


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 hereby confirms that, to the best of our knowledge, the enclosed Consolidated Interim Condensed Unaudited Financial Statements for the 6 months of 2017 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. Invalda INVL Consolidated Interim Condensed Unaudited Financial Statements for 6 months of 2017.
2. Invalda INVL Consolidated Interim Report for 6 months of 2017.

President



Darius Šulnis

CFO



Raimondas Rajeckas



INVALDA

INL

AB INVALDA INVL
Consolidated Interim Condensed Not-audited Financial
Statements for the six months ended 30 June 2017

prepared in accordance with 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 2017

(all amounts are in EUR thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

Mr. Alvydas Banyys (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 2017.



Mr. Darius Šulnis
President



Mr. Raimondas Rajeckas
Chief financial officer

Interim consolidated and Company's income statements

	Notes	Group		Company	
		I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Revenue	3	3,212	2,146	-	-
Other income	8.3	1,167	770	1,156	748
Net changes in fair value of financial assets at fair value through profit or loss	6, 8.1	7,257	(232)	7,262	(252)
Employee benefits expenses		(1,707)	(1,362)	(159)	(343)
Funds distribution fees		(509)	(371)	-	-
Information technology maintenance expenses		(105)	(201)	(4)	(5)
Depreciation and amortisation		(168)	(163)	(3)	(4)
Premises rent and utilities		(154)	(153)	(15)	(15)
Advertising and other promotion expenses		(76)	(91)	-	-
Other expenses	8.4	(591)	(553)	(60)	(68)
Operating profit (loss)		8,326	(210)	8,177	61
Finance costs	8.2	-	-	(6)	(2)
Share of net (loss) profit of subsidiaries accounted for using the equity method		-	-	229	(295)
Profit (loss) before income tax		8,326	(210)	8,400	(236)
Income tax expenses	7	(586)	(3)	(660)	23
PROFIT (LOSS) FOR THE PERIOD		7,740	(213)	7,740	(213)
Attributable to:					
Equity holders of the parent		7,740	(213)	7,740	(213)
Basic earnings (deficit) per share (in EUR)	9	0.67	(0.02)	0.67	(0.02)
Diluted earnings (deficit) per share (in EUR)	9	0.67	(0.02)	0.67	(0.02)

Interim consolidated and Company's statements of comprehensive income

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Profit (loss) for the year	7,740	(213)	7,740	(213)
Net other comprehensive income (loss) that may be subsequently reclassified to profit or loss	-	-	-	-
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	7,740	(213)	7,740	(213)
Attributable to:				
Equity holders of the parent	7,740	(213)	7,740	(213)

Interim consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
ASSETS					
Non-current assets					
Property, plant and equipment		64	72	1	2
Intangible assets		3,598	3,749	4	6
Investments into subsidiaries	5; 6	5,713	5,449	13,340	12,962
Investments into associates	6	26,756	23,554	26,756	23,554
Investments available-for-sale		494	494	494	494
Loans granted		-	-	-	-
Financial assets at fair value through profit loss	6	18,017	14,485	18,017	14,485
Deferred income tax asset		622	778	-	164
Total non-current assets		55,264	48,581	58,612	51,667
Current assets					
Trade and other receivables		1,409	1,285	439	-
Current loans granted		183	437	183	437
Prepaid income tax		52	24	49	21
Prepayments and deferred charges		82	101	8	48
Financial assets at fair value through profit loss	6	3,244	2,418	1,532	901
Restricted cash		103	103	103	103
Cash and cash equivalents		1,966	1,464	853	384
Total current assets		7,039	5,832	3,167	1,894
Total assets		62,303	54,413	61,779	53,561

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

	Notes	Group		Company	
		As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	10	3,441	3,441	3,441	3,441
Own shares	10	(1,214)	(1,108)	(1,214)	(1,108)
Share premium		4,996	4,996	4,996	4,996
Reserves	10	12,033	11,944	12,016	11,940
Retained earnings		41,135	33,408	41,152	33,412
		60,391	52,681	60,391	52,681
Liabilities					
Non-current liabilities					
Deferred income tax liability		576	82	496	-
Total non-current liabilities		576	82	496	-
Current liabilities					
Current borrowings		-	-	404	398
Trade payables		134	198	4	8
Income tax payable		27	61	-	-
Other current liabilities		1,175	1,391	484	474
Total current liabilities		1,336	1,650	892	880
Total liabilities		1,912	1,732	1,388	880
Total equity and liabilities		62,303	54,413	61,779	53,561

(the end)

Consolidated and Company's statements of changes in equity

Group	Notes	Reserves					Retained earnings	Total equity
		Share capital	Own shares	Share premium	Legal and other reserves	Reserve for acquisition of own shares		
Balance as at 31 December 2016		3,441	(1,108)	4,996	823	11,121	33,408	52,681
Profit for the six months of 2017		-	-	-	-	-	7,740	7,740
Total comprehensive income (loss) for the six months of 2017		-	-	-	-	-	7,740	7,740
Share based payment	10	-	-	-	76	-	-	76
Changes in reserves		-	-	-	13	-	(13)	-
Acquired own shares	10	-	(106)	-	-	-	-	(106)
Total transactions with owners of the Company, recognised directly in equity		-	(106)	-	89	-	(13)	(30)
Balance as at 30 June 2017		3,441	(1,214)	4,996	912	11,121	41,135	60,391

Group	Notes	Reserves					Retained earnings	Total equity
		Share capital	Own shares	Share premium	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)
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)

Company	Notes	Reserves					Retained earnings	Total
		Share capital	Own shares	Share premium	Legal and other reserves	Reserve for acquisition of own shares		
Balance as at 31 December 2016		3,441	(1,108)	4,996	819	11,121	33,412	52,681
Profit for the six months of 2017		-	-	-	-	-	7,740	7,740
Acquired own shares	10	-	(106)	-	-	-	-	(106)
Share based payment	10	-	-	-	76	-	-	76
Balance as at 30 June 2017		3,441	(1,214)	4,996	895	11,121	41,152	60,391

Company	Notes	Reserves					Retained earnings	Total
		Share capital	Own shares	Share premium	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 for the six months of 2016		-	-	-	-	-	(213)	(213)
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	28,429	47,505

Consolidated and Company's statements of cash flows

	Notes	Group		Company	
		I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Cash flows from (to) operating activities					
Net profit (loss) for the period		7,740	(213)	7,740	(213)
Adjustments to reconcile result after tax to net cash flows:					
Depreciation and amortization		168	163	3	4
(Gain) loss on disposal of property, plant and equipment		-	-	-	-
Realized and unrealized loss (gain) on investments	8.1	(7,257)	232	(7,262)	252
Share of net (loss) profit of subsidiaries accounted for using the equity method		-	-	(229)	295
Interest income		(32)	(96)	(25)	(88)
Interest expenses		-	-	6	2
Deferred taxes	7	550	(26)	660	(23)
Current income tax expenses	7	36	29	-	-
Allowances		-	-	-	-
Share based payment	10	76	153	6	153
Dividend income	8.3	(1,115)	(643)	(1,115)	(643)
		166	(401)	(216)	(261)
Changes in working capital:					
(Increase) decrease in inventories		-	-	-	-
Decrease (increase) in trade and other receivables		(33)	(125)	(6)	29
Decrease (increase) in other current assets		19	(16)	40	1
(Decrease) increase in trade payables		(71)	(123)	(11)	(6)
(Decrease) increase in other current liabilities		(200)	164	27	25
Transfer (to)/from restricted cash		-	-	-	-
Cash flows (to) from operating activities		(119)	(501)	(166)	(212)
Income tax paid		(22)	-	-	-
Net cash flows (to) from operating activities		(141)	(501)	(166)	(212)

