to EUR 4.767 million, in the same period of 2014 it was EUR 20.498 million.
- On 17 March 2016 it was announced that UAB Imoniu grupe Inservis, part of Invalda INVL, has acquired 36.5% of the shares of Informacinio Verslo Paslaugu Imone (IVPI). The transaction was completed on 16 March of this year. Informacinio Verslo Paslaugu Imone administers payments by Lithuanian residents for public utilities as a service to companies and institutions. A controlling stake in IVPI is held by Statistics Lithuania. According to preliminary figures, the company last year had revenue of EUR 615 thousand and earned a net profit of EUR 100 thousand.

20. Information on harmful transactions in which the issuer is a party

There were no harmful transactions (those that are not in line with issuer‘s goals, not under usual market terms. harmful to the shareholders‘ or stakeholders‘ interests. etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer‘s activities or business results. There were also no transactions where a conflict of interest was present between issuer‘s management‘s. controlling shareholders‘ or other related parties‘ obligations to the issuer and their private interests.

21. Information on the related parties’ transactions

During the reporting period, the largest share of the company and a group of transactions with related parties accounted for loans, computer services, rent and utility costs of purchases and land administration services (only group). The most significant of these is the loan agreements for financing AB INVL Baltic Real Estate, AB and INVL Technology, AB activities (the companies that left the group at the time of separation). In July 2015 the company from a shareholder has received 1,300 thousand euro loan and returned it the same month. The detailed information on the related parties’ transactions has been disclosed in the section 28 of the consolidated and Company’s financial statements for 2015 explanatory notes.

22. Information about significant agreements to which the issuer is a party. which would come into force. be amended or cease to be valid if there was a change in issuer‘s controlling shareholder

There are no significant agreements of the company which would come into force, be amended or cease to be valid if there was a change in issuer‘s controlling shareholder.

23. Significant investments made during the reporting period

The largest Invalda INVL investment was the acquisition of 6.79 percent of shares of listed on the NASDAQ Vilnius Siauliai Bank for the of 6.19 million Euro. That was the way Siauliai Bank accounted for Invalda INVL for the sold shares of Finasta bank and brokerage company Finasta. The transaction was completed in July 2015.

On 9 July 2015 Invalda INVL announced that it has invested 2.3 million euros into company’s INVL Technology, AB shares and will control 15.7 percent of it. During initial public offering Invalda INVL acquired INVL Technology shares for 1.4 million euros and another part of shares for 0.9 million Euro was purchased from the company's directors and founders. It was paid 1.65 euro per share during all transactions.

24. Estimation of Issuer’s and Group’s activity last year and activity plans and forecasts

24.1. Evaluation of implementation of goals for 2015

In 2015 Invalda INVL has successfully reorganized the asset management business, laying the foundations for further growth in this sector.

24.2. Activity plans and forecasts

Being one of the leading private equity, real estate, investment and pension fund management group in the region, in 2016 Invalda INVL plans to continue to strengthen and develop asset management business. The main priority remains the successful management of entrusted assets seeking to increase it’s value and return to investors. It is expected that in 2016 the number of managed entities will grow and operations in new asset management segments will start as well as the overall size of assets under management will increase significantly.

V. Other Information

25. References to and additional explanations of the data presented in the financial statements and consolidated financial statements

All data is presented in consolidated and company's financial statements explanatory notes.

26. Information on audit company

The company have not approved criteria for selection of the audit company. Usually the big-four audit companies are attending the competition (Deloitte, KPMG. PricewaterhouseCoopers, Ernst and Young).

PricewaterhouseCoopers, UAB provided audit services on the company's and consolidated financial statements for 2015. In the Extraordinary Shareholders' Meeting of the company held 28 October 2015 the audit company PricewaterhouseCoopers, UAB was elected to provide audit services on annual financial statements of the company for the financial years 2015, 2016 and 2017 and establish the payment in amount of EUR 11,000 for audit of annual financial statements of audit of each calendar year. In case additional services are provided under the agreement on the audit services. additional remuneration is paid to the audit company. The additional remuneration will be determined according to hourly rates of PricewaterhouseCoopers, UAB employees.

Audit company	PricewaterhouseCoopers, UAB
Address of the registered office	J. Jasinskio str. 16B, LT-03163 Vilnius. Lithuania
Enterprise code	111473315
Telephone	+370 5 239 2300
Fax	+370 5 239 2301
E-mail	vilnius@lt.pwc.com
Website	www.pwc.com/lt

The audit company does not provide any other than audit services to the company. No internal audit is performed in the company.

