

31 August 2016

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (article 23) of the Republic of Lithuania, management of Invalda INVL, AB hereby confirms that, to the best our knowledge, the attached Consolidated Interim Condensed Unaudited Financial Statements for the 6 months of 2016 are prepared in accordance with International Financial Reporting Standards (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. Present Consolidated Interim 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. I Invalda INVL, AB Consolidated Interim Condensed Unaudited Financial Statements for 6 months of 2016.
2. Invalda INVL, AB Consolidated Interim Report for 6 months of 2016.

President



Darius Šulnis

CFO



Raimondas Rajeckas

AB INVALIDA INVL

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED NOT-AUDITED FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN
UNION

AB INVALIDA INVL

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

Mr. Alvydas Banyš (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

The financial statements were approved and signed by the Management and the Board of Directors on 31 August 2016.

Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief financial officer

Interim consolidated and Company's income statements

	Notes	Group		Company	
		I Half Year 2016	I Half Year 2015	I Half Year 2016	I Half Year 2015
Revenue		2,146	1,754	-	-
Other income	8.3	770	934	807	548
Net changes in fair value of financial assets at fair value through profit or loss	6, 8.1	(232)	3,677	(252)	3,668
Employee benefits expenses		(1,362)	(990)	(343)	(235)
Funds distribution fees		(371)	(365)	-	-
Depreciation		(163)	(163)	(4)	(8)
Premises rent and utilities		(153)	(112)	(15)	(20)
Advertising and other promotion		(91)	(63)	-	-
Impairment, write-down and provisions		-	-	-	-
Other expenses		(754)	(476)	(73)	(100)
Operating profit (loss)		(210)	4,196	120	3,853
Finance costs	8.2	-	-	(2)	-
Profit (loss) before income tax		(210)	4,196	118	3,853
Income tax expenses	7	(3)	(57)	23	(40)
PROFIT (LOSS) FOR THE PERIOD		(213)	4,139	141	3,813
Attributable to:					
Equity holders of the parent		(213)	4,139	141	3,813
Non-controlling interests		-	-	-	-
		(213)	4,139	141	3,813
Basic earnings (deficit) per share (in EUR)	9	(0.02)	0.35	0.01	0.32
Diluted earnings (deficit) per share (in EUR)		(0.02)	0.35	0.01	0.32

Interim consolidated and Company's statements of comprehensive income

	Group		Company	
	I Half Year 2016	I Half Year 2015	I Half Year 2016	I Half Year 2015
Profit (loss) for the year	(213)	4,139	141	3,813
<i>Other comprehensive income (loss) that may be subsequently reclassified to profit or loss</i>	-	-	-	-
Net other comprehensive income (loss) that may be subsequently reclassified to profit	-	-	-	-
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss</i>	-	-	-	-
Net other comprehensive income (loss) not to be reclassified to profit or loss	-	-	-	-
Other comprehensive income (loss) for the period, net of tax	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(213)	4,139	141	3,813
Attributable to:				
Equity holders of the parent	(213)	4,139	141	3,813
Non-controlling interests	-	-	-	-
	(213)	4,139	141	3,813

Interim consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 30 June 2016	As at 31 December 2015	As at 30 June 2016	As at 31 December 2015
ASSETS					
Non-current assets					
Property, plant and equipment		75	83	3	6
Intangible assets		3,896	4,044	3	4
Investments into subsidiaries	5; 6	6,609	5,765	14,551	12,719
Investments into associates and joint ventures	6	20,223	14,897	20,223	14,897
Investments available-for-sale		494	494	494	494
Loans granted		-	6,245	-	6,245
Financial assets at fair value through profit loss	6	11,842	12,181	11,842	12,181
Deferred income tax asset		740	758	131	137
Total non-current assets		43,879	44,467	47,247	46,683
Current assets					
Trade and other receivables		1,140	774	272	2
Current loans granted		428	801	428	801
Prepaid income tax		10	3	7	-
Prepayments and deferred charges		61	45	10	11
Financial assets at fair value through profit loss	6	1,643	1,578	637	513
Restricted cash		83	83	83	83
Cash and cash equivalents		1,755	1,815	444	1,238
Total current assets		5,120	5,099	1,881	2,648
Total assets		48,999	49,566	49,128	49,331

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Consolidated and Company's statements of financial position (cont'd)

	Group		Company	
	As at 30 June 2016	As at 31 December 2015	As at 30 June 2016	As at 31 December 2015
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent				
Share capital	10	3,441	3,441	3,441
Own shares	10	(1,108)	(1,108)	(550)
Share premium		4,996	4,996	4,996
Reserves	10	11,751	11,747	11,594
Retained earnings		28,425	29,133	28,992
		47,505	48,209	48,473
Liabilities				
Non-current liabilities				
Deferred income tax liability		75	-	-
Total non-current liabilities		75	-	-
Current liabilities				
Current borrowings		-	392	-
Trade payables		219	5	5
Income tax payable		30	-	-
Other current liabilities		1,170	522	853
Total current liabilities		1,419	919	858
Total liabilities		1,494	919	858
Total equity and liabilities		48,999	49,128	49,331

(the end)

Consolidated and Company's statements of changes in equity

Group	Share capital	Own shares	Share premium	Reserves		Retained earnings	Total equity
				Legal and other reserves	Reserve for acquisition of own shares		
Balance as at 31 December 2015	3,441	(550)	4,996	473	11,121	28,642	48,123
Profit (loss) for the six months of 2016	-	-	-	-	-	(213)	(213)
Other comprehensive income (loss) the six months of 2016	-	-	-	-	-	-	-
Total comprehensive income (loss) for the six months of 2016	-	-	-	-	-	(213)	(213)
Share based payment	10	-	-	153	-	-	153
Changes in reserves	-	-	-	4	-	(4)	-
Acquired own shares	10	(558)	-	-	-	-	(558)
Total transactions with owners of the Company, recognised directly in equity	-	(558)	-	157	-	(4)	(405)
Balance as at 30 June 2016	3,441	(1,108)	4,996	630	11,121	28,425	47,505

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

Group	Share capital	Own shares	Share premium	Reserves		Retained earnings	Total equity
				Legal and other reserves	Reserve for acquisition of own shares		
Balance as at 31 December 2014	3,437	-	4,996	473	11,121	24,458	44,485
Profit (loss) for the six months of 2015	-	-	-	-	-	4,139	4,139
Other comprehensive income (loss) the six months of 2015	-	-	-	-	-	-	-
Total comprehensive income (loss) for the six months of 2015	-	-	-	-	-	4,139	4,139
Acquired own shares	10	(550)	-	-	-	-	(550)
The adjustment of the par value of the shares due to conversion to euro	10	-	-	-	-	(4)	-
Total transactions with owners of the Company, recognised directly in equity	4	(550)	-	-	-	(4)	(550)
Balance as at 30 June 2015	3,441	(550)	4,996	473	11,121	28,593	48,074

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

Company		Share capital	Own shares	Share premium	Reserves		Retained earnings	Total
					Legal and other reserves	Reserve for acquisition of own shares		
Balance as at 31 December 2015		3,441	(550)	4,996	473	11,121	28,992	48,473
Profit (loss) for the six months of 2016		-	-	-	-	-	141	141
Acquired own shares	10	-	(558)	-	-	-	-	(558)
Share based payment	10	-	-	-	153	-	-	153
Balance as at 30 June 2016		3,441	(1,108)	4,996	626	11,121	29,133	48,209

Company		Share capital	Own shares	Share premium	Reserves		Retained earnings	Total
					Legal reserve	Reserve for acquisition of own shares		
Balance as at 31 December 2014		3,437	-	4,996	473	11,121	24,515	44,542
Profit (loss) for the six months of 2015		-	-	-	-	-	3,813	3,813
Acquired own shares	10	-	(550)	-	-	-	-	(550)
The adjustment of the par value of the shares due to conversion to euro	10	4	-	-	-	-	(4)	-
Balance as at 30 June 2015		3,441	(550)	4,996	473	11,121	28,324	47,805

Consolidated and Company's statements of cash flows

	Group		Company	
	I Half Year 2016	I Half Year 2015	I Half Year 2016	I Half Year 2015
Cash flows from (to) operating activities				
Net profit (loss) for the period	(213)	4,139	141	3,813
Adjustments to reconcile result after tax to net cash flows:				
Revaluation (gain) loss, net	-	-	-	-
Depreciation and amortization	163	163	4	8
(Gain) loss on disposal of property, plant and equipment	-	-	-	-
Realized and unrealized loss (gain) on investments	232	(3,677)	252	(3,668)
(Gain) loss on disposal of subsidiaries and associates	-	-	-	-
Interest income	(96)	(295)	(88)	(283)
Interest expenses	-	-	2	-
Deferred taxes	(26)	57	(23)	40
Current income tax expenses	29	-	-	-
Allowances	-	-	-	-
Share based payment	10	153	153	-
Gain from bargain purchase	-	(365)	-	-
Dividend income	(643)	(247)	(702)	(247)
	(401)	(225)	(261)	(337)
Changes in working capital:				
(Increase) decrease in inventories	-	-	-	-
Decrease (increase) in trade and other receivables	(125)	(52)	29	170
Decrease (increase) in other current assets	(16)	-	1	7
(Decrease) increase in trade payables	(123)	61	(6)	(10)
(Decrease) increase in other current liabilities	164	(20)	25	9
Transfer (to)/from restricted cash	-	-	-	-
Cash flows (to) from operating activities	(501)	(236)	(212)	(161)
Income tax paid	-	-	-	-
Net cash flows (to) from operating activities	(501)	(236)	(212)	(161)

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

	Notes	Group		Company	
		I Half Year 2016	I Half Year 2015	I Half Year 2016	I Half Year 2015
Cash flows from (to) investing activities					
Acquisition of non-current assets (except investment properties)		(7)	(22)	-	(1)
Proceeds from sale of non-current assets (except investment properties)		-	-	1	-
Acquisition and establishment of subsidiaries, net of cash acquired	5	-	(1,173)	(1,333)	(1,594)
Proceeds from sales of subsidiaries, net of cash disposed	5	53	-	53	-
Acquisition of associates and joint ventures		-	-	-	-
Proceeds from sales of associates and joint ventures		-	-	-	-
Loans granted		(1,000)	(271)	(1,000)	(271)
Repayment of granted loans		1,493	264	1,493	264
Transfer to/from term deposits		-	-	-	-
Dividends received		348	187	348	187
Interest received		48	20	48	17
(Acquisition) of and proceeds from sales of financial assets at fair value through profit loss and available-for-sale investments		69	(212)	(19)	(92)
Net cash flows (to) investing activities		1,004	(1,207)	(409)	(1,490)
Cash flows from (to) financing activities					
Cash flows related to Group owners					
Acquisition of own shares	10	(558)	(550)	(558)	(550)
Dividends paid to equity holders of the parent		(5)	(3)	(5)	(3)
		(563)	(553)	(563)	(553)
Cash flows related to other sources of financing					
Proceeds from borrowings		-	-	390	-
Repayment of borrowings		-	-	-	-
Interest paid		-	-	-	-
		-	-	390	-
Net cash flows (to) from financing activities		(563)	(553)	(173)	(553)
Impact of currency exchange on cash and cash equivalents		-	-	-	-
Net (decrease) increase in cash and cash equivalents		(60)	(1,996)	(794)	(2,204)
Cash and cash equivalents at the beginning of the period		1,815	4,148	1,238	3,292
Cash and cash equivalents at the end of the period		1,755	2,152	444	1,088

(the end)

Notes to the interim condensed financial statements

1 General information

AB Invalda INVL (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania on 20 March 1992. The address of the office is as follows:

Gynėjų g. 14,
Vilnius,
Lithuania.