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

	Notes	Group		Company	
		I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Cash flows from (to) investing activities					
Acquisition of non-current assets (except investment properties)		(8)	(7)	-	-
Proceeds from sale of non-current assets (except investment properties)		-	-	-	1
Acquisition and establishment of subsidiaries, net of cash acquired	5	(3)	-	(212)	(1,333)
Proceeds from sales of subsidiaries, net of cash disposed	5	-	53	-	53
Acquisition of associates		(16)	-	(16)	-
Proceeds from sales of associates		-	-	-	-
Loans granted		(90)	(1,000)	(90)	(1,000)
Repayment of granted loans		257	1,493	257	1,493
Transfer to/from term deposits		-	-	-	-
Dividends received		1,044	348	1,044	348
Interest received		5	48	5	48
(Acquisition) of financial assets designated at fair value through profit and loss on initial recognition		(682)	(19)	(182)	(19)
Sale of financial assets designated at fair value through profit and loss on initial recognition		307	88	-	-
(Acquisition) of held-for-trading financial assets		(59)	-	(59)	-
Sale of held-for-trading financial assets		-	-	-	-
Net cash flows (to) investing activities		755	1,004	747	(409)
Cash flows from (to) financing activities					
Cash flows related to Group owners					
Acquisition of own shares	10	(106)	(558)	(106)	(558)
Dividends paid to equity holders of the parent		(6)	(5)	(6)	(5)
		(112)	(563)	(112)	(563)
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		(112)	(563)	(112)	(173)
Impact of currency exchange on cash and cash equivalents					
		-	-	-	-
Net (decrease) increase in cash and cash equivalents		502	(60)	469	(794)
Cash and cash equivalents at the beginning of the period		1,464	1,815	384	1,238
Cash and cash equivalents at the end of the period		1,966	1,755	853	444

(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 2016).

The Company is incorporated and domiciled in Lithuania. AB Invalda INVL is one of the leading asset management groups and one of the major companies investing in other businesses in the Baltic whose primary objective is to steadily increase the investors equity value, solely for capital appreciation or investment income (in the form of dividends and interest). After the Split-off completed in 2014 the Company's main investments are in asset management, agriculture, facility management and real estate (from 2016) segments. 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 180 thousand clients in Lithuania and Latvia, plus international investors, with total assets under management of over EUR 540 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 2017 and 31 December 2016 the shareholders of the Company were (by votes)*:

	30 June 2016		31 December 2016	
	Number of votes held	Percentage	Number of votes held	Percentage
UAB LJB Investments	3,515,855	30.40%	3,515,855	30.35%
Mrs. Irena Ona Mišeikienė	3,369,435	29.14%	3,369,435	29.08%
UAB Lucrum Investicija	2,638,309	22.81%	2,638,309	22.77%
Mr. Alvydas Banys	910,875	7.88%	910,875	7.86%
Ms. Indrė Mišeikytė	236,867	2.05%	236,867	2.04%
Other minor shareholders	892,192	7.72%	915,268	7.90%
Total	11,563,533	100.00%	11,586,609	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 (92.28%).

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2017 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 2016.

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 2016.

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.

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 INVL Baltic Real Estate, but in 2016 the Company has subscribed for new shares of 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.

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INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

(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 2017					
Net changes in fair value on financial assets	2,427	245	759	3,831	7,262
Total changes in fair value	2,427	245	759	3,831	7,262

	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	(1,764)	(253)
Total changes in fair value	(2,899)	872	10	(1,764)	(253)

The following table presents revenues and profit (loss) information regarding the Group's business segments for the six months ended 30 June 2017:

	Asset management	Agriculture	Facility management	Real estate	All other segments	Inter-segment transactions and consolidation adjustments	Total
Period ended 30 June 2017							
Revenue							
Sales to external customers	3,212	-	-	-	-	-	3,212
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	3,212	-	-	-	-	-	3,212
Results							
Other income	11	280	365	253	258	-	1,167
Net changes in fair value of financial assets	(5)	2,427	245	759	3,831	-	7,257
Segment expenses	(3,068)	-	-	-	(242)	-	(3,310)
Profit (loss) before income tax	150	2,707	610	1,012	3,847	-	8,326
Income tax credit (expenses)	74	-	-	-	(660)	-	(586)
Net profit (loss) for the period	224	2,707	610	1,012	3,187	-	7,740
Attributable to:							
Equity holders of the parent	224	2,707	610	1,012	3,187	-	7,740
Non-controlling interest	-	-	-	-	-	-	-

AB INVALIDA INVL

INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

(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	-	-	-	-	-	-	-

The following table represents segment assets of the Group operating segments as at 30 June 2017 and 31 December 2016:

Segment assets	Asset management	Agriculture	Facility management	Real estate	All other segments	Elimination	Total
At 30 June 2017	8,148	17,798	4,912	8,958	22,487	-	62,303
At 31 December 2016	8,364	15,371	4,921	8,183	17,574	-	54,413

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 2017	926	-	-	-	986	-	1,912
At 31 December 2016	1,250	-	-	-	482	-	1,732

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(all amounts are in EUR thousand unless otherwise stated)

4 Dividends

In 2017 and 2016 dividends were not declared.

5 Investment into subsidiaries and associates

1st Half Year of 2017

Increase of share capital

In January 2017 the Group's unconsolidated subsidiary investing in facility management segment's entities has established SIA Inservis in Latvia by investing EUR 3 thousand. SIA Inservis will provide facility management services in Latvia.

In March 2017 the Company has additional invested EUR 209 thousand into the share capital of UAB INVL Asset Management.

In June 2017 the Company has additional invested EUR 3 thousand into the share capital of UAB Cedus.

Acquisition of shares of AB INVL Baltic Real Estate

During the six months of 2017 the Company has additionally acquired shares of AB INVL Baltic Real Estate for EUR 16 thousand on the stock exchange.