27. Data on the publicly disclosed information

The information publicly disclosed of Invalda INVL, AB during 2015 is presented on the company's website www.invaldalt.com

Table 27.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
06-01-2015	Invalda LT completed Finasta group acquisition in Lithuania and Latvia
23-02-2015	Unaudited results of Invalda LT, AB group for the 12 months of 2014
09-03-2015	A Letter of Intent was signed with Siauliu bankas regarding the Finasta banking business
08-04-2015	Convocation of the Shareholders Meeting of Invalda LT and draft resolutions
30-04-2015	Resolutions of the Shareholders Meeting of Invalda LT, AB
30-04-2015	Annual information of the public joint - stock company Invalda LT for 2014
30-04-2015	Announcement about the intention to submit a voluntary tender offer for INVL Technology, AB shares
15-04-2015	Invalda LT, AB continues negotiations with Siauliu bankas, AB regarding Bank Finasta, AB
10-04-2015	Regarding tender offer for INVL Technology, AB shares
08-04-2015	Audited results of Invalda LT, AB group for the period for 2014
29-05-2015	Unaudited results of Invalda INVL, AB group for the 3 months of 2015
26-05-2015	Invalda INVL is merging the activities of its asset management businesses

19-05-2015	Invalda INVL voluntary tender offer for INVL Technology shares is approved
12-05-2015	Invalda INVL will sell Finasta bank and brokerage company shares to Siauliu bankas, will acquire shares of Siauliu bankas
11-05-2015	Regarding the change of the corporate name of the public joint-stock company Invalda LT
25-06-2015	Amount of voting rights in Invalda INVL, AB
25-06-2015	Notification on transaction concluded by manager of the company
22-05-2015	Shareholders of Siauliu bankas AB approved the right to acquire the new issued shares to Invalda INVL, AB
22-06-2015	Invalda INVL, AB will buy-back 1.2 per cent shares
10-06-2015	On purchase of own shares
08-06-2015	On the settlement of the completion of the official tender offer to buy up shares in INVL Technology, AB
04-06-2015	On the completion of the official tender offer to buy up shares in INVL Technology, AB
20-07-2015	Invalda INVL completed the deal regarding sale of Bank Finasta and FBC shares to Siauliu Bankas and will acquire shares in Siauliu Bankas
09-07-2015	Invalda INVL acquired INVL Technology shares for EUR 2.3 million
31-08-3015	Unaudited results of Invalda INVL, AB group for the 6 months of 2015
15-09-2015	Invalda INVL acquired shares in Siauliu bankas
28-10-2015	Resolutions of the Shareholders Meeting of Invalda INVL, AB
06-10-2015	Convocation of the Shareholders Meeting of Invalda INVL and draft resolutions
30-11-2015	Unaudited results of Invalda INVL, AB group for the 9 months of 2015
17-11-2015	Invalda INVL voluntary tender offer for INVL Baltic Real Estate shares is approved
06-11-2015	Regarding tender offer for INVL Baltic Real Estate, AB shares
05-11-2015	Notification on the registration of the new office address of the public joint-stock company Invalda INVL
03-12-2015	On the completion of the official tender offer to buy up shares in INVL Baltic Real Estate AB
07-12-2015	On the settlement of the completion of the official tender offer to buy up shares in INVL Baltic Real Estate AB
23-12-2015	Regarding the announcement of interim financial information
23-12-2015	Invalda INVL, AB investor's calendar for the 2016

Table 27.2. Summary of the notifications on transactions in Invalda INVL, AB shares concluded by managers of the Company during 2015

Date	Person	Number of securities	Security price (EUR)	Total value of transaction (EUR)	Form of transaction	Type of transaction	Placement of transaction
25-06-2015	Lucrum Investicija, UAB	40,000	3.82	152,800	transter	share sale purchase	TS

Explanations:
XOFF – OTC trade.
TS - negotiated deal concluded on a regulated market.
AUTO – automatched deals on the stock exchange
Managers of the company and closely related persons:

- Alvydas Banys – Chairman of the Board;
- Indre Miseikyte – Member of the Board;
- Darius Sulnis – Member of the Board, the president;
- Lucrum Investicija, UAB – legal entity, related to Darius Sulnis;
- LJB Investments, UAB – legal entity, related to Alvydas Banys.

President Darius Šulnis

APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
ASSET MANAGEMENT BUSINESS			
INVL Asset Management, UAB	Code 126263073 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 21.07.2003	Pension and investment funds management. portfolio management services, real estate funds management	Telephone +370 700 55959 Fax +370 5 27906902 E-mail info@invl.lt www.invl.lt
INVL Asset Management, IPAS (Latvia)	Code 40003605043 Address Smilšu iela 7-1. Riga Legal form – private limited liability company Registration date 02.10.2002	Pension and investment funds management, portfolio management services	Telephone +371 67 092 988 E-mail LV@finasta.com www.finasta.com/lat/en
INVL Farmland Management	Code 303788352 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 26.02.2016	Administration of agricultural land	Telephone +370 611 26509 E-mail kristina@ekotra.lt
INVL Finasta, FMĮ UAB	Code 122570630 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 28.05.2015	Brokerage services	Telephone. (8 5) 203 22 33 Fax (8 5) 203 22 44 E-mail gerovesvaldymas@invl.com www.invl.com
Invalda LT Investments, UAB	Code 303252237 Address Seimyniskiu str. 1A. Vilnius Legal form – private limited liability company Registration date 27.02.2014	carries no activity	Telephone +370 5 279 0601 Fax +370 5 279 0530
INVESTMENTS INTO RELATED COMPANIES			
INVL Technology, AB	Code 300893533 Address Gynėjų str. 16, Vilnius Legal form – joint stock company Registration date 27.06.2007	Company actively manages its investments, exercising control or significant influence over the businesses in which it has invested	Telephone +370 5 219 1919 Fax +370 5 219 5900 E-mail info@invltechnology.lt www.invltechnology.lt
INVL Baltic Real Estate, AB	Code 152105644 Address Gynėjų str. 14, Vilnius Legal form – joint stock company Registration date 28.01.1997	Investments into commercial real estate. Commercial real estate for rent. It also acts as an active investment manager, controlling or significant influence over the businesses in which it has invested.	Telephone + 370 5 279 06 01 Fax + 370 5 279 05 30 E-mail breinfo@invl.com http://bre.invl.com/lit/lt