The Group consists of the Company and its directly and indirectly owned consolidated subsidiaries (hereinafter the Group, Note 1 of annual financial statements for year ended 31 December 2015).

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 investments are asset management, agriculture and facility management segments. In 2016 the Company has invested also in real estate segment. 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 170 thousand clients in Lithuania and Latvia, plus international investors, with total assets under management of over EUR 370 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.

As at 30 June 2016 and 31 December 2015 the shareholders of the Company were (by votes)*:

	30 June 2016		31 December 2015	
	Number of votes held	Percentage	Number of votes held	Percentage
UAB LJB Investments	3,515,855	30.35%	3,612,330	30.82%
Mrs. Irena Ona Mišeikiene	3,369,435	29.08%	3,369,435	28.74%
UAB Lucrum Investicija	2,638,309	22.77%	2,638,309	22.51%
Mr. Alvydas Banys	910,875	7.86%	910,875	7.77%
Ms. Indrė Mišeikytė	236,867	2.04%	236,867	2.02%
Other minor shareholders	915,268	7.90%	954,532	8.14%
Total	11,586,609	100.00%	11,722,348	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 (92.10%).

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed financial statements for the 6 months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except adoption of new Standards and Interpretations as of 1 January 2016, noted below.

Amendments to IAS 19 – Defined benefit plans: Employee contributions

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 amendments had no impact on the Group's and Company's financial statements for the six months ended 30 June 2016.

Annual Improvements to IFRSs 2010-2012 Cycle

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 amendments had no impact on the Group's and Company's financial statements for the six months ended 30 June 2016.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments had no impact on the Group's and Company's financial statements for the six months ended 30 June 2016.

2 Basis of preparation and accounting policies (cont'd)

Significant accounting policies (cont'd)

Amendments to IAS 27: Equity Method in Separate Financial Statements

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 has not changed its accounting policy, therefore, the amendments had no impact on the Group's and Company's financial statements for the six months ended 30 June 2016.

Amendments to IAS 1: Disclosure Initiative

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 amendments had no impact on the Group's and Company's financial statements for the six months ended 30 June 2016.

Annual Improvements to IFRSs 2012-2014 Cycle

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 amendments had no impact on the Group's and Company's financial statements for the six months ended 30 June 2016.

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*.
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation Operations*.

3 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. 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

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

Agriculture

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

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

Banking activities

The banking activities segment includes investment and private banking activities, financial brokerage and accounting services of the issuers' shares. In July 2015 subsidiaries of the segment were fully disposed, but the Company has received 6.79% shares of AB Šiaulių bankas, which was a purchaser of subsidiaries of the segment.

Real estate

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, but in 2016 the Company has subscribed for new shares of AB INVL Baltic Real Estate, and this entity become an associate of the Group.

All other segments

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.

AB INVALIDA INVL**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

3 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'.

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

	Agriculture	Facility management	Real estate	All other segments	Total
Reporting period ended 30 June 2016					
Net changes in fair value on financial assets	(2,899)	872	10	(51)	(2,068)
Total changes in fair value	(2,899)	872	10	(51)	(2,068)

	Agriculture	Facility management	Banking activities	All other segments	Total
Reporting period ended 30 June 2015					
Net changes in fair value on financial assets	1,341	296	1,819	(98)	3,358
Total changes in fair value	1,341	296	1,819	(98)	3,358

AB INVALIDA INVL**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

3 Segment information (cont'd)

The following table presents revenues and profit (loss) information regarding the Group's business segments for the six months ended 30 June 2016:

	Asset management	Agriculture	Facility management	Real estate	All other segments	Inter-segment transactions and consolidation adjustments	Total
Period ended 30 June 2016							
Revenue							
Sales to external customers	2,146	-	-	-	-	-	2,146
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	2,146	-	-	-	-	-	2,146
Results							
Other income	21	-	348	253	148	-	770
Net changes in fair value of financial assets	21	(2,899)	872	10	1,764	-	(232)
Segment expenses	(2,458)	-	-	-	(436)	-	(2,894)
Profit (loss) before income tax	(270)	(2,899)	1,220	263	1,476	-	(210)
Income tax credit (expenses)	(26)	-	-	-	23	-	(3)
Net profit (loss) for the period	(296)	(2,899)	1,220	263	1,499	-	(213)
Attributable to:							
Equity holders of the parent	(296)	(2,899)	1,220	263	1,499	-	(213)
Non-controlling interest	-	-	-	-	-	-	-

AB INVALIDA INVL

INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

3 Segment information (cont'd)

The following table presents revenues and profit (loss) information regarding the Group's business segments for the six months ended 30 June 2015:

	Asset management	Agriculture	Facility management	Banking activities	All other segments	Inter-segment transactions and consolidation adjustments	Total
Period ended 30 June 2015							
Revenue							
Sales to external customers	1,754	-	-	-	-	-	1,754
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	1,754	-	-	-	-	-	1,754
Results							
Other income	386	-	237	-	311	-	934
Net changes in fair value of financial assets	9	1,341	296	1,819	212	-	3,677
Segment expenses	(1,797)	-	-	-	(372)	-	(2,169)
Profit (loss) before income tax	352	1,341	533	1,819	151	-	4,196
Income tax credit (expenses)	(17)	-	-	-	(40)	-	(57)
Net profit (loss) for the period	335	1,341	533	1,819	111	-	4,139
Attributable to:							
Equity holders of the parent	335	1,341	533	1,819	111	-	4,139
Non-controlling interest	-	-	-	-	-	-	-

The following table represents segment assets of the Group operating segments as at 30 June 2016 and 31 December 2015:

Segment assets	Asset management	Agriculture	Facility management	Real estate	All other segments	Elimination	Total
At 30 June 2016	7,822	11,998	5,943	8,225	15,023	(12)	48,999
At 31 December 2015	7,142	14,897	4,828	-	22,775	(76)	49,566

The following table represents segment liabilities of the Group operating segments as at 30 June 2016 and 31 December 2015:

Segment liabilities	Asset management	Agriculture	Facility management	Real estate	All other segments	Elimination	Total
At 30 June 2016	978	-	-	-	528	(12)	1,494
At 31 December 2015	932	-	-	-	587	(76)	1,443

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4 Dividends

In 2016 and 2015 dividends were not declared.

5 Investment into subsidiaries and associates

1st Half Year of 2016

Increase of share capital

In March 2016 the Company has additional invested EUR 100 thousand into the share capital of UAB FMĮ INVL Finasta to ensure that the capital adequacy ratio of the financial brokerage entity complies with the requirements of the Bank of Lithuania.

In May 2016 the Company has additional invested EUR 538 thousand into the share capital of UAB INVL Asset Management

In June 2016 the Company has additional invested EUR 350 thousand into the share capital of IPAS INVL Asset Management.

In April 2016 the Company has paid EUR 75 thousand to UAB INVL Farmland Management and EUR 270 thousand to UAB Invalda INVL investments (previous name – UAB Invalda LT investments) to cover the liabilities of previous years for subscribed shares.

Acquisition of shares of AB INVL Baltic Real Estate

In January 2016 the Company has additionally acquired shares of AB INVL Baltic Real Estate for EUR 12 thousand on the stock exchange. 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. Besides,

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 36.47% of the shares of UAB Informacinio Verslo Paslaugų Įmonė for EUR 350 thousand. In April 2016 the subsidiary has additional acquired 0.2% of the shares of UAB Informacinio Verslo Paslaugų Įmonė for EUR 2 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. The acquired entity last year had revenue of EUR 615 thousand and earned a net profit of EUR 100 thousand. In May 2016 the unconsolidated subsidiary has received dividends of EUR 44 thousand from acquired entity.

Received cash for sold subsidiary

The Company has sold 100% of shares of UAB Vilniaus Senamiesčio Restauravimo Direkcija in 2007. The sale agreement provided that if the deposit, which was paid to the court in the civil case by the former subsidiary, would be returned to it, then it would be transferred to the Company as part of the sale price. In January 2016 the deposit was returned by the court to the former subsidiary, and in February 2016 the part of sale price was paid to the Company. According to the Terms of split-off, completed in 2013, proportionally part of sale price was transferred to split-off entity AB Invalda Privatus Kapitalas. Therefore, the Company has recognised gain of EUR 53 thousand in the income statement within "Net changes in fair value of financial assets at fair value through profit or loss".

UAB Laikinosios Sostinės Projektai

In January 2016 bankrupt entity UAB Laikinosios Sostinės Projektai was removed from the Register of Legal Entities of Lithuania. Therefore, The Company's ownership of 50% of shares of UAB Laikinosios Sostinės Projektai and right of claim of EUR 1,682 thousand arising from loan agreements has expired. From the beginning of bankruptcy proceedings in 2011 the shares and loans granted was valued equal to zero in the statements of financial position of the Group and the Company. Therefore, the removing of the entity from the Register of Legal Entities of Lithuania did not affect the Company's and the Group's financial performance for six months ended 30 June 2016.

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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 manages 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.

During 1st half year of 2015 EUR 401 thousand of revenue and EUR 67 thousand of profit from the acquired business was included into the Group results.