Sale of trading business and grain elevator network of UAB Litagra

On 1 March 2017 the Group and other shareholders of UAB Litagra have signed share purchase – sale agreement with UAB koncernas Achemos Grupė regarding sale of trading business and grain elevators network of the group of UAB Litagra. Completion of the transaction is planned after obtaining the approval of the Competition Council and carrying out other actions foreseen in the agreement, including the reorganization of UAB Litagra. Planned reorganizations are completed at the date of issuing of the financial statements, but the approval of the Competition Council is not received. The group of UAB Litagra will continue to run its primary farming production business – companies in Lithuania that cultivate more than 9,000 hectares of land and the feed manufacturer UAB Joniškių Grūdai. The final amount of the transaction depends on financial indicators of sold part of businesses on the transaction closing accounting date and so will only be clear after the transaction is completed. The previous owners will retain the name "Litagra", though the disposed companies will be able to use it until 2019.

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 Invalida INVL 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.

5 Investment into subsidiaries and associates (cont'd)Acquisition of shares of UAB Informacinio Verslo Paslauga Jmonė

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 Paslauga Jmonė for EUR 350 thousand. In April 2016 the subsidiary has additionally acquired 0.2% of the shares of UAB Informacinio Verslo Paslauga Jmonė 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 620 thousand and earned a net profit of EUR 102 thousand. In 2017 and 2016 the unconsolidated subsidiary has received dividends of EUR 28 thousand and EUR 44 thousand from acquired entity, respectively.

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.

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 with deduction of net debt for the pieces of feed producers and agricultural productions and using EBITDA multiplier method with adding of differences between current asset and total liabilities of trading pieces (the Buyer of trading pieces has used this method in estimating the price for the signed deal in 2017 (Note 5)). 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.

AB INVALIDA INVL**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

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

Investment in facility management entities was measured using trailing twelve months EBITDA and applying a multiplier of comparable entity City Service SE, 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.

The following table represents inputs and fair value valuation techniques of subsidiaries and associates used by the Company as at 30 June 2017:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Facility management (Level 3)	4,729	Comparable companies in the market	EBITDA multiple	8.4
			EBITDA, EUR thousand	519
Agriculture (UAB Litagra) (Level 3)	17,798	Comparable companies in the market	EBITDA multiple	6.15-11.79
			EBITDA, EUR thousand	6,093
			Discount for lack of marketability	10%
Road signs production, wood manufacturing and dormant SPEs (Level 3)	984	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 2016:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Facility management (Level 3)	4,484	Comparable companies in the market	EBITDA multiple	6.9
			EBITDA, EUR thousand	587
Agriculture (UAB Litagra) (Level 3)	15,371	Comparable companies in the market	EBITDA multiple	5.9-6.9
			EBITDA, EUR thousand	5,489
			Discount for lack of marketability	10%
Road signs production, wood manufacturing and dormant SPEs (Level 3)	965	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 2017	As at 31 December 2016
Facility management (Level 3)	EBITDA multiple	1	519/(519)	587/(587)
	EBITDA	5 %	218/(218)	203/(203)
Agriculture (UAB Litagra) (Level 3)	EBITDA multiple	0.5	884/(884)	799/(799)
	P/BV multiple	0.1	-	-
	EBITDA	5 %	805/(805)	553/(553)
	Discount for lack of marketability	100 bps	(198)/198	(168)/168

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(all amounts are in EUR thousand unless otherwise stated)

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 2017:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	4,729	4,729
- Other activities	-	-	984	984
Associates				
- Agriculture	-	-	17,798	17,798
- Real estate	8,958	-	-	8,958
Financial assets designated upon initial recognition at fair value through profit or loss				
- Information technology	3,064	-	-	3,064
- Bank sector	15,129	-	-	15,129
- Other ordinary shares	1	181	-	182
- Collective investment undertaking - funds	-	1,010	-	1,010
- Government bonds	344	-	-	344
Financial assets held for trading				
Equity securities				
- Food industry	1,532	-	-	1,532
Total Assets	29,028	1,191	23,511	53,730
Liabilities	-	-	-	-

The following table presents the Company's assets and liabilities that are measured at fair value at 30 June 2017:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	4,729	4,729
- Other activities	-	-	984	984
Associates				
- Agriculture	-	-	17,798	17,798
- Real estate	8,958	-	-	8,958
Financial assets designated upon initial recognition at fair value through profit or loss				
- Information technology	2,707	-	-	2,707
- Bank sector	15,129	-	-	15,129
- Other ordinary shares	-	181	-	181
Financial assets held for trading				
Equity securities				
- Food industry	1,532	-	-	1,532
Total Assets	28,326	181	23,511	52,018
Liabilities	-	-	-	-

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(all amounts are in EUR thousand unless otherwise stated)

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 2016:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	4,484	4,484
- Other activities	-	-	965	965
Associates				
- Agriculture	-	-	15,371	15,371
- Real estate	8,183	-	-	8,183
Financial assets designated upon initial recognition at fair value through profit or loss				
- Information technology	3,370	-	-	3,370
- Bank sector	11,505	-	-	11,505
- Other ordinary shares	1	2	-	3
- Collective investment undertaking	-	779	-	779
- Government bonds	345	-	-	345
Financial assets held for trading				
Equity securities				
- Food industry	901	-	-	901
Total Assets	24,305	781	20,820	45,906
Liabilities	-	-	-	-

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2016:

	Level 1	Level 2	Level 3	Total balance
Assets				
Subsidiaries				
- Facilities management	-	-	4,484	4,484
- Other activities	-	-	965	965
Associates				
- Agriculture	-	-	15,371	15,371
- Real estate	8,183	-	-	8,183
Financial assets designated upon initial recognition at fair value through profit or loss				
- Information technology	2,978	-	-	2,978
- Bank sector	11,505	-	-	11,505
- Other ordinary shares	-	2	-	2
Financial assets held for trading				
Equity securities				
- Food industry	901	-	-	901
Total Assets	23,567	2	20,820	44,389
Liabilities	-	-	-	-

During the 1st Half Year of 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

AB INVALIDA INVL**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

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 2017:

	Facilities management	Agriculture	Other activities	Total
Balance at 31 December 2016	4,484	15,371	965	20,820
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')	245	2,427	(91)	2,581
Loans granted	-	-	90	90
Interest charged	-	-	17	17
Share capital increase	-	-	3	3
Balance at 30 June 2017	4,729	17,798	984	23,421
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	245	2,427	(91)	2,581

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)

7 Income tax

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Components of income tax expense				
Current income tax charge	(34)	(29)	-	-
Prior year current income tax correction	(2)	-	-	-
Deferred income tax income (expense)	(550)	26	(660)	23
Income tax (expenses) income charged to the income statement	(586)	(3)	(660)	23

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

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Net gain (loss) from revaluation of subsidiaries and associates	3,340	(2,015)	3,340	(2,015)
Gain (loss) from financial assets designated at fair value through profit and loss on initial recognition	3,344	1,661	3,349	1,641
Net gain (loss) from financial assets held for trading	573	122	573	122
<i>Net gain (loss) from financial assets at fair value through profit and loss , total</i>	<u>7,257</u>	<u>(232)</u>	<u>7,262</u>	<u>(252)</u>

8.2. Finance expenses

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Interest expenses	-	-	(6)	(2)
	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>(2)</u>