OTHER INVESTMENTS AGRICULTURE			
Litagra, UAB	Code 123496364 Address Savanoriu pr. 173. Vilnius; Legal form – private limited liability company Registration date 30.01.1996	investments into agriculture companies	Telephone +370 5 236 1600 Fax +370 5 236 1601 E-mail office@litagra.lt www.litagra.lt
Cedus Invest, UAB	Code 302576631 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	investments into agriculture companies	Telephone +370 5 263 6129 Fax +370 5 279 0530
OTHER INVESTMENTS BANKING			
Šiaulių bankas, AB	Code 112025254 Address Tilžės str.149, Šiauliai Legal form – joint stock company Registration date 04.02.1992	Commercial banking	Telephone +370 41 595 607 Faks. +370 41 430 774 E-mail info@sb.lt www.siauliubankas.lt
OTHER INVESTMENTS FACILITY MANAGEMENT			
Inservis, UAB	Code 126180446 Residence address Juozapaviciaus str. 6. Vilnius Legal form – private limited liability company Registration date 25.03.2003	facility management. engineering systems oversight and incidents management. multi-apartment house management	Telephone +370 5 273 6607 E-mail prieziura@inservis.lt www.inservis.lt
Priemiestis, UAB	Code 221487620 Address Skydo str. 30. Vilnius Legal form – private limited liability company Registration date 09.07.1992	facility management. engineering systems oversight and incidents management, multi-apartment house management	Telephone +370 5 267 0204 Fax +370 5 267 2941 E-mail info@priemiestis.lt www.priemiestis.lt
Jurita, UAB	Code 220152850 Address Justiniskiu str. 62. Vilnius Legal form – private limited liability company Registration date 28.12.1990	Facility management. engineering systems oversight and incidents management, multi-apartment house management	Telephone +370 5 248 2088 E-mail info@jurita.lt www.jurita.lt
Imoniu Grupe Inservis, UAB	Code 301673796 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 07.04.2008	investing in building maintenance companies	Telephone +370 5 263 6129 Fax +370 5 279 0530
IPP Integracijos Projektai, UAB	Code 302890482 Adress Palangos str. 4. Vilnius Legal form – private limited liability company Registration date 12.10.2012	facility management	Telephone +370 5 273 6607 E-mail prieziura@inservis.lt
Informacinio verslo paslaugų įmonė, AB (acquired in 2016)	Code 123043773 Address Gedimino pr. 31, Vilnius Legal form – joint stock company Registration date 05.04.1995	Software tools for computerized processing of economic information	Telephone +370 5 236 4808, fax +370 5 262 3623 E-mail info@ivpi.lt www.ivpi.lt

OTHER INVESTMENTS METAL AND WOOD PROCESSING			
Kelio Zenklai, UAB	Code 185274242 Address Gelezinkelio str. 28. Pilviskiai. Vilkaviskio r. Legal form – private limited liability company Registration date 06.09.1994	metal and wood processing and wholesale trade	Telephone +370 342 67 756 Fax +370 342 67 644 E-mail info@keliozenklai.lt www.keliozenklai.lt
OTHER COMPANIES SOCIAL ACTIVITIES			
Iniciatyvos Fondas, VsI	Code 300657209 Address Gynėjų str. 14. Vilnius Legal form – public institution Registration date 08.03.2007	organising of social initiative programmes	Telephone +370 5 263 6129 Fax +370 5 279 0530 E-mail info@iniciatyvosfondas.lt www.iniciatyvosfondas.lt
OTHER COMPANIES			
Aktyvo, UAB	Code 301206846 Address Gynėjų str. 14, Vilnius; Legal form – private limited liability company Registration date 31.10.2007	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Aktyvus Valdymas, UAB	Code 301673764 Address Gymėjų str. 14, Vilnius Legal form – private limited liability company Registration date 07.04.2008	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
MBGK, UAB	Code 300083611 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.01.2005	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
MGK Invest, UAB	Code 302531757 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.07.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Consult Invalda, UAB	Code 302575814 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
RPNG, UAB	Code 302575892 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Regenus, UAB	Code 302575821	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530

	Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010		
Cedus, UAB	Code 302656796 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 18.08.2011	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530

APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE

Invalda INVL, AB following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules NASDAQ Vilnius, discloses its compliance with the Governance Code, approved by NASDAQ Vilnius for the companies listed on the regulated market. and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a Company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company constantly discloses information about group's activities and objectives in notifications on material event. annual information.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board's and the President's activities are concentrated on the fulfillment of the Company's strategic objectives taking count of the shareholders' equity increase.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board is not formed. Nevertheless. the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3. 4. 5 and 6. paragraph 4. Article 34 of the Law on Companies of the Republic of Lithuania. provided that there is a decision of the Board to enter into these transactions.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees. creditors. suppliers. clients. local community). participating in or connected with the company's operation. are duly respected.	Yes	The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the Company. the effective oversight of the Company's management bodies. an appropriate balance and distribution of functions between the Company's bodies. protection of the shareholders' interests.**		

2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a General Shareholders' Meeting and the Chief Financial Officer. it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company. accountability and control on the part of the Chief Executive Officer. who. in its turn. facilitate a more efficient and transparent management process.	No	Due to its size. it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the Company is accountable to the Board.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The functions set forth in this recommendation are performed by the collegial management body – the Board.
2.3. When a company chooses to form only one collegial body. it is recommended that it should be a supervisory body. i.e. the Supervisory Board. In such a case. the Supervisory Board is responsible for the effective monitoring of the functions performed by the company's Chief Financial Officer.	No	Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the President of the Company. The Supervisory Board is not formed in the Company.
2.4. The collegial supervisory body to be elected by the General Shareholders' Meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body. i.e. the Board. Principles III and IV should apply to the Board as long as that does not contradict the essence and purpose of this body.	Yes	The provisions set forth in III and IV principles are applied on the Board's formation and activity as long as that does not contradict with the essence and purpose of this body.
2.5. Company's management and supervisory bodies should comprise such number of Board (executive directors) and Supervisory (non-executive directors) Board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 independent Board members in the Company who do not have any other mutual interests but only activity within the Board and who act seeking benefit to the Company and its shareholders.
2.6. Non-executive directors or members of the Supervisory Board should be appointed for specified terms subject to individual re-election. at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the Management Board.	No	The Supervisory Board is not formed in the Company. and there are no non–executive directors either.
2.7. Chairman of the collegial body elected by the General Shareholders' Meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a Supervisory Board but rather the Board. it is recommended that the chairman of the Board and Chief Financial Officer of the company should be a	Yes	The Chairman of the Board is not the manager of the Company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.

different person. Company's Chief Financial Officer should not be immediately nominated as the chairman of the collegial body elected by the General Shareholders' Meeting. When a company chooses to departure from these recommendations. it should furnish information on the measures it has taken to ensure impartiality of the supervision.		
Principle III: The order of the formation of a collegial body to be elected by a General Shareholders' Meeting. **The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders. accountability of this body to the shareholders and objective monitoring of the Company's operation and its management bodies.**		
3.1. The mechanism of the formation of a collegial body to be elected by a General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The Board operates impartially. objectively and represents the interests of all shareholders equally.
3.2. Names and surnames of the candidates to become members of a collegial body. information about their education. qualification. professional background. positions taken and potential conflicts of interest should be disclosed early enough before the General Shareholders' Meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence. the sample list of which is set out in Recommendation 3.7. should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should. on yearly basis. collect data provided in this item on its members and disclose this in the company's annual report.	Yes	According to the Board's procedures and regulations approved by the Board's decision of March 1. 2007 at least 10 days before the General Shareholders' Meeting. where it is planned to elect Board members (member). the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names. surnames. their membership in supervisory and management bodies of other companies. shareholding of other companies exceeding 1/20. and all other circumstances that can affect the independence of the candidate as well as the data on their education. qualifications. professional experience. other important information. The Board members obligate to inform the Chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports. Information about current members of the Board. their educational background. qualification. professional experience. participation in other companies is disclosed in Company's website.
3.3. Should a person be nominated for members of a collegial body. such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant. the collegial body should. in its annual report. disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	Information about the composition of the Board. members' education. work experience and participation in other companies is disclosed in Company's periodical reports and website.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members. the desired composition of the collegial body shall be determined with regard to the company's structure and activities. and have this periodically evaluated. The collegial body should ensure that it is composed of members who. as a whole. have the required diversity of knowledge.	Yes	The composition of the Board is regularly assessed with consideration to the nature of Company's activity and structure. The Audit Committee members have the required experience. The Remuneration Committee is formed.

judgment and experience to complete their tasks properly. The members of the Audit Committee. collectively. should have a recent knowledge and relevant experience in the fields of finance. accounting and/or audit for the stock exchange listed companies. At least one of the members of the Remuneration Committee should have knowledge of and experience in the field of remuneration policy.		
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties. corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	Presently. members of the Board do not perform the assessment of their skills and knowledge.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly. the collegial body should comprise a sufficient number of independent members.	No	Independency of the elected Board members is not assessed and the content of independent members' sufficiency isn't set either.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business. family or other relationship with the company. its controlling shareholder or the management of either. that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list. moreover. relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time. assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) he/she is not an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) of the company or any associated company and has not been such during the last five years; 2) he/she is not an employee of the company or some any company and has not been such during the last three years. except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) he/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later	No	Members of the Board are elected by the General Shareholders' Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders. however fail to meet the recommendation on independency.