Establishment

In February 2015 the Company has established UAB INVL Farmland Management by investing EUR 100 thousand (as at 30 June 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. The entity has applied for the brokerage company licence to the Bank of Lithuania. On 30 November 2015 the entity has received the brokerage company licence from the Bank of Lithuania.

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

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5 Investment into subsidiaries and associates (cont'd)

Merger of asset management entities

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.

AB Bankas Finasta

In January 2015 the remaining part of the debt for AB bankas Finasta shares was paid (EUR 500 thousand). 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).

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.

6 Financial assets and fair value hierarchy

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 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 pieces of feed producers and agricultural productions and using Price to book value (P/BV) multiplier method for trading piece. 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.

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 Warsaw Exchange. 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.

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

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

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6 Financial assets and fair value hierarchy (cont'd)

The following table represents inputs and fair value valuation techniques of subsidiaries and associates used by the Company as at 30 June 2016:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Facility management (Level 3)	5,516	Comparable companies in the market	EBITDA multiple	6.8
			EBITDA, EUR thousand	769
Agriculture (UAB Litagra) (Level 3)	11,998	Comparable companies in the market	EBITDA multiple	6.7-7.7
			P/BV multiple	1.2
			EBITDA, EUR thousand (feed producers and agricultural productions)	2,122
			Book value EUR thousand (trading)	16,740
			Discount for lack of marketability	10%
Road signs production, wood manufacturing and dormant SPEs (Level 3)	1,093	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 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 (feed producers 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 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 30 June 2016	As at 31 December 2015
Facility management (Level 3)	EBITDA multiple	1	769/(769)	775/(775)
	EBITDA multiple	0.5	260/(260)	650/(650)
	P/BV multiple	0.1	556/(556)	269/(269)
Agriculture (UAB Litagra) (Level 3)	EBITDA	5 %	252/(252)	574/(574)
	Discount for lack of marketability	100 bps	(133)/133	(165)/165

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6 Financial assets and fair value hierarchy (cont'd)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2016:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	5,516	5,516
- Other activities	-	-	1,093	1,093
Associates				
- Agriculture	-	-	11,998	11,998
- Real estate	8,225	-	-	8,225
Financial assets designated upon initial recognition at fair value through profit or loss				
- Information technology	3,437	-	-	3,437
- Bank sector	8,405	-	-	8,405
- Other ordinary shares	1	2	-	3
- Collective investment undertaking	-	648	-	648
- Government bonds	357	-	-	357
Financial assets held for trading				
Equity securities				
- Food industry	635	-	-	635
Total Assets	21,060	650	18,607	40,317
Liabilities				
	-	-	-	-

The following table presents the Company's assets and liabilities that are measured at fair value at 30 June 2016:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	5,516	5,516
- Other activities	-	-	1,093	1,093
Associates				
- Agriculture	-	-	11,998	11,998
- Real estate	8,225	-	-	8,225
Financial assets designated upon initial recognition at fair value through profit or loss				
- Information technology	3,437	-	-	3,437
- Bank sector	8,405	-	-	8,405
- Other ordinary shares	-	2	-	2
Financial assets held for trading				
Equity securities				
- Food industry	635	-	-	635
Total Assets	20,702	2	18,607	39,311
Liabilities				
	-	-	-	-

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6 Financial assets and fair value hierarchy (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				
	-	-	-	-

During the 1st half year of 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

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6 Financial assets and fair value hierarchy (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.

The following table presents the changes in Level 3 instruments of Company and Group for the period ended 30 June 2016:

	Facilities management	Agriculture	Other activities	Total
Balance at 31 December 2015	4,644	14,897	1,121	20,662
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')	872	(2,899)	(51)	(2,078)
Interest charged	-	-	23	23
Balance at 30 June 2016	5,516	11,998	1,093	18,607
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	872	(2,899)	(51)	(2,078)

The following table presents the changes in Level 3 instruments of Company and Group for the period ended 30 June 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')	296	1,341	(98)	1,539
Loans granted repaid	-	-	(70)	(70)
Interest charged	-	-	28	28
Share capital increase	-	-	3	3
Balance at 30 June 2015	3,556	16,196	1,297	21,049
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	296	1,341	(98)	1,539

7 Income tax

	Group		Company	
	30 June of 2016	30 June of 2015	30 June of 2016	30 June of 2015
Components of income tax expense				
Current income tax charge	(29)	-	-	-
Prior year current income tax correction	-	-	-	-
Deferred income tax income (expense)	26	(57)	23	(40)
Income tax (expenses) income charged to the income statement	(3)	(57)	23	(40)

8 Other revenues and expenses**8.1. Net changes in fair value on financial assets**

	Group		Company	
	30 June of 2016	30 June of 2015	30 June of 2016	30 June of 2015
Net gain (loss) from revaluation of subsidiaries and associates	(2,068)	3,358	(2,068)	3,358
Received part of sales price for previously sold subsidiary	53	-	53	-
Gain (loss) from financial assets designated at fair value through profit and loss on initial recognition	1,661	243	1,641	234
Net gain (loss) from financial assets held for trading	122	76	122	76
<i>Net gain (loss) from financial assets at fair value, total</i>	<u>(232)</u>	<u>3,677</u>	<u>(252)</u>	<u>3,668</u>
<i>Realised (loss) gain from available-for-sale investments</i>	-	-	-	-
	<u>(232)</u>	<u>3,677</u>	<u>(252)</u>	<u>3,668</u>

8.2. Finance expenses

	Group		Company	
	30 June of 2016	30 June of 2015	30 June of 2016	30 June of 2015
Interest expenses	-	-	(2)	-
	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>

8.3. Other income

	Group		Company	
	30 June of 2016	30 June of 2015	30 June of 2016	30 June of 2015
Interest income	96	295	88	283
Dividend income	643	247	702	247
Gain on bargain purchase	-	365	-	-
Other income	31	27	17	18
	<u>770</u>	<u>934</u>	<u>807</u>	<u>548</u>

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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 the year ended 30 June 2016 and 2015 were as follows:

Calculation of weighted average for the year ended 30 June 2016	Number of shares (thousand)	Par value	Issued/181 (days)	Weighted average (thousand)
Shares issued as at 31 December 2015	11,722	0.29	181/181	11,722
Own shares acquired as at 23 May 2016	(135)	0.29	38/182	(28)
Shares issued as at 30 June 2016	11,587	-	-	11,694

Calculation of weighted average for the year ended 30 June 2015	Number of shares (thousand)	Par value	Issued/181 (days)	Weighted average (thousand)
Shares issued as at 31 December 2014	11,866	0.29	181/181	11,866
Own shares acquired as at 25 June 2015	(144)	0.29	5/181	(4)
Shares issued as at 30 June 2015	11,722	-	-	11,862

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

	Group		Company	
	30 June of 2016	30 June of 2015	30 June of 2016	30 June of 2015
Net profit (loss), attributable to equity holders of the parent for basic earnings (EUR thousand)	(213)	4,139	141	3,813
Weighted average number of ordinary shares (thousand)	11,694	11,862	11,694	11,862
Basic earnings (deficit) per share (LTL)	(0.02)	0.35	0.01	0.32

During the six months of 2016 and 2015 diluted earnings per share of the Group and Company is the same as basic earnings per share.

10 Acquisition of own shares and share capital

1st Half Year of 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.

1st Half Year of 2016

From 5 May 2016 until 19 May 2016 the Company implemented share buy-back through the tender offer market. Maximum number of shares to be acquired was 250,000. Share acquisition price established at EUR 4.11 per share. During buy-back 135,739 shares (1.14% of share capital) were acquired for EUR 558 thousand, including brokerage fees. The acquired shares were settled on 23 May 2016. Acquired own shares do not have voting rights.

On 2 May 2016 the Company has signed with employees share options agreements for 52,906 shares of the Company. The main conditions of the agreement were:

- The employee has the right to acquire the shares in 2019 after the Ordinary General Shareholders Meeting, which is three years after conclusion of the share options agreements, early exercising is not allowed;
- Option exercise price – EUR 1;
- The agreements has not any vesting conditions;
- When the time to exercise is matures the right to acquire the shares will be realized by selling of own shares of the Company or by offering to sign newly issued shares of the Company to employee;
- The options could not be sold.

According to conditions of the agreement, the management judge that share options were grant to the employees for previously received services to the Company. Therefore, the share-based payment expenses were recognised in the income statement of the Company and the Group within "Employee benefits expenses" as the fair value of granted share options right away (EUR 153 thousand) the fair value of one share option at the grant date (2 May 2016) was equalled to EUR 2.90. The value of share-based payments was calculated using the Black-Scholes formula. The main inputs for valuation of share options was share price in the exchange on 2 May 2016 (EUR 3.91), risk-free interest rate (-0.448%), historical volatility (36.52%), expected dividend yield (0%). The value of share-based payments was recognised in the equity within share-based payments reserve.

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11 Related party transactions

The related parties of the Group in 2016 and 2015 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, because shareholders having joint control over the Company are key management personnel of these entities or having significant influence. To the related parties of the Company are also attributed consolidated 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.

The Company's transactions with related parties during the 1st half year 2016 and related half year-end balances were as follows:

1st half year 2016 Company	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	88	2	1,503	392
Dividends	601	-	271	-
Accounting services	17	-	1	-
Rent and utilities	-	13	-	-
Information technology maintenance	-	4	-	1
Other	1	-	-	12
	707	19	1,775	405
Liabilities to shareholders and management	-	-	-	-

The Company's transactions with related parties during the 1st half year 2015 and related half year-end balances were as follows:

1st half year 2015 Company	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	271	-	9,578	-
Accounting services	18	-	6	-
Payables for share capital increase in subsidiaries	-	-	-	345
Dividends	247	-	60	-
Other	-	8	-	1
	536	8	9,644	346
Liabilities to shareholders and management	-	-	-	-

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11 Related party transactions (cont'd)

The Group's transactions with related parties during the 1st half year 2016 and related half year-end balances were as follows:

1st half year 2016 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	88	-	1,503	-
Dividends	601	-	271	-
Accounting services	17	-	1	-
Rent and utilities	-	107	-	-
Information technology maintenance	-	58	-	8
Land administration services	43	-	26	-
Distribution of new shares	187	-	-	-
Other	-	-	-	-
	936	165	1,801	8
Liabilities to shareholders and management	-	-	-	-

The Group's transactions with related parties during the 1st half year 2015 and related half year-end balances were as follows:

1st half year 2015 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	271	-	9,578	-
Accounting services	18	-	6	-
Banking activities	6	78	4	40
Dividends	247	-	60	-
Other	-	6	-	2
	542	84	9,648	42
Liabilities to shareholders and management	-	-	-	-



INVALDA **INVL**

Invalda INVL, AB
Consolidated Interim Report
for 6 months of 2016

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

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.