8.3. Other income

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Interest income	32	96	25	88
Dividend income	1,115	643	1,115	643
Other income	20	31	16	17
	<u>1,167</u>	<u>770</u>	<u>1,156</u>	<u>748</u>

8.4. Other expenses

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Vehicles maintenance costs	(78)	(55)	(1)	(4)
Repairs and maintenance cost of premises	(16)	(18)	(1)	-
Taxes	(108)	(105)	(12)	(11)
Professional services	(93)	(50)	(14)	(3)
Fees for securities	(150)	(133)	(10)	(9)
Other expenses	(146)	(192)	(22)	(41)
	<u>(591)</u>	<u>(553)</u>	<u>(60)</u>	<u>(68)</u>

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(all amounts are in EUR thousand unless otherwise stated)

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 six months ended 30 June 2017 and 2016 were as follows:

Calculation of weighted average for the six months ended 30 June 2017	Number of shares		Issued/181 (days)	Weighted average (thousand)
	(thousand)	Par value		
Shares issued as at 31 December 2016	11,587	0.29	181/181	11,587
Own shares acquired as at 22 May 2017	(23)	0.29	39/181	(5)
Shares issued as at 30 June 2017	11,564	-	-	11,582

Calculation of weighted average for the six months ended 30 June 2016	Number of shares		Issued/182 (days)	Weighted average (thousand)
	(thousand)	Par value		
Shares issued as at 31 December 2015	11,722	0.29	181/182	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

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

	Group		Company	
	I Half Year 2017	I Half Year 2016	I Half Year 2017	I Half Year 2016
Net profit (loss), attributable to equity holders of the parent for basic earnings (EUR thousand)	7,740	(213)	7,740	141
Weighted average number of ordinary shares (thousand)	11,582	11,694	11,582	11,694
Basic earnings (deficit) per share (EUR)	0.67	(0.02)	0.67	0.01

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

The following table reflects the share data used in the diluted earnings per share computations during the six months of 2017:

	Number of shares (thousand)	Issued/181 (days)	Weighted average (thousand)
Weighted average number of ordinary shares for basic earnings per share	-	-	11,582
Potential dilutive shares from share-based payment (granted on 2 May 2016)	40	181/181	40
Potential dilutive shares from share-based payment (granted on 3 May 2017)	12	58/181	4
Potential dilutive shares from share-based payment (granted on 16 May 2017)	50	45/181	12
Weighted average number of ordinary shares for diluted earnings per share	-	-	11,638

The following table reflects the income data used in the diluted earnings per share computations during the six months of 2017:

	Group	Company
Net profit, attributable to the equity holders of the parent	7,740	7,740
Weighted average number of ordinary and potential shares (thousand)	11,638	11,638
Diluted earnings per share (EUR)	0.67	0.67

10 Acquisition of own shares and share capital*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.

1st Half Year of 2017

From 4 May 2017 until 18 May 2017 the Company implemented share buy-back through the tender offer market. Maximum number of shares to be acquired was 120,000. Share acquisition price established at EUR 4.55 per share. During buy-back 23,076 shares (0.19% of share capital) were acquired for EUR 106 thousand, including brokerage fees. The acquired shares were settled on 22 May 2017. Acquired own shares do not have voting rights.

On 3 May 2017 and 16 May 2017 the Company has agreed with Group's employees regarding share options transactions for 15,765 and 64,806 shares of the Company, respectively. The main conditions of transactions were:

- The employee has the right to acquire the shares in 2020 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;
- Transactions of 16 May 2017 have not any vesting conditions;
- Transactions of 3 May 2017 have service vesting condition. The right to acquire share in the part of transactions come in to force in future (on 30 November 2017, on 30 April of 2018, 2019 and 2020), if the employment contract is not terminated until mentioned dates.
- 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 of 16 May 2017 were grant to the employees for 2016 received services to the Group. 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. Because in the financial statements for the year ended 31 December 2016 the Group has recognised accruals of EUR 193 thousand for these transaction, the Group during 1st Half Year of 2017 has additionally recognised EUR 36 thousand of expenses after recalculation of fair value of share option. The Company has additionally recognised EUR 6 thousand of expenses and EUR 30 thousand as additional investment to consolidated subsidiaries. The fair value of one share option at the grant date (16 May 2017) was equalled to EUR 3.53. 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 16 May 2017 (EUR 4.55), risk-free interest rate (-0.578%), historical volatility (33.60%), expected dividend yield (0%).

10 Acquisition of own shares and share capital (cont'd)

Expenses of share-based payments of 3 May 2017 are recognised in proportion to the time worked by employees during vesting period. During 1st Half Year of 2017 the Group has recognised EUR 40 thousand of expenses regarding these share-based payment, the Company has recognised EUR 40 thousand as additional investment to consolidated subsidiaries. The fair value of one share option at the grant date (3 May 2017) was equalled to EUR 3.33. 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 3 May 2017 (EUR 4.35), risk-free interest rate (-0.641%), historical volatility (33.58%), expected dividend yield (0%).

The value of share-based payments was recognised in the equity within share-based payments reserve.

11 Related party transactions

The related parties of the Group in 2017 and 2016 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 2017 and related half year-end balances were as follows:

1st Half Year 2017 Company	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	25	6	1,040	404
Dividends	898	-	433	-
Accounting services	16	-	6	-
Rent and utilities services	-	13	-	-
Information technology maintenance services	-	4	-	1
	<u>939</u>	<u>23</u>	<u>1,479</u>	<u>405</u>
Liabilities to shareholders and management	-	-	-	-

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 services	-	13	-	-
Information technology maintenance services	-	4	-	1
Other	1	-	-	12
	<u>707</u>	<u>19</u>	<u>1,775</u>	<u>405</u>
Liabilities to shareholders and management	-	-	-	-

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(all amounts are in EUR thousand unless otherwise stated)

11 Related party transactions (cont'd)

The Group's transactions with related parties during the 1st Half Year 2017 and related half year-end balances were as follows:

1st Half Year 2017 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	25	-	1,040	-
Dividends	898	-	433	-
Accounting services	16	-	6	-
Rent and utilities services	2	106	-	-
Information technology maintenance services	-	46	-	8
Management fee	329	-	165	-
Land administration services	49	-	42	-
	<u>1,319</u>	<u>152</u>	<u>1,686</u>	<u>8</u>
Liabilities to shareholders and management	-	-	-	-

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	-	-	-
	<u>936</u>	<u>165</u>	<u>1,801</u>	<u>8</u>
Liabilities to shareholders and management	-	-	-	-

12 Events after the reporting period

In July 2017 the Group has acquired 100% shares of AS INVL Atklātais Pensiju Fonds for EUR 103 thousand (all amount paid in cash). Acquired entity operates in Latvia and manages six 3rd pillar pension funds. As of 30 June 2017 the entity managed EUR 1.2 million of assets. The assets and liabilities, profit or loss from the acquired business will be included into the Group results from 1 August 2017. Currently there is no assessment of the assets and liabilities of the acquired company. As at 31 July 2017 the carrying amounts of the assets of the acquired entity are EUR 49 thousand, from them cash EUR 42 thousand, and the carrying amounts of the liabilities are EUR 5 thousand. The value of managed pension funds is not recognized in the financial statements of the acquired company. Currently the Group has not made preliminary assessment of their value.