position) as per pension plans (inclusive of deferred compensations); 4) he/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) he/she does not have and did not have any material business relations with the company or associated companies within the past year directly or as a partner. shareholder. director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial. legal. counselling and consulting services). major client or organization receiving significant payments from the company or its group; 6) he/she is not and has not been. during the last three years. partner or employee of the current or former external audit company of the company or associated companies; 7) he/she is not an executive director or member of the Board in some other company where executive director of the company or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) is non-executive director or member of the Supervisory Board. he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) he/she has not been in the position of a member of the collegial body for over than 12 years; 9) he/she is not a close relative to an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse). children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that. despite a particular member meets all the criteria of independence laid down in this Code. he can not be considered independent due to special personal or company-related circumstances.		
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body. the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code. the company should disclose its reasons for nevertheless considering the member to be independent. In	No	No Board members' independency assessment and announcement practice is applicable in the Company.

addition. the company should annually disclose which members of the collegial body it considers to be independent.		
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year. the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body. the company should require independent members to have their independence periodically re-confirmed.	No	**No Board members' independency assessment and announcement practice is applicable in the Company.**
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body. they may be remunerated from the company's funds. The General Shareholders' Meeting should approve the amount of such remuneration.	Not applicable	**The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds.**
Principle IV: The duties and liabilities of a collegial body elected by the General Shareholders' Meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the General Shareholders' Meeting. and the powers granted to the collegial body should ensure effective monitoring of the Company's management bodies and protection of interests of all the Company's shareholders.**		
4.1. The collegial body elected by the General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board submits Company's annual financial statement and consolidated annual financial statement. profit distribution drafts to the General Shareholders' Meeting. delivers consolidated annual report. also performs all other functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith. with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis. decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence. and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about. the member should make adequate conclusions. Should an independent member resign from his office. he should explain the reasons in a letter addressed to the collegial body or Audit Committee and. if necessary. respective company-not-pertaining body (institution).	Yes	According to the information held with the Company. all Board members act in good will with respect to the Company. are guided by the interests of the Company. not by the personal or third parties' interests. and seek to preserve their independency while adopting the decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere	Yes	The Board members perform their functions properly: they actively participate in the Board meetings and devote sufficient time for the performance of their duties as Board members.

with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company. shareholders of the company should be notified.		
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders. the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs. strategies. risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Board treats all shareholders honestly and impartially.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions). concluded between the company and its shareholders. members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	No	There were no significant transactions between the Company and its shareholders or management bodies.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately. the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties. including the right to obtain. in particular from employees of the company. all the necessary information or to seek independent legal. accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems. the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department. executive directors or collegial management organs of the company concerned.	Yes	The Board is independent while adopting decisions which are significant for the activity and strategy of the Company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors. determination of directors' remuneration and control and assessment of the company's audit. Therefore when the mentioned issues are attributable to the	No	Due to simplicity of the Company's management structure and small number of employees. it is not expedient to form the Nomination and Remuneration committees.

competence of the collegial body. it is recommended that the collegial body should establish Nomination. Remuneration. and Audit Committees. Companies should ensure that the functions attributable to the Nomination. Remuneration. and Audit Committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members. the functions assigned to the three committees may be performed by the collegial body itself. provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role. operation. and transparency) should apply. where relevant. to the collegial body as a whole.		
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration. and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended. in principle. to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself. which remains fully responsible for the decisions taken in its field of competence.		
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body. they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the Company chooses not to set up a Supervisory Board. Remuneration and Audit Committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the		

information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition. number of meetings and attendance over the year. and their main activities. Audit Committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	
4.11. In order to ensure independence and impartiality of the committees. members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	
4.12. Nomination Committee. 4.12.1. Key functions of the Nomination Committee should be the following: 1) identify and recommend. for the approval of the collegial body. candidates to fill Board vacancies. The Nomination Committee should evaluate the balance of skills. knowledge and experience on the management body. prepare a description of the roles and capabilities required to assume a particular office. and assess the time commitment expected. Nomination Committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) assess on regular basis the structure. size. composition and performance of the supervisory and management bodies. and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) assess on regular basis the skills. knowledge and experience of individual directors and report on this to the collegial body; 4) properly consider issues related to succession planning; 5) review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination Committee should consider proposals by other parties. including management and shareholders. When dealing with issues related to executive directors or members of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) and senior management. Chief Financial Officer of the company should be consulted by. and entitled to submit proposals to the Nomination Committee.	
4.13. Remuneration Committee. 4.13.1. Key functions of the Remuneration Committee should be the following: 1) make proposals. for the approval of the collegial	

body. on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation. including the fixed remuneration. performance-based remuneration schemes. pension arrangements. and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria. with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;

2) make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so. the Committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;

3) ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;

4) periodically review the remuneration policy for executive directors or members of management body. including the policy regarding share-based remuneration. and its implementation;

5) make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;

6) assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);

7) make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.