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I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 6 months of 2016 (January – June). but material events of the Issuer and its group that took place after the reporting period are disclosed as well. The report is unaudited.

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 pension funds (2nd and 3rd pillar), investment and real estate funds, individual portfolios, private equity and other financial instruments. 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 a 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.

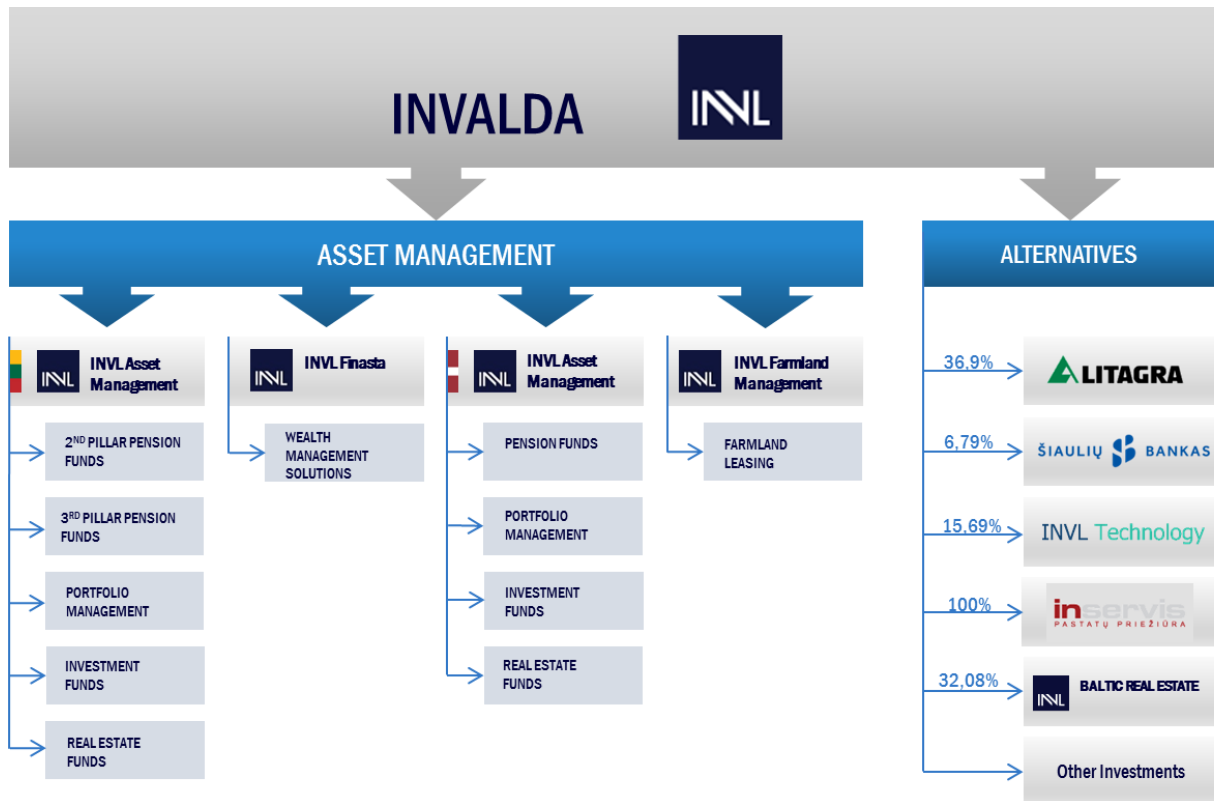
In 2014, Invalda INVL acquired MP Pension Funds Baltic and Finasta Asset Management's companies in Lithuania and Latvia. They managed pension accumulation funds. Finasta Asset Management also provided investment fund and private portfolio management services. With completion in October 2015 of the merger of INVL Asset Management, MP Pension Funds Baltic and INVL Fondai, now it is INVL Asset Management that operates in the market. More than 170 thousand clients in Lithuania and Latvia as well as international investors entrusted more than EUR 370 thousand assets to INVL group.

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 management business and managed other private equity investments, operating in agricultural, facility management, real estate and banking areas.

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

Figure 1. The group companies of Invalda INVL, AB as of 30 June 2016



3. Agreements with intermediaries on public trading in securities

Invalda INVL, AB has signed agreements with these intermediaries:

- SIAULIŲ BANKAS, AB (Tilzes str. 149, Šiauliai, 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. Structure of the authorized capital

Table 1. Structure of Invalda INVL, AB authorised capital as of 30 June 2016

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	11,586,609	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.

6.2. Information about the Issuer's treasury shares

During the reporting period the company implemented own share acquisition process for one time.

2 May 2016 Invalda INVL announced about acquisition of own shares. Share purchase started on 5 May 2016. Share purchase ended on 19 May 2016. Max number of shares to be acquired (units): 250,000. Share purchase price (EUR): 4.11 per share. On 19 May 2016 the company announced about the acquisition of 135,739 units of own shares (1.14 percent), EUR 557.88 thousand (without brokerage fee) were paid for the acquired shares on 23 May 2016.

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 11,586,609 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 2. Main characteristics of Invalda INVL, AB shares admitted to trading

Shares issued, units	11,865,993
Shares with voting rights, units	11,586,609
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 until 20 July 2015)
Listing date	19 December 1995
Indrawn into indexes	VILSE (OMX Vilnius Index) OMXBPI (OMX Baltic All Share Price Index) OMXBGI (OMX Baltic All Share Gross Index) B40PI (OMX Baltic Financials Price Index) B8000PI (OMX Baltic Financials PI) B8700PI (OMX Baltic Financial Services PI) B8000GI (OMX Baltic Financials GI) B8700GI (OMX Baltic Financial Services GI)

Company uses no services of liquidity providers.

Table 3. Trading in Invalda INVL, AB shares

	6 months of 2014	6 months of 2015	6 months of 2016
Share price, EUR			
- open	3.380	3.100	3.460
- high	3.490	3.700	4.080
- low	2.760	2.950	3.260
- medium	3.135	3.142	3.611
- last	2.910	3.600	3.870
Turnover, units	56,183	29,476	36,610
Turnover, EUR	179,688.43	98,141.11	130,523.26
Traded volume, units	314	188	222

Figure 2. Turnover of Invalda INVL shares and share price

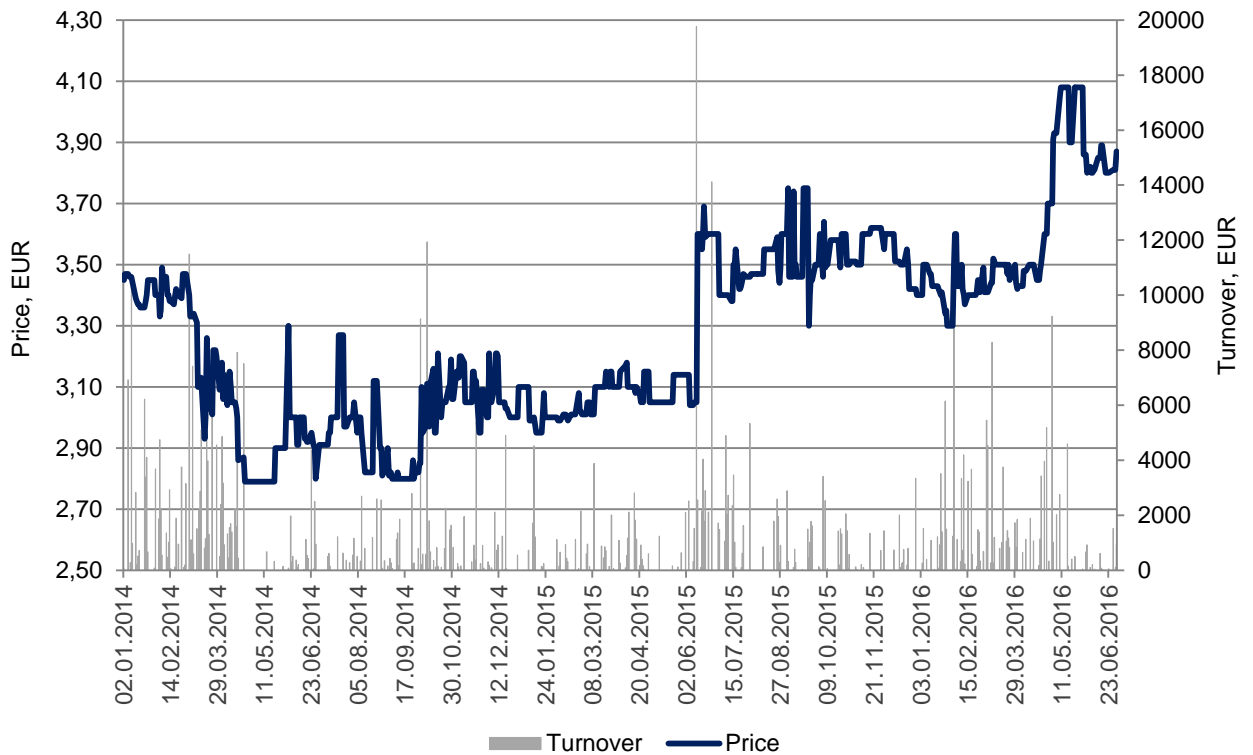
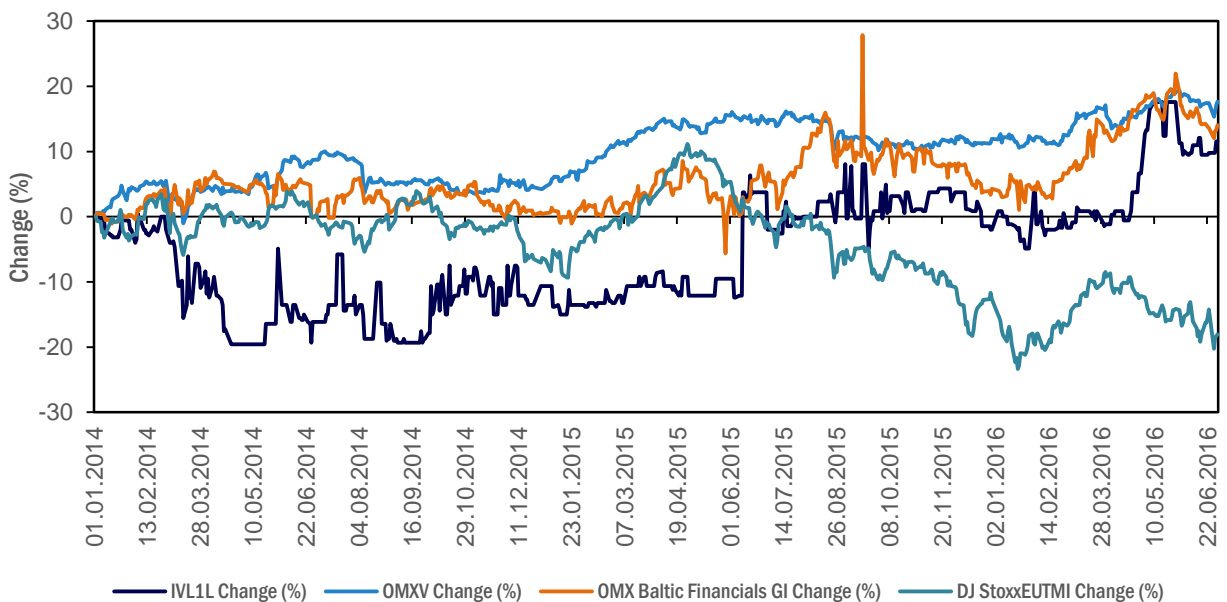