An aerial, black and white photograph of a paved plaza with a grid pattern. Several people are walking across the plaza in various directions. The image is used as a background for the report cover.

INVALDA **INL**

Invalda INVL, AB Consolidated Interim Report for 6 months of 2017

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 Interim 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 2017 (January – June).

The report also includes significant events of the company and the group that took place after the reporting period.

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
Address	Gynėjų str. 14, LT-01109 Vilnius, Lithuania
Telephone	+370 5 279 0601
E-mail	info@invaldainvl.com
Website	www.invaldainvl.com
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 operating principles

Activity

Invalda INVL is one of the leading asset management groups in the Baltic countries. Invalda INVL group currently manages a total of more than 20 mutual, real-estate and pension funds (2nd and 3rd pillar), alternative investments, individual portfolios, private equity and other financial instruments. Companies of the group engaged in asset management manage over 540 million euros of assets entrusted to them by more than 180,000 clients in Lithuania and Latvia as well as international investors.

We believe that our team's experience in investing and asset management creates value. That's why we now manage other investors' assets in addition to those of our shareholders. Every day we make decisions to ensure the intelligent investment of our clients' assets, which is why we highly value responsibility, a professional attitude, efficiency and openness.

Experience

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 shares have been traded on the Nasdaq Vilnius Exchange since 1995. On May 2015 the company changed its corporate name to the public joint-stock company Invalda INVL.

Over its history Invalda INVL implemented a few dozen corporate acquisitions and sales, capital raising transactions worth more than EUR 1.2 bln.

Having the biggest team of investment managers in Lithuania and Latvia, and more than 20 years of successful asset management, we generate significant returns for our investors.

Goals

The priority of Invalda INVL group is to ensure the successful management of the assets entrusted to it. Our aim is to achieve that the products managed by the group are among the best choices on the market in their categories.

Invalda INVL strives to be the leading asset management investment group in Lithuania and one of the leaders in the region. It is planned to continue growing and investing in the asset management business' organic growth and upon appearance of opportunities, new acquisitions in this business can be made. Alongside with the importance of the annual financial results, the priority will be given for the qualitative and quantitative asset management business growth and long-term value creation for customers, employees and shareholders.

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, investing in IT, real estate, agricultural, facility management and banking areas.

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

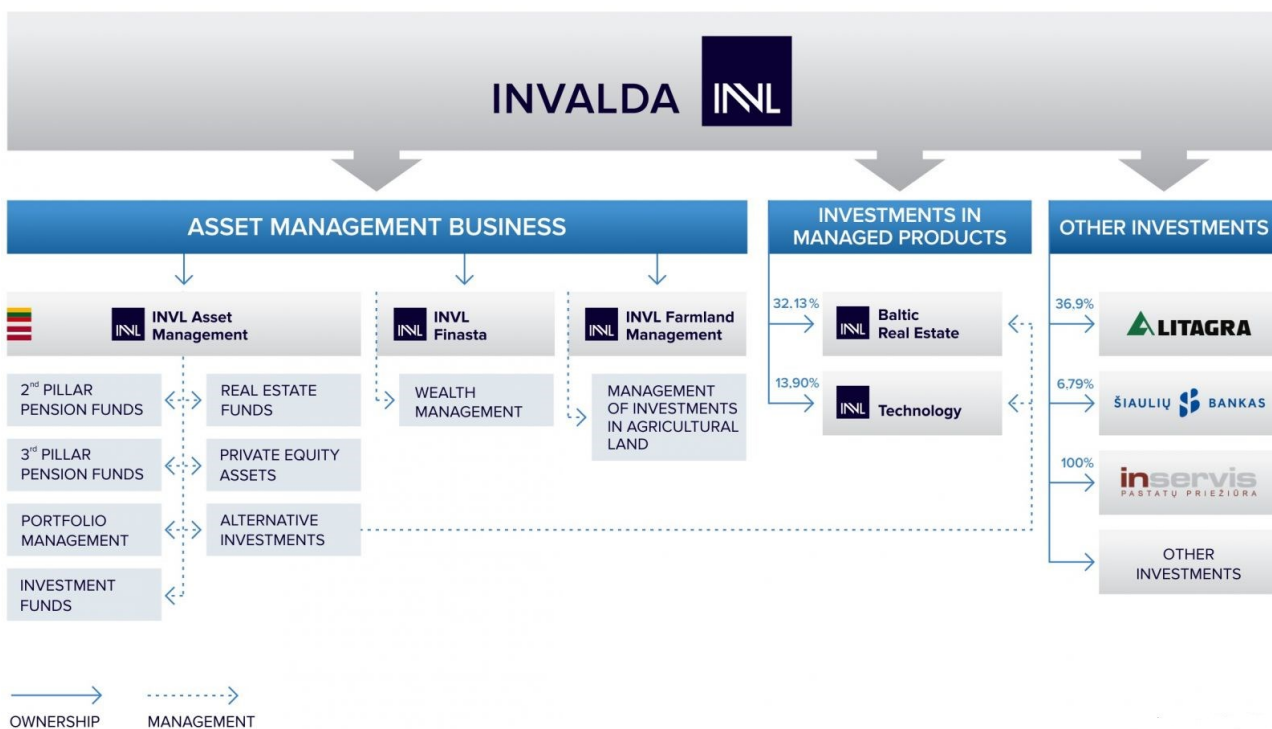


Fig. 2.3.1. The group companies of Invalda INVL as of 30 June 2017

II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

3. Business environment

Table 3.1. Baltic stock market:

Index/Shares	31.12.2016	30.06.2017	+/- %
OMX Tallinn	1,075.50	1,137.08	5.73%
OMX Riga	733.77	970.21	32.22%
OMX Vilnius	558.50	597.07	6.91%

Source: Nasdaq Baltic

Table 3.2. Key economic indicators of Lithuania:

Rate	2010	2011	2012	2013	2014	2015	2016	2017*
Real GDP annual change (excluding seasonal and labour days, %)	1.6	6.0	3.9	3.4	3.5	1.7	2.2	4.0
Nominal GDP (EUR billion)	28.028	31.275	33.348	35.002	36.590	37.331	38.631	40.041
Retail trade turnover (at constant prices, excluding vehicle trade) annual change (%)	-6.0	5.0	4.8	4.3	5.3	4.5	4.1	6.1
Unemployment rate (according to survey data, average, %)	17.8	15.4	13.4	11.8	10.7	9.1	7.9	7.0
CPI, annual change* (%)	1.2	4.1	3.2	1.2	0.2	-0.7	0.7	2.0 (June)
HICP, annual average change (%)	614.4	629.9	646.4	677.8	714.5	756.9	822.8	817.6 (Q1)
Average monthly wage	0.2	2.5	2.6	4.8	5.4	5.9	8.7	9.3 (Q1)

Source: SEB bank, Statistics Lithuania

*Data for the first half of the year, unless otherwise noted

Lithuania's economy reached the pre-crisis level in 2012 and continues its moderate growth. In 2016, the GDP annual growth rate was 2.2%, increasing up to 4.0% in the first half of 2017. In recent years, domestic consumption has been the main driver of the economy and it will remain so in the medium term. A favourable situation in the labour market has created preconditions for wage growth and increased the purchasing power of the population. A relatively low inflation has increased both nominal and real income.