4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees. the Committee should:

1) consider general policy regarding the granting of the above mentioned schemes. in particular stock options. and make any related proposals to the collegial body;

2) examine the related information that is given in the company's annual report and documents intended for the use during the General Shareholders' Meeting;

3) make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares.

specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the Remuneration Committee. the Committee should at least address the chairman of the collegial body and/or Chief Financial Officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The Remuneration Committee should report on the exercise of its functions to the shareholders and be present at the Annual General Shareholders' Meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the Audit Committee should be the following: 1) observe the integrity of the financial information provided by the company. in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) at least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified. managed and reflected in the information provided; 3) ensure the efficiency of the internal audit function. among other things. by making recommendations on the selection. appointment. reappointment and removal of the head of the internal audit department and on the budget of the department. and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company. the need for one should be reviewed at least annually; 4) make recommendations to the collegial body related with selection. appointment. reappointment and removal of the external auditor (to be done by the General Shareholders' Meeting) and with the terms and conditions of his engagement. The Committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) monitor independence and impartiality of the external auditor. in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners. the level of fees paid by the company. and similar issues. In order to prevent occurrence of material conflicts of interest. the Committee. based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network. should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the May 16. 2002 Commission Recommendation 2002/590/EC. the Committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded. (b) permissible only after review	Yes	The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Audit Committee should be the following: - provide recommendations with selection. appointment. reappointment and removal of an external Audit Company as well as the terms and conditions of engagement with the Audit Company; - monitor the process of external audit; - monitor how the external auditor and Audit Company follow the principles of independence and objectivity; - observe the process of preparation of financial reports of the Company; - monitor the efficiency of the internal control and risk management systems of the Company. Once a year review the need of the internal audit function; –monitor the implementation of the audit firm's recommendations and comments imposed by the Board and the manager of the company. In conducting of the mentioned above functions. the Audit committee supervises the process of preparation of annual accounts and gives recommendations to the Board on provision of the annual accounts for the approval of the shareholders. Furthermore. the Audit commitee analizes the independance and other criterias of the potential auditors and gives the necessary conclusions to the management. Each year the Audit committee prepares activity report on the main conclusions regarding Company's activity.

by the Committee. and (c) permissible without referral to the Committee;

6) review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.

4.14.2. All members of the Committee should be furnished with complete information on particulars of accounting. financial and other operations of the company. Company's management should inform the Audit Committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.

4.14.3. The Audit Committee should decide whether participation of the chairman of the collegial body. Chief Financial Officer (or superior employees in charge of finances. treasury and accounting). or internal and external auditors in the meetings of the Committee is required (if required. when). The Committee should be entitled. when needed. to meet with any relevant person without executive directors and members of the management bodies present.

4.14.4. Internal and external auditors should be secured with not only effective working relationship with management. but also with free access to the collegial body. For this purpose the Audit Committee should act as the principal contact person for the internal and external auditors.

4.14.5. The Audit Committee should be informed of the internal auditor's work program. and should be furnished with internal audit's reports or periodic summaries. The Audit Committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The Committee should be timely furnished information on all issues arising from the audit.

4.14.6. The Audit Committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company. by way of complaints or through anonymous submissions (normally to an independent member of the collegial body). and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.

4.14.7. The Audit Committee should report on its activities to the collegial body at least once in every six months. at the time the yearly and half-yearly statements are approved.

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure. work organization and ability to act as a group. evaluation of each of the collegial body member's and Committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should. at least once a year. make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures. and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	Yes	Once a year the Board conducts its performance evaluation. The structure and members of the Board did not change within the last year. Procedure of work performance of the Board its Members consider as positive. Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board. Members of the Board attend the Meeting in person or by distance. if the Members could not attend the Meeting. they get accquinted with the related documents of the Meeting in advance or vote in writing. During the year 2015 the Board analyzed available information. discussed and adopted decisions concerning essential matters of Invalda INVL AB and its group.

Principle V: The working procedure of the Company's collegial bodies.

The working procedure of supervisory and management bodies established in the Company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the Company's bodies.

5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The activity of the Board is chaired by the chairman who is also resposible for convocation of the meetings as well as preparation of the agenda. Frequency of the meetings and questions of the agenda depend on the particular events or projects or they are related with ordinary functions of the Board prescribed by legal acts.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies. but it is recommended that these meetings should be convened at such intervals. which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's Supervisory Board should be convened at least once in a quarter. and the company's Board should meet at least once a month[4].	Yes	According to the Board's procedures and regulations. the Board meetings are held at least once per quarter.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened. all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting	Yes	The Board meetings are being convened by the Chairman. The Chairman of the Board informs each Member of the Board about the meeting by phone or by email.