Figure 3. Invalda INVL share price and indexes change*



* 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. Shareholders

8.1. 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 4. Shareholders who held title to more than 5% of Invalda INVL, AB authorised capital and/or votes as of 30 June 2016.

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	3,515,855	29.63	30.35	61.75	92.10
Irena Ona Mišeikienė	3,369,435	28.40	29.08	63.02	
Darius Šulnis	0	0.00	0.00	92.10	
Lucrum Investicija, UAB* code 300806471. Gynėjų str. 14, Vilnius	2,401,442	20.24	20.73	71.37	
Alvydas Banys	910,875	7.68	7.86	82.24	
Indrė Mišeikytė	236,867	2.00	2.04	90.06	

*Lucrum Investicija, UAB has additionally 2.04 % of votes granted by the shares sold by the repurchase agreement.

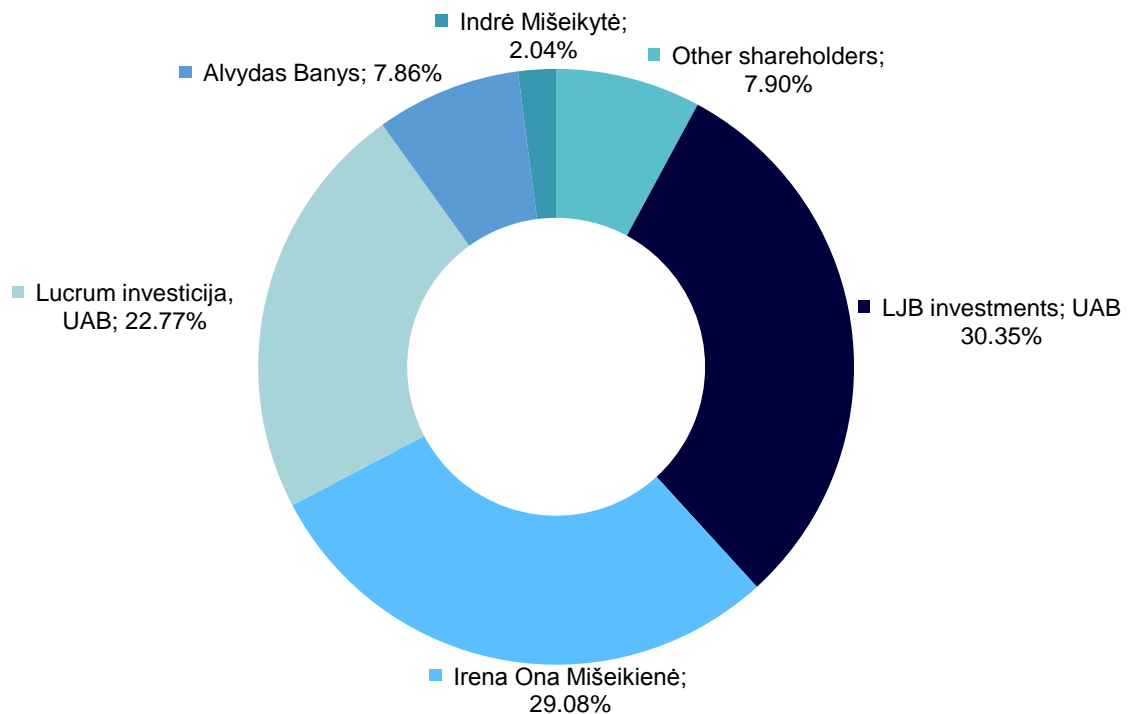


Figure 4. Votes as of 30 June 2016

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 during the reporting period. 30 June 2016 the total number of shareholders exceeded 3,600.

III. ISSUER'S MANAGING BODIES

9. 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.

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. Banyas 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 Banyas – Chairman of the Board

The term of office	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 7.86 % votes; together with controlled company LJB Investments: 4,426,730 units of shares. 37.31 % of authorized capital and 38.21 % votes. Total votes together with persons acting in concert - 92.10 %.
Participation in other companies	INVL Baltic Farmland, AB – Chairman of the Board INVL Baltic Real Estate, AB – Chairman 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 2.04 % votes. Total votes together with persons acting in concert - 92.10 %.
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. 22.77 % of votes (including votes granted by the shares transferred by the repurchase agreement). Total votes together with persons acting in concert - 92.10 %.

continued on the next page

Participation in other companies

INVL Asset Management, UAB – CEO, Chairman of the Board
 INVL Asset Management, IPAS (Latvia) - Member of the Supervisory Board
 INVL atklājais pensiju fonds, AS (Latvia) – Member of the Supervisory Board
 Litagra, UAB – 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 Invalidos 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 other companies

Invalda INVL Investments, UAB – Director
 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

10. 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.



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 Officer for the Baltic States. 2001-2004 – Sior 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	-

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

Within six months period of 2016 the calculated remuneration for the Board members of Invalda INVL, AB (as employees of the Company and including wages from the subsidiaries) amounted to EUR 107.1 thousand, that is on the average EUR 6.0 thousand per month for each member.

The calculated remuneration to the president of the Company (including wages from the subsidiaries) and CFO totalled to EUR 65.9 thousand, on the average EUR 5.5 thousand per month for each.

During the reporting period the Issuer transferred no assets, granted no guarantees, paid no bonuses or dividends and made no special payouts for the Company's managers and CFO. On 29 April 2016 General Shareholders' Meeting of Invalda INVL has approved Invalda INVL Employee Stock Option Policy (hereinafter, the Policy) and authorised the Board of Invalda INVL to ensure the proper implementation of the Policy. In the Policy it is foreseen to offer Employees options contracts during the year 2016, on the basis of which according to the procedures and terms established in options contracts during the year 2019 Employees will be able to exercise the right to acquire 52,906 ordinary shares of Invalda INVL which nominal value is EUR 0.29, by paying for every acquired share 1 (one) euro. In order to the Policy provisions Invalda INVL signed options contract with CFO for 12,594 ordinary registered shares of Invalda INVL.

IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY

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

12.1. Operational environment

Lithuanian economy overview

Lithuania's economy grew 2.0% in the second quarter of 2016 compared with the same period of 2015, according to the Statistics Department's preliminary estimate. In a commentary published by the Bank of Lithuania, the senior economist at the Central Bank's Economics Department, Darius Imbrasas, said that while Lithuania's economic growth in the first half of 2016 may seem rather sluggish, the broader geopolitical situation must be kept in mind. The main reasons for the slower growth are the sanctions being applied to trade with Russia and the difficult economic situation in neighbouring eastern countries. Investments have also been limited by the fact that use of support funds from the new EU financial perspective is not yet up to speed. The Bank of Lithuania forecasts GDP growth of 2.6% for 2016, expecting a pick up in consumer purchasing power and investment.

Another economist at the Economics Department of the Bank of Lithuania, Nerijus Černiauskas, notes that growth of Lithuania's economy in the first half of 2016 was negatively impacted by a fall in the value of exports (by 2.4%). On the other hand, given that oil products constitute a large part of Lithuania's exports and their prices directly depend on the world market, if oil products are excluded then exports would show annual growth of 2.6%. Moreover, if the impact of re-exports is eliminated and only products of Lithuanian origin excluding oil products are considered, growth in the value of exports would be 4%.

Meanwhile, economic growth was salvaged by domestic consumption which was buoyed by falling unemployment. The jobless rate of 7.6% at the end of the second quarter was 2.6 percentage points lower than at the end of 2015, when it was 10.2%. The 12-month increase in the consumer price index at the end of June was 0.7%.

Forecasts by the Bank of Lithuania suggest the pace of Lithuania's economy in coming quarters should remain stable or accelerate somewhat due to an improving economic situation among key trading partners. The economy is forecast to expand 2.6% in 2016. The main positive factors supporting growth of the economy are likely to remain sustainable recovery of the euro-zone economies, expansion in industries focused on the domestic market, falling unemployment, rising average wages and rather stable prices. Of course, economic growth may also be impacted by uncertainty regarding the course of the global economy, which increased in recent months due to the UK's referendum on withdrawing from the EU.

Lithuania's equity market has performed well, though it has lagged significantly behind Estonia.

Table 5. Baltic stock market results

Index/shares	31.12.2015	30.06.2016	+/-%
OMX Tallinn	898.99	980.37	9.05
OMX Riga	594.35	620.68	4.43
OMX Vilnius	485.99	510.69	5.08

Source: NASDAQ OMX

Table 6. Key economics indicators

Rate	2013	2014	2015	2016
Real GDP, annual change (excluding seasonal and labour days, %)	3.7	3.0	1.6	2.8
Nominal GDP (LTL billion)	34.962	36.444	37.190	38.454
Retail trade turnover (at constant prices, excluding vehicle trade) annual change (%)	4.5	5.6	5.3	
CPI, annual change (%)	0.4	(0.3)	(0.1)	
HICP, annual average change (%)	1.2	0.2	(0.7)	0.3
Average monthly wage (4th quarter, EUR)	677.8	714.5	756.9	809.9
Annual change of average monthly wage (4th quarter, %)	4.8	5.4	5.9	7.0

Source: SEB bank.