For business, the situation was aggravated by the embargo imposed in 2015 and the economic downturn in Russia, but Lithuanian companies have successfully found alternative markets in the EU countries. Export volumes minimally shrunk (1.3%) in 2016, which can be explained by lower oil product and fertilizer prices. Meanwhile, exports have been picking up this year (in the first half of 2017 it increased by as much as 17.7% at an annual rate). One of the reasons is the improving situation in the euro area.

Economists are improving their economic forecasts, calculating that in 2017 Lithuania's GDP growth will accelerate (the European Commission's forecast is 2.9%, SEB's – 3.2%). Inflation, which is expected to exceed 3%, should slow down the growth in disposable income, thus private consumption will grow slower. On the other hand, this year, with the increase in the distribution of the EU funds, private and public investment is expected to recover. Exports of goods and services should contribute to the economic growth. The country's strength remains in the stable public finances with a controlled budget deficit (a projected deficit of 0.5% of GDP in 2017) and an acceptable level of government debt (about 40% of GDP).

4. Performance results of the issuer and the group

Table 4.1. Main items of financial statements, thousand EUR

EUR thousand	Company's			Group's		
	6 months 2015	6 months 2016	6 months 2017	6 months 2015	6 months 2016	6 months 2017
Non-current assets	40,515	46,543	58,612	38,080	43,879	55,264
Current assets	8,390	1,881	3,167	11,003	5,120	7,039
Equity	48,074	47,505	60,391	48,074	47,505	60,391
Non-current liabilities	-	-	496	84	75	576
Current liabilities	831	919	892	925	1,419	1,336
Result before taxes	4,179	-236	8,400	4,196	-210	8,326
Net result	4,139	-213	7,740	4,139	-213	7,740

Table 4.2. Calculation of the net asset value of Invalda INVL, AB

EUR thousand	Evaluation criteria	30 June 2015	30 June 2016	30 June 2017
Investment into asset management	Equity method	7,224	7,238	7,627
Cash and cash equivalents	Book value	1,088	444	853
Deferred income tax asset	Book value	362	131	-
Investments into INVL Baltic Real Estate	Market price	1,688	8,225	8,958
Investments into INVL Technology	Market price	933	3,437	2,707
Other listed shares	Market price	1,294	635	1,532
Investments into Litagra, UAB (including loans granted)	Comparative method of multipliers	16,196	11,998	17,798
Investments into Šiauliai Bank (in 2015 – into Finasta group)	Market price	5,884	8,405	15,129
Investments into Inservis, UAB (including loans granted)	Comparative method of multipliers	4,112	5,943	4,912
Investments into other subsidiary companies (including loans granted)	Fair value of net assets	1,297	1,093	984
Loans to group companies of INVL Baltic Real Estate	Book value	5,434	-	-
Loans to group companies of INVL Technology	Book value	2,311	-	-
Other loans, other assets	Book value	1,082	875	1,279
Total assets	Book value	48,905	48,424	61,779
Liabilities	Book value	831	919	1,388
Net asset value		48,074	47,505	60,391
Net asset value per share, EUR		4.10	4.10	5.21

5. Significant issuer's events for the reporting period and since the end of the last financial year

- On 24 February 2017 Cedus Invest UAB, a company 100 per cent controlled by Invalda INVL, together with other shareholders of Litagra UAB, initialled share purchase – sale agreement with Achema Group regarding sale of Litagra group trading business and grain elevators network, i.e. Litagros Prekyba AB, with its Latvian subsidiary Litagra SIA. Completion of the transaction is planned after obtaining the approval of the Competition Council and carrying out other actions foreseen in the agreement, including the reorganization of Litagra.
- On 28 April 2017 the General Meeting of Shareholders was held. The shareholders got acquainted with the Consolidated Annual Report of Invalda INVL and the auditor's report on the financial statements of Invalda INVL. The shareholders approved financial statements of Invalda INVL, profit distribution, conditions for the purchase of own shares and the issue regarding the number of ordinary shares of Invalda INVL for which during the year 2017 employees shall be offered options contracts. The meeting also approved the new wording of the regulations of the audit committee, the remuneration for independent members of the audit committee and elected the following 2 independent members of the audit committee for a 4 years term of office: Dangutė Pranckėnienė and Tomas Bubinas.
- On 28 April 2017 the General Meeting of Shareholders elected the following members to the Board of Invalda INVL for the new 4 (four) years term of office: Alvydas Banys, Indrė Mišeikytė and Darius Šulnis. At the Board meeting held on 2 May 2017 Alvydas Banys was elected the Chairman of the Board.
- On 2 May 2017 it was announced that the board of the company, considering that EUR 10.013 thousand reserve for the acquisition of own shares have been formed and unused in the public limited company Invalda INVL and in line with the decision of shareholders on 28 April 2017, decided to buy ordinary registered shares of Invalda INVL through the Nasdaq Vilnius Stock Exchange's official offering. In addition, the terms for acquiring the treasury shares were announced.
- On 18 May 2016 Invalda INVL announced that it will purchase 0.19% of own shares for the total amount of EUR 104,995.80 (without brokerage fees). Invalda INVL could purchase up to 120.000 shares. During the share buy-back 23,076 units of shares were tendered. Every shareholder sold 100% of offered shares for the price of EUR 4.55 per share. Share purchase procedure started from 4 May 2017 and was implemented through the market of official tender offers of Nasdaq Vilnius stock exchange until 18 May. The acquired shares were settled on 22 May.
- On 19 May 2017 it was announced that Invalda INVL, in the course of 29 April 2016 approved Employees Stock Option Policy and in accordance with 28 April 2017 decision of the general shareholders' meeting, have signed stock options contracts for 80.571 ordinary registered shares of the public company Invalda INVL. The stock options contracts were signed with employees of Invalda INVL and with employees of the companies where Invalda INVL owns at least 50%. In the year 2020, according to the procedure and terms specified in the stock option contracts, employees will acquire the right to purchase the above mentioned amount of 0.29 euros e nominal value shares of Invalda INVL, paying the price of 1 (one) euro for each share acquired.
- On 30 May 2017 Invalda INVL announced unaudited results of Invalda INVL group for the 3 months of 2017. Company's and consolidated net profit amounted to EUR 2.31 million (during the same period of the last year the loss of EUR 0.18 mln. was suffered). Company's and consolidated equity capital for the 3 months of 2017 amounted to EUR 54.99 million (company's and consolidated equity capital for the 3 months of 2016 amounted to EUR 52.68 million).
- On 14 June 2017 Invalda INVL together with its INVL Asset Management companies in Lithuania and Latvia, has joined the UN-supported Principles for Responsible Investment (PRI).

6. Information on the group's activities

6.1. Asset Management business



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

The successful results of the first half-year of this year were also reflected in the results of the national pension funds. Most funds have calculated a positive return, while pension funds managed by INVL Asset Management continued to stand out. According to the returns of the last five years, they top ranked in all categories of second and third pillar pension funds. Assessing the return of the first half of this year, INVL Asset Management funds ranked leaders in all categories, except for the second pillar equity pension funds, where the company's fund was the second. Although a significant number of conservative domestic pension funds fell in the first half of the year, INVL Asset Management's bond funds INVL Stabilo II 58+ and INVL Stabilo III + 58 have reached quite a high return and top ranked in their respective categories.

Reviewing investment funds, investors were interested in Central and Eastern European countries. In the second quarter of 2017, investors' continued to focus on equity and bond markets of emerging countries, and interest from Russia was shifted towards the countries of Central and Eastern Europe. This let to take an advantage for INVL Emerging Europe ex Russia TOP20 Subfund. In the first half of 2017 this fund earned 15.7%. High 15.8% return has earned INVL Baltic Fund. Bond funds focused on a safer asset class and in the first half of this year earned quite a significant profit. In the first half of this year, INVL Global Emerging Markets Bond Subfund earned 5.1% return. The fund started its activities in July last year. It invests in bonds worldwide and no distribution and management fees are applied until 2018.

INVL Baltic Forest Fund I, which is dedicated to informed investors, on 12 May completed the first phase of the fund distribution. During this time the maximum amount of EUR 5 million was attracted to the fund. Currently, the funds are actively invested.





Table 6.1.1. Results of the asset management

EUR million (if not stated otherwise)	2015		2016		6 months of 2017	
	Lithuania	Latvia	Lithuania	Latvia	Lithuania	Latvia
Number of clients, units	118.2	48.5	126.2	52.2	132.7	51.1
Asset under management*	265.2	63.0	422.4	86.3	461.0	84.9
<i>2nd pillar pension funds</i>	<i>179.0</i>	<i>45.7</i>	<i>238.5</i>	<i>55.9</i>	<i>272.3</i>	<i>57.0</i>
<i>3rd pillar pension funds</i>	<i>10.6</i>	<i>1.2</i>	<i>15.5</i>	<i>1.2</i>	<i>17.2</i>	<i>1.2</i>
<i>Investment funds</i>	<i>31.7</i>	<i>1.9</i>	<i>71.5</i>	<i>-</i>	<i>65.2</i>	<i>-</i>
<i>Portfolios</i>	<i>33.6</i>	<i>1.3</i>	<i>39.2</i>	<i>0.6</i>	<i>41.5</i>	<i>0.6</i>
<i>Alternative assets</i>	<i>10.3</i>	<i>12.9</i>	<i>57.7</i>	<i>28.6</i>	<i>64.8</i>	<i>26.1</i>
Revenues (January – June)	1.4	0.4	1.7	0.4	2.7	0.5
Profit before tax (EUR thousand)**	(92)	79	(261)	(9)	75	75

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

** according to accounting data of Invalda INVL

6.2. Other investments

Company	Activity	Owned shares, %	Value of the owned shares 30.06.2017, thous. EUR
 INL TECHNOLOGY www.invltechnology.com	<ul style="list-style-type: none"> Investments in information technology company; >300 employees at group companies; >200 clients served each year; >50 countries where projects were implemented; Closed-ended type investment company license obtained 14.07.2016. Management transferred to INVL Asset Management; Listed on Nasdaq Vilnius stock exchange; Equity of the company amounted to EUR 19.7 million or EUR 1.62 per share as of 30.06.2017. Investments of the Company amounted to EUR 16.6 million at the end of June 2017. Accounted loss of the change in shares' value amounted to EUR 0.3 million. 	13.9	2,707
 INL BALTIC REAL ESTATE www.invlbalticrealestate.com	<ul style="list-style-type: none"> Investments in commercial real estate company; EUR 54 mln investment assets value; Consolidated net profit for the first half of this year was of EUR 1.5 million and was more than 2.5 times larger than in January-June 2016. The company's consolidated equity value per share increased 20% from a year earlier to EUR 0.48 per share at the end of June 2017 Closed-ended type investment company license obtained 22.12.2016. Management transferred to INVL Asset Management; Listed on Nasdaq Vilnius stock exchange; In 6 months of 2017 EUR 1 million earned from this investment (included dividends received) 	32.13	8,958
 LITAGRA www.litagragroup.lt	<ul style="list-style-type: none"> Crop and livestock (milk) production, grain processing and services for agriculture; 25 years of agriculture sector experience; On February 2017 share purchase – sale agreement was signed with Achema Group regarding sale of Litagra group trading business and grain elevators network, i.e. Litagros Prekyba AB, with its Latvian subsidiary Litagra SIA. . 	36.9	17,798
 ŠIAULIŲ BANKAS www.sb.lt	<ul style="list-style-type: none"> >70 bank branches; >20 years of banking sector experience; Listed on NASDAQ Vilnius stock Exchange; In the first half of the year, the bank group earned EUR 19.2 million unaudited net profit, the bank's six month profit amounted to EUR 19.8 million. 	6.79	15,129
 inservis PASTATŲ PRIEŽIŪRA www.inservis.lt	<ul style="list-style-type: none"> Facility Management company; 2 mln sq. m. of premises managed; about 300 certified professionals; 8 Lithuanian cities where services are provided. 	100	4,912
 KELIO ŽENKLAI uždaroji akcinė bendrovė www.keliozenklai.lt	<ul style="list-style-type: none"> Solid wood, metal and road maintenance equipment manufacturing company; >80 employees; 35 years of road sign production experience. 	100	973

III. INFORMATION ABOUT SECURITIES

7. Information about Issuer's authorised capital

7.1. Structure of the authorized capital

Table 7.1.1. Structure of Invalda INVL, AB authorised capital as of 30 June 2017.

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	11,563,533	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.

7.2. Information about the Issuer's treasury shares

Since the beginning of 2017 until the release of the report, the company implemented own share acquisition process for one time.

Share purchase started on 4 May 2017. Share purchase ended on 18 May 2017. Max number of shares to be acquired (units): 120,000. The company acquired 23,079 units of own shares (0.19 percent), EUR 104,995.80 (without brokerage fee) were paid for the acquired shares. The price of one share was EUR 4.55. 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 11,563,533 units.

8. 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.

9. Shareholders

9.1. Information about shareholders of the company

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

Table 9.1.1. Shareholders who held title to more than 5% of Invalda INVL, AB authorised capital and/or votes as of 30 June 2017.

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	30.40	61.88	92.28
Irena Ona Mišeikienė	3,369,435	28.40	29.14	63.14	
Darius Šulnis	0	0.00	0.00	92.28	
Lucrum Investicija, UAB code 300806471. Gynėjų str. 14, Vilnius	2,401,442	20.24	20.76	71.52	
Alvydas Banys	910,875	7.68	7.88	84.40	
Indrė Mišeikytė	236,867	2.00	2.05	90.23	

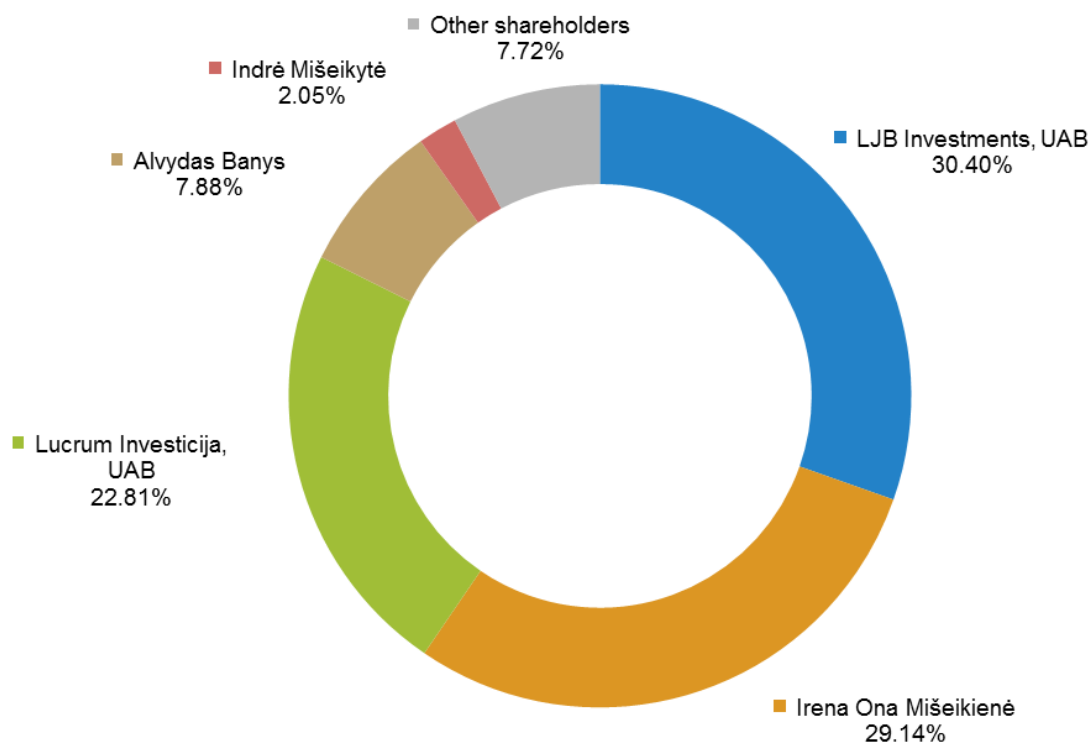


Fig. 9.1.1. Votes as of 30 June 2017

There are no shareholders entitled to special rights of control.

Invalda INVL, AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders that might result in the restriction of shares transfer and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect of being amended or terminated in case of change in the Issuer's control in 2017. At the end of June 2017 the total number of shareholders was around 3,500.

10. Trading in Issuer's securities as well as securities of the group companies'

10.1. Trading in Issuer's securities

Table 10.1.1. Main characteristics of Invalda INVL, AB shares admitted to trading

Shares issued, units	11,865,993
Shares with voting rights, units	11,563,533
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

Company uses no services of liquidity providers.

Table 10.1.2. Trading in Invalda INVL, AB shares

	2013 H1	2014 H1	2015 H1	2016 H1	2017 H1
Share price, EUR					
- open	1.970	3.380	3.100	3.460	3.860
- high	2.830	3.490	3.700	4.080	4.700
- low	1.960	2.760	2.950	3.260	3.790
- medium	2.291	3.135	3.142	3.611	4.222
- last	2.650	2.910	3.600	3.870	4.650
Turnover, units	1,935,755	56,183	29,476	36,610	31,480
Turnover, EUR	4,403,436.39	179,688.43	98,141.11	130,529.26	131,884.66
Trades, units	3,243	314	188	222	140

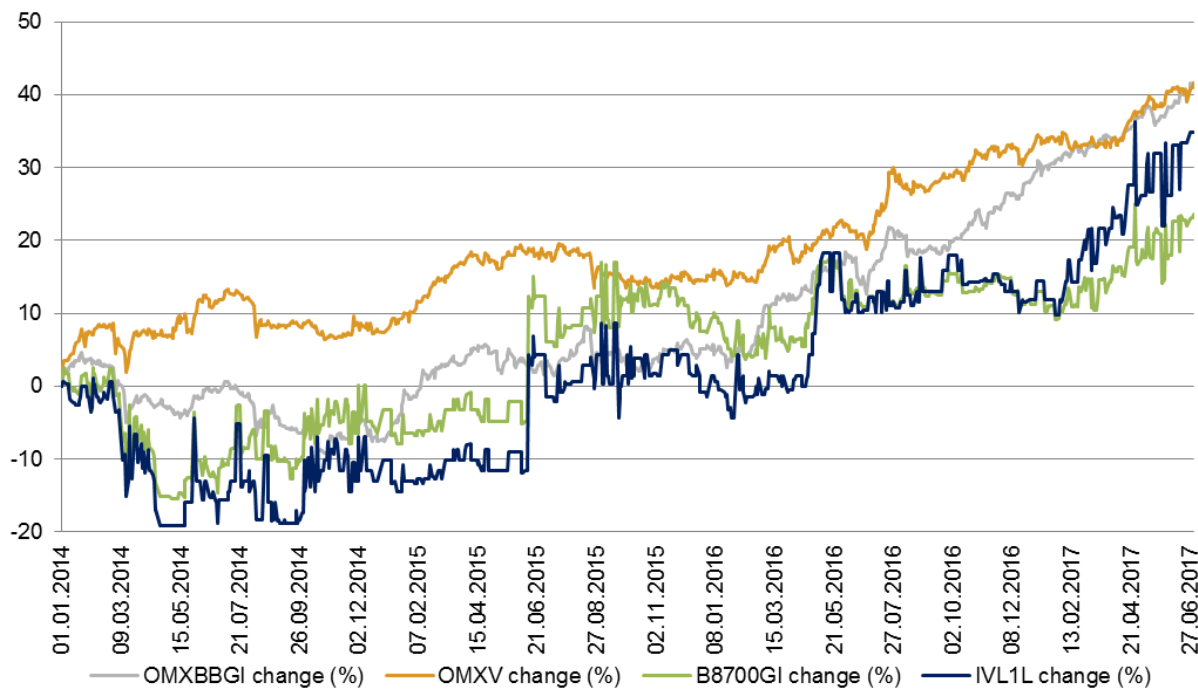


Fig. 10.1.1. Changes of Invalda INVL shares and indexes