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

should not be changed or supplemented during the meeting. unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.		
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process. chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings. their agendas and resolving other issues of corporate governance. Members of the company's Board should be free to attend meetings of the company's Supervisory Board. especially where issues concerning removal of the Board members. their liability or remuneration are discussed.	No	The Company may not implement this recommendation since only the Board is formed.
Principle VI: The equitable treatment of shareholders and shareholder rights. **The corporate governance framework should ensure the equitable treatment of all shareholders. including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting. ownership. dividend and other rights to all their holders.	Yes	Shares which compose the authorised capital of the Company grant equal rights to all shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance. i.e. before they purchase shares.	Yes	The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy approved by the Board. the Articles of the Association. Company's annual report.
6.3. Transactions that are important to the company and its shareholders. such as transfer. investment. and pledge of the company's assets or any other type of encumbrance should be subject to approval of the General Shareholders' Meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues. including approval of transactions referred to above. are discussed.	Yes	Shareholders of the Company have equal opportunities to get familiarised and participate in adopting decisions important to the Company. Approval of the General Shareholders' Meeting is also necessary in cases stipulated in Chapter V of the Law on Companies of the Republic of Lithuania. No other cases when the approval of the General Shareholders' Meeting should be obtained are foreseen. since it would impair Company's business considering the nature of the Company's activity.
6.4. Procedures of convening and conducting a General Shareholders' Meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue. date. and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting. the Company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the General Share-holders' Meeting and receive answers to them.	Yes	The procedures of convening and conducting of the General Shareholders' Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarised with the draft resolutions and materials necessary for adopting the decision in advance. also give questions to the Board members.

6.5. If is possible. in order to ensure shareholders living abroad the right to access to the information. it is recommended that documents on the course of the General Shareholders' Meeting. should be placed on the publicly accessible website of the company not only in Lithuanian language. but in English and /or other foreign languages in advance. It is recommended that the minutes of the General Shareholders' Meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information. whenever feasible. documents referred to in this recommendation should be published in Lithuanian. English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The documents prepared for the General Shareholders' Meeting are published in Lithuanian and English on the Company's website. The decisions of General Shareholders' Meetings for the last 9 years are also published on Company's website.
6.6. Shareholders should be furnished with the opportunity to vote in the General Shareholders' Meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders are furnished with the opportunity to participate in the General Shareholders' Meeting both personally and via an attorney. if such a person has a proper authorisation or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. The Company provides the shareholders with conditions to vote by completing the general voting ballot.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at General Shareholders' Meetings. the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in General Shareholders' Meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover. companies could furnish its shareholders. especially shareholders living abroad. with the opportunity to watch shareholder meetings by means of modern technologies.	No	Shareholders can vote via an attorney or by completing the general voting ballot but for the meantime shareholders can not participate and vote in General Shareholders' Meetings via electronic means of communication.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation. in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur. a member of the company's supervisory and management body should. within reasonable time. inform other members of the same collegial body or the company's body that has elected him/her. or to the company's shareholders about a situation of a conflict of interest. indicate the nature of the conflict and value. where possible.	Yes	The Board members fully comply with these recommendations.
7.2. Any member of the company's supervisory and		

management body may not mix the company's assets. the use of which has not been mutually agreed upon. with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the General Shareholders' Meeting or any other corporate body authorised by the meeting.		
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company. a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally. by recording this in the minutes of the meeting. to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.		
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.		
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval. revision and disclosure of directors' remuneration established in the Company should prevent potential conflicts of interest and abuse in determining remuneration of directors. in addition it should ensure publicity and transparency both of Company's remuneration policy and remuneration of directors.**		
8.1. A Company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The Company does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company. Information about the benefits and loans for the members of the management bodies is provided in the periodical reports. financial statements.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and. if appropriate. the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.		
8.3. Remuneration statement should leastwise include the following information: 1) explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) sufficient information on performance criteria that entitles directors to share options. shares or variable components of remuneration; 3) an explanation how the choice of performance criteria contributes to the long-term interests of the		

company; 4) an explanation of the methods. applied in order to determine whether performance criteria have been fulfilled; 5) sufficient information on deferment periods with regard to variable components of remuneration; 6) sufficient information on the linkage between the remuneration and performance; 7) the main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) sufficient information on the policy regarding termination payments; 9) sufficient information with regard to vesting periods for share-based remuneration. as referred to in point 8.13 of this Code; 10) sufficient information on the policy regarding retention of shares after vesting. as referred to in point 8.15 of this Code; 11) sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) a description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include. inter alia. information on the duration of contracts with executive directors and members of the management bodies. the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.		
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration. inclusive of other benefits. that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: - the total amount of remuneration paid or due to the director for services performed during the relevant financial year. inclusive of. where relevant. attendance fees fixed by the Annual General Shareholders' Meeting; - the remuneration and advantages received from any undertaking belonging to the same group;		

- the remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; - if permissible by the law. any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; - compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; - total estimated value of non-cash benefits considered as remuneration. other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes. the following information should be disclosed: - the number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; - the number of shares options exercised during the relevant financial year and. for each of them. the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; - the number of share options unexercised at the end of the financial year; their exercise price. the exercise date and the main conditions for the exercise of the rights; - all changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: - when the pension scheme is a defined-benefit scheme. changes in the directors' accrued benefits under that scheme during the relevant financial year; - when the pension scheme is defined-contribution scheme. detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans. advance payments or guarantees. including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration. companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.		
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.		