Table 7. Global GDP forecast

Annual change, %	2014	2015	2016	2017
USA	2.4	2.4	1.9	2.5
Japan	(0.1)	0.6	0.5	0.5
Germany	1.6	1.7	1.7	1.8
China	7.3	6.9	6.5	6.3
Great Britain	2.9	2.3	1.9	2.3
Euro zone	0.9	1.6	1.7	1.8
Nordic countries	1.6	2.2	2.2	2.0
Baltic countries	2.8	1.8	2.6	3.1
Lithuania	3.0	1.6	2.8	3.2
Latvia	2.4	2.7	2.7	3.5
Estonia	2.9	1.1	2.0	2.4
Emerging markets	4.7	3.9	4.1	4.7
The World, PPP	3.4	3.1	3.1	3.7

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

- On 7 March 2016 Invalda INVL AB informed 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 March 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 7 April 2016 Invalda INVL announced about convocation of the General Shareholders Meeting of Invalda INVL and draft resolutions. The agenda of the General Shareholders Meeting of the public joint stock company Invalda INVL includes: Presentation of the public joint-stock company Invalda INVL consolidated annual report; presentation of the independent auditor's report on the financial statements of the public joint-stock company Invalda INVL; on the approval of the consolidated and stand-alone financial statements for 2015 of the public joint-stock company Invalda INVL.; regarding the distribution of the public joint-stock company Invalda INVL profit for 2015; regarding purchase of own shares of the public joint-stock company Invalda INVL; on the approval of the public joint-stock company Invalda INVL Employee Stock Option Policy; regarding the specific number of ordinary registered shares of the public joint-stock company Invalda INVL for which during year 2016 employees shall be offered options contracts and regarding the price of the shares.
- On 7 April 2016 Invalda INVL, AB announced an audited results of Invalda INVL, AB group for the period for 2015, which showed that consolidated net profit attributable to shareholders of Invalda INVL, AB totalled to EUR 4.188 million. The net profit of Invalda INVL, AB for 2015 amounted to EUR 4.481 million.
- On 29 April 2016 the resolutions of General Shareholders meeting, which was held on the same day, were published.
- On 2 May 2016 Invalda INVL, AB announced that has signed Employee stock option contracts. On 29 April 2016 General Shareholders' Meeting of Invalda INVL has approved Invalda INVL Employee Stock Option Policy and authorized the Board of Invalda INVL to ensure the proper implementation of the Policy. In the Policy it is foreseen to offer Employees options contracts during the year 2016, on the basis of which according to the procedures and terms established in options contracts during the year 2019 Employees will be able to exercise the right to acquire 52,906 ordinary shares of Invalda INVL which nominal value is EUR 0.29, by paying for every acquired share 1 (one) euro. In order to the Policy provisions Invalda INVL signed options contracts with Employees for 52,906 ordinary registered shares of Invalda INVL.
- On 2 May 2016 announced that the Board of Invalda INVL, AB, taking into account the public joint stock company Invalda INVL has formed and not utilised the reserve for the purchase of own shares which is equal to EUR 10,570 million and considering the Resolution of the General Shareholders meeting held on 29 April 2016, initiates purchase of own ordinary registered EUR 0.29 (twenty nine euro cents) nominal value shares. The acquisition will be implemented through the market of official offer of NASDAQ Vilnius stock exchange. The purchase conditions were also announced.
- On 19 May 2016 Invalda INVL, AB finished the share buy-back. The company will purchase 1.14 % of own shares for the total amount of EUR 557,887.29 (without brokerage fees). Invalda INVL, AB could purchase up to 250.000 shares. During the share buy-back 135,739 units of shares were tendered. Every shareholder sold 100 % of offered shares for the price of EUR 4.11 per share. Share purchase procedure started from 5 May 2016 and was implemented through the market of official tender offers of NASDAQ Vilnius stock exchange until 19 May. The acquired shares will be settled on 23 May.
- On 23 May 2016 after the settlement of its own shares, there was announced that the total amount of voting rights in Invalda INVL equals to 11,586,609 units.
- On 31 May 2016 Invalda INVL, AB announced unaudited results of Invalda INVL, AB group for the 3 months of 2016. Consolidated net loss attributable to shareholders of Invalda INVL, AB amounted to EUR 0.18 million, consolidated equity capital for the 3 months of 2016 amounted to EUR 47.9 million, consolidated net loss totaled to EUR 0.18 million. The net loss of Invalda INVL, AB for the 3 months of 2016 amounted to EUR 0.1 million, equity capital of Invalda INVL, AB for the 3 months of 2016 amounted to EUR 48.4 million.

12.3. Significant Issuer's events since the end of the reporting period

- On 18 August 2016 it was published that Invalda INVL, AB, one of the Baltic region's leading asset management groups, together with its INVL Asset Management subsidiaries in Lithuania and Latvia, has become a full member of Invest Europe - the organisation that unites Europe's private equity and venture capital sectors and investors. Invest Europe represents the private equity, venture capital and infrastructure sectors of European countries, along with their investors. Its members take a long-term approach to investing in privately held companies, providing them not only with capital but also with innovation and expertise. Invest Europe also seeks to contribute constructively to policy affecting private capital investment in Europe. It conducts research on the industry and shares information with its members. Moreover, Invest Europe acts as the guardian of the industry's professional standards, setting requirements for its members in the areas of accountability, good governance and transparency.

12.4. Significant group events during the reporting period, the impact on the financial statements

The asset management business

Invalda INVL manages licensed asset management companies INVL Asset Management in Lithuania and Latvia, land administration company INVL Farmland Management and brokerage company INVL Finasta.



During the reporting period INVL Asset Management funds' portfolio changed: in June INVL Flexible Strategy Sub-Fund was merged to INVL Baltic Fund, on 1 July announced about the start of INVL Developing World Markets Bond sub-fund. This fund offers to invest in bonds world-wide and distribution and management fees are not applied until 2018.



FINASTA

On 14 July INVL Asset Management assumed the management of the closed-ended type investment company INVL Technology.



FARMLAND MANAGEMENT

INVL Asset Management pension funds, according to the information of the Bank of Lithuania, led in five out of seven categories according to the first half return: Second pillar funds earned the most among the small and average equity-share pension funds. The third pillar pension funds were the best in all categories - bonds, shares and mixed investment.

Figure 5. Results of investment funds managed by INVL Asset Management

INVESTMENT PRODUCT	RECOMMENDED MIN. INVESTMENT PERIOD, YEARS	INVESTMENT FUND	THE FIRST HALF OF 2016, %	THE LAST 5 YEARS, %
Investment fund	3-5	INVL Emerging Europe ex Russia TOP 20 Subfund	-8.0 -9.1	-8.9 -39.2
		INVL Russia TOP20 Subfund	25.8 21.1	-18.5 -36.0
		INVL Baltic Fund	95 8.0	-3.1 30.8
	2	INVL Global Emerging Markets Bond Subfund	Since 1 July 2016	Since 1 July 2016
	1-3	INVL Emerging Europe Bond Subfund	3.9 5.5	29.6 32.5

Figure 6. Results of the 2nd pillar pension funds managed by INVL Asset Management

INVESTMENT PRODUCT	RECOMMENDED AGE, YEARS	PENSION FUNDS	THE FIRST HALF OF 2016, %	THE LAST 5 YEARS, %
II pillar pension fund	58-65	INVL STABILO II 58+	1.5 1.5	24.0 15.0
	53-57	INVL MEZZO II 53+	3.1 4.6	28.0 20.5
	47-52	INVL MEDIO II 47+	1.6 3.5	32.6 49.2
	16-46	INVL EXTREMO II 16+	-1.3 -0.1	37.4 48.8

Figure 7. Results of the 3rd pillar pension funds managed by INVL Asset Management

INVESTMENT PRODUCT	RECOMMENDED AGE	INVESTMENT FUND	THE FIRST HALF OF 2016, %	THE LAST 5 YEARS, %
III pillar pension funds	58-65 years	<u>INVL STABILO III 58+</u>		
	47-52 years	<u>INVL MEDIO III 47+</u>		
	16-46 years	<u>INVL EXTREMO III 16+</u>		
	16-46 years	<u>INVL III EQUITY</u>		

Table 8. Results of the asset management

EUR million (if not stated otherwise)	2014		2015		6 months of 2016	
	Lithuania	Latvia	Lithuania	Latvia	Lithuania	Latvia
Number of clients, units	113.7	48.0	118.2	48.5	120.2	51
Asset under management**	230.2	45.1	265.2	63.0	308.7	65.6
<i>2nd pillar pension funds</i>	155.2	40.5	179.0	45.7	195.3	50.4
<i>3rd pillar pension funds</i>	8.3	1.2	10.6	1.2	11.8	1.1
<i>Investment funds</i>	38.4	2.2	32.5	14.8	42.7	12.8
<i>Portfolios</i>	28.3	1.2	33.6	1.3	49.3	1.3
<i>Alternative assets</i>	-	-	9.5	-	9.6	-
Revenues (January – June)	2.4*	0.6*	1.4	0.4	1.7	0.4
Profit before tax (EUR thousand) (January – June)	(10)*	150*	(92)	79	(261)	(9)

* Provided data for 12 months

** Eliminated investments into own products, for which the management fee is not charged

Other investments

Agriculture

During the reporting period in the agricultural sector Invalda INVL, AB owned 36.9 percent of Litagra, UAB shares through the wholly-owned company Cedus Invest, UAB. Litagra, UAB is one of the largest groups of agriculture companies in the Baltic states.

Consolidated net profit of Litagra group for the 2015-2016 financial year, which ended 30 June, amounted to EUR 155 million, or 18.2 percent more than for the 2014-2015 financial year, EBITDA decreased by 11 percent to EUR 5 million, while the net profit decreased by 10% till EUR 1.4 million.

Completed reorganization had a positive impact on the trade department results, but feed production and primary agricultural production indicators were worse than a year ago. Litagra Group's results were especially negatively affected by a fall in milk prices.

Due to the decrease of primary agricultural production value of the business during the first half of this year the stake owned by Invalda INVL, AB was undervalued 19.5 percent and amounted to EUR 12 million. In results there were EUR 2.9 million loss.



Figure 8. Structure of Litagra group

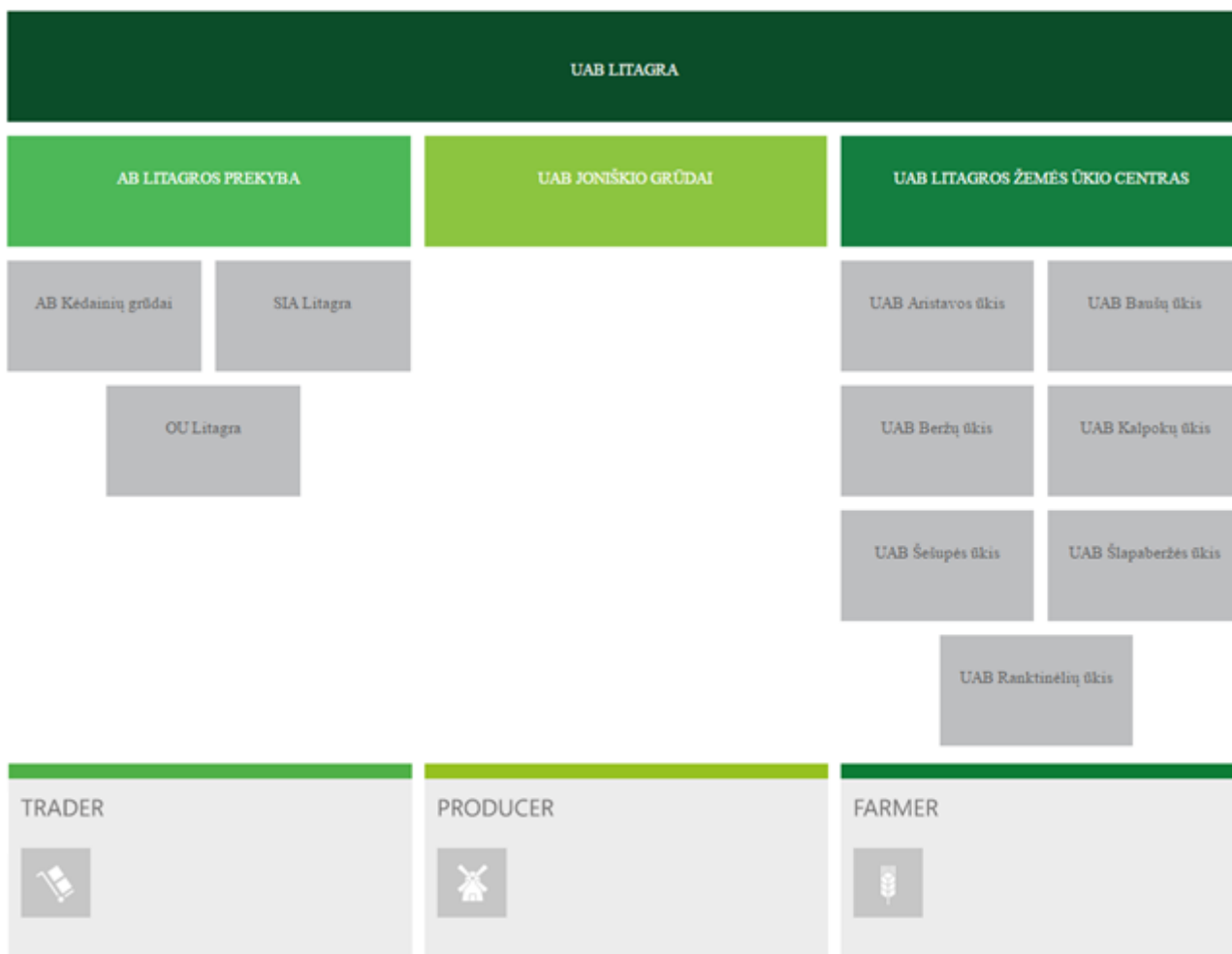


Table 9. Results of Litagra, UAB group

EUR million	2014	2014/2015	2015/2016
Sales	134.2	131.6	155.5
EBITDA	5.1	5.6	5.0
Net profit according to the data provided by the company	0.8	1.55	1.4

More information on the services and activity of the Litagra, UAB is provided on <http://www.litagrargroup.lt>

Banking

Invalda INVL, AB owns 6.79 percent of Šiaulių bankas, AB shares. Šiaulių Bankas, AB shares are listed on NASDAQ Vilnius stock exchange.

Šiaulių Bankas Group earned EUR 26.241 million of net profit over the first half-year of 2016, which is up by 72.7 percent in the same period of 2015 when it earned EUR 15.198 million. These are the best operating results Šiaulių bankas, AB have ever had. The results were partially improved by the one-time actions, but the main operating results were also strong.

Good operating results reflected in the increase of the price of Šiaulių bankas shares – the stake of Šiaulių bankas, owned by Invalda INVL, went up from EUR 6.36 million to EUR 8.4 million.



Figure 9. Share price and turnover of Šiaulių bankas during the first half of 2016



Facility management

Invalda INVL, AB owns these facility management companies: Inservis, Priemiestis, Jurita.

Sales of the facilities management companies decreased by 3% till EUR 3.4 million in the first half, EBITDA – by 25% till EUR 0.3 million and the net profit – by 24% till EUR0.2%.

Inservis Įmonių Grupė has acquired 36 percent of Informacinio Verslo Paslaugų Įmonė company’s shares for the amount of EUR 350 thousand. Dividend of EUR 44 thousand were received from this company during reporting period.

At the end of June 2016 investments into facility management companies, owned by Invalda INVL, were valued at EUR 5.5 million, this is 18 percent more than it was at the end of 2015. Dividend of EUR 0.35 million were paid to Invalda INVL group during reporting period. Profit for the reporting period because of change in fair value was EUR 0.9 million.

The companies provide facility management and engineering systems maintenance services, auditing and incidents management services, indoor air quality testing, apartment’s administration, installation and maintenance, cleaning and other services.



Figure 10. Services and activity location of facility management sector companies

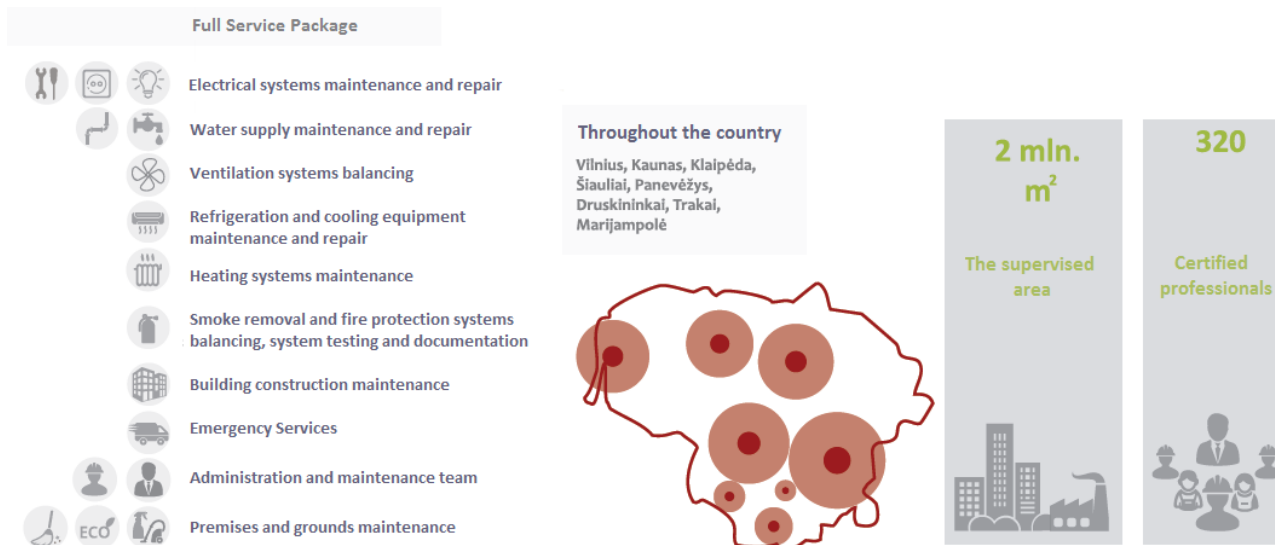


Table 10. Results of the facility management

EUR million	6 months of 2014	6 months of 2015	6 months of 2016
Sales	2.7	3.5	3.4
EBITDA	0.4	0.4	0.3
Net profit	0.3	0.3	0.2

Real Estate

Invalda INVL owns 32.1% of INVL Baltic Real Estate shares which are valued at EUR 8.2 million. During the first half EUR 263 thousand were earned from this investment. Shares are listed on NASDAQ Vilnius stock Exchange.



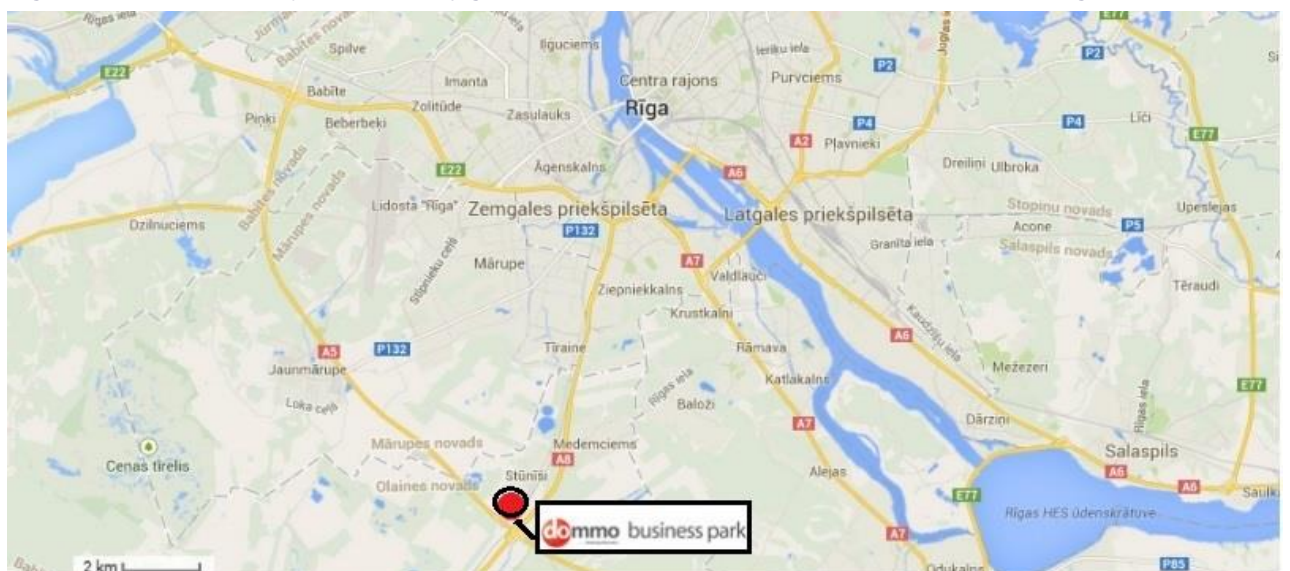
INVL Baltic Real Estate manages 58 thousand square metres of real estate in strategic locations in Vilnius and Riga. Value of managed real estate is EUR 52 million.

INVL Baltic Real Estate earned EUR 0.591 million in 6 months of 2016 or 35.6% more than in the same period last year when the net profit totalled EUR 0.436 million). In March this year the company issued EUR 9 million share issue. In the second quarter of this year INVL Baltic Real Estate paid out EUR 789 thousand dividends (EUR 0.012 per share).

Figure 11. Real estate objects owned by group companies of INVL Baltic Real Estate, AB in Vilnius (Lithuania)



Figure 12. Real estate objects owned by group companies of INVL Baltic Real Estate, AB in Riga (Latvia)



IT

„Invalda INVL owns 15.69% of INVL Technology shares valued at EUR 3.4 million in the end of the first half of 2016. EUR 0.4 million loss from this investment was recorded. The shares of the company are listed on NASDAQ Vilnius stock Exchange.



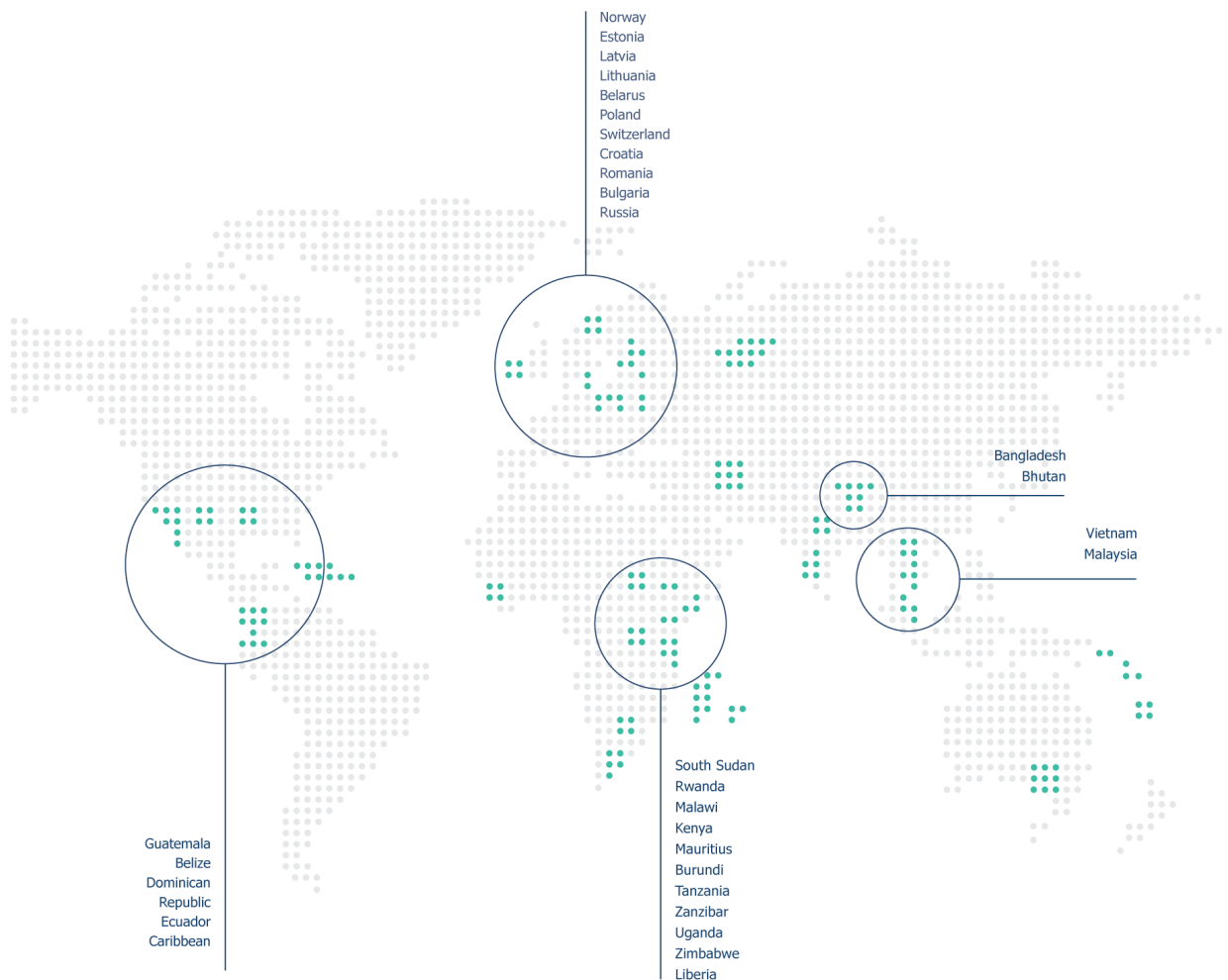
INVL Technology operates as a cluster of B2B- and B2G-oriented IT businesses with a focus in four key areas: business climate improvement and e-governance, IT infrastructure, cyber security and IT intensive industries' solutions.

Currently, INVL Technology has investments in the Norwegian company Norway Registers Development AS with subsidiaries NRD UAB and Etronika UAB in Lithuania, Norway Registers Development East Africa Ltd. in Tanzania, Norway Registers Development Rwanda Ltd. in Rwanda and Infobank Uganda Ltd. in Uganda. It has also invested in BAIP UAB with its subsidiary Acena UAB, NRD CS UAB and Algoritmu Sistemios UAB, all in Lithuania, and Estonia's Andmevara AS with its subsidiary Andmevara SRL in Moldavia.

During 6 months of 2016 value of portfolio companies increased till EUR 20.58 million (at the end of 2015 it amounted to EUR 16.96 million). •The equity of the company amounted to EUR 23.925 million as of 30 June 2016.

On 14 July 2016 the Bank of Lithuania issued INVL Technology a closed-ended type investment company licence and the management of the company was assumed by INVL Asset Management.

Figure 13. Geography of INVL Technology portfolio companies'



13. Issuer's and its group companies' performance results

Table 11. Main items of financial statements, thousand EUR

	Company's			Group's		
	2014 1H	2015 1H	2016 1H	2014 1H	2015 1H	2016 1H
Non current assets	28,416	40,246	47,247	28,013	38,080	43,879
Current assets	18,268	8,390	1,881	18,397	11,003	5,120
Assets total	46,684	48,636	49,128	46,410	49,083	48,999
Non-current liabilities	-	-	-	-	84	75
Current liabilities	774	831	919	504	925	1,419
Liabilities total	774	831	919	504	1,009	1,494
Equity	45,910	47,805	48,209	45,906	48,074	47,505
Equity per share	3,87	4,08	4,16	3,87	4,10	4,10
Income	-	-	-	2,319	1,754	2,146
Change in fair value of financial assets	4,261	3,668	-252	3,054	3,677	-232
Result before taxes	22,072	3,853	118	2,709	4,196	-210
Net result	21,866	3,813	141	5,431	4,139	-213
Net result attributable to holders of the parent Company	-	-	-	5,448	4,139	-213

Table 12. Calculation of the net asset value of Invalda INVL, AB

EUR thousand	Evaluation criteria	2015	2016 1H
Investment into asset management	Acquisition cost price	6,955	7,942
Cash and cash equivalents	Book value	1,238	444
Deferred income tax asset	Book value	137	131
Investments into INVL Baltic Real Estate, AB	Market price	1,985	8,225
Investments into INVL Technology, AB	Market price	3,831	3,437
Other listed shares	Market price	512	635
Investments into Litagra, UAB (including loans granted)	Comparative method of multipliers	14,897	11,998
Investments into Šiauliai Bank	Market price	6,363	8,405
Investments into Inservis, UAB (including loans granted)	Comparative method of multipliers	4,828	5,943
Investments into other subsidiary companies (including loans granted)	Fair value of net assets	1,121	1,093
Loans to group companies of INVL Baltic Real Estate, AB	Book value	6,862	-
Loans to group companies and shareholders of INVL Technology, AB	Book value	-	-
Other loans, other assets	Book value	602	875
Total assets	Book value	49,331	49,128
Liabilities	Book value	858	919
Net asset value	Book value	48,473	48,209

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.

14. A description of the principal risks and uncertainties

During the first half of this year there were no material changes from the information about the principal risks and uncertainties disclosed in the latest annual report.

15. Information on the related parties' transactions

The detailed information on the related parties' transactions has been disclosed in the explanatory notes of the consolidated and Company's financial statements for 6 months of 2016.

16. Significant investments made during the reporting period

On 7 March 2016 Invalda INVL AB informed having subscribed for the new shares (15,546,663 shares for EUR 0.40 per share) of INVL Baltic Real Estate AB (company code 152105644, share issue code LT0000127151) 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 owns 32.08 percent of share capital in INVL Baltic Real Estate AB. Shares of INVL Baltic Real Estate AB are listed on NASDAQ Vilnius stock exchange.

Information on other investments is disclosed in the explanatory notes of the financial statements.

17. Estimation of Issuer's and Group's activity last year and activity plans and forecasts

17.1. Evaluation of implementation of goals for 2016

During the first half of 2016 management results of assets entrusted by clients were good and this caused the growth of managed assets.

Asset management activity was unprofitable due to rapid expansion but the growth of the managed assets should cause the improvement of the results.

In July 2016 INVL Asset Management assumed the management of INVL Technology, a closed-ended type investment company investing into IT companies.

17.2. 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 its 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.

President

Darius Šulnis