8.8. Where a variable component of remuneration is awarded. a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.		
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.		
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration. which should. in general. not be higher than two years of the non-variable component of remuneration or the equivalent thereof.		
8.11. Termination payments should not be paid if the termination is due to inadequate performance.		
8.12. The information on preparatory and decision-making processes. during which a policy of remuneration of directors is being established. should also be disclosed. Information should include data. if applicable. on authorities and composition of the remuneration committee. names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of Annual General Shareholders' Meeting.		
8.13. Shares should not vest for at least three years after their award.		
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements. should be subject to predetermined and measurable performance criteria.		
8.15. After vesting. directors should retain a number of shares. until the end of their mandate. subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed. for example. twice the value of total annual remuneration (the non-variable plus the variable components).		
8.16. Remuneration of non-executive or supervisory directors should not include share options.		
8.17. Shareholders. in particular institutional shareholders. should be encouraged to attend General Shareholders' Meetings where appropriate and make considered use of their votes regarding directors' remuneration.		

8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations. the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the Annual General Shareholders' Meeting. Remuneration statement should be put for voting in Annual General Shareholders' Meeting. The vote may be either mandatory or advisory.		
8.19. Schemes anticipating remuneration of directors in shares. share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of Annual General Shareholders' Meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in Annual General Shareholders' Meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	Not applicable	In 2015 the schemes. on which basis the managers were remunerated in shares. share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company.
8.20. The following issues should be subject to approval by the Annual General Shareholders' Meeting: 1) grant of share-based schemes. including share options. to directors; 2) determination of maximum number of shares and main conditions of share granting; 3) the term within which options can be exercised; 4) the conditions for any subsequent change in the exercise of the options. if permissible by law; 5) all other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual General Shareholders' Meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.		
8.21. Should national law or company's Articles of Association allow. any discounted option arrangement under which any rights are granted to subscribe the shares at a price lower than the market value of the share prevailing on the day of the price determination. or the average of the market values over a number of days preceding the date when the exercise price is determined. should also be subject to the shareholders' approval.		
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the Annual General Shareholders'		

Meeting.		
8.23. Prior to the Annual General Shareholders' Meeting that is intended to consider decision stipulated in Article 8.8. the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms. as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market. hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		

Principle IX: The role of stakeholders in corporate governance

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

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws. The detailed information about planned events has been constantly discosed in line with reuirements of legal acts; therefore. the investors (shareholders) have enough opportunities to familiarize with necessary information as well as vote on decisions. More detailed explanation about disclosure procedure is provided below in the part 10.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency. etc.		
9.3. Where stakeholders participate in the corporate governance process. they should have access to relevant information.		

Principle X: Information disclosure and transparency

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

10.1. The company should disclose information on: 1) the financial and operating results of the company; 2) company objectives; 3) persons holding by the right of ownership or in control of a block of shares in the company; 4) members of the company's supervisory and management bodies. Chief Financial Officer of the company and their remuneration; 5) material foreseeable risk factors; 6) transactions between the company and connected persons. as well as transactions concluded outside the course of the company's regular operations; 7) material issues regarding employees and other stakeholders; 8) governance structures and strategy. This list should be deemed as a minimum recommendation. while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	Information set forth in this recommendation is disclosed in the notifications on material event. periodical reports. This information is also published on Company's website.
10.2. It is recommended to the company. which is the parent of other companies. that consolidated results of the whole group to which the Company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.		
10.3. It is recommended that information on the professional background. qualifications of the members of supervisory and management bodies. Chief Financial Officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and Chief Financial Officer as per Principle VIII.		
10.4. It is recommended that information about the links between the company and its stakeholders. including employees. creditors. suppliers. local community. as well as the company's policy with regard to human resources. employee participation schemes in the company's share capital. etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the NASDAQ OMX Vilnius. so that all the company's	Yes	The company discloses information via NASDAQ news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English. The company publishes its information prior to or after the trade sessions on the NASDAQ Vilnius. The company does not disclose information that may

shareholders and investors should have equal access to the information and make informed investing decisions.		have an effect on the price of shares in the commentaries. interview or other ways as long as such information is publicly announced via NASDAQ news distribution service.
10.6. Channels for disseminating information should provide for fair. timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information. for instance. by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian. but also in English. and. whenever possible and necessary. in other languages as well.	Yes	The information is disclosed in Lithuanian and English simultaneously via NASDAQ news distribution service. It is also published on company's website.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The company publishes all information indicated in this recommendation on its website.
Principle XI: The selection of the Company's auditor **The mechanism of the selection of the Company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit company. The interim financial statements are not conducted by the audit company.
11.2. It is recommended that the company's Supervisory Board and. where it is not set up. the company's Board should propose a candidate firm of auditors to the General Shareholders' Meeting.	Yes	The candidate audit company is suggested to the General Shareholders' Meeting by the Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's Supervisory Board and. where it is not formed. the company's Board upon their consideration which firm of auditors to propose for the General Shareholders' Meeting.	Not applicable	The audit company does not provide non-audit services to the Company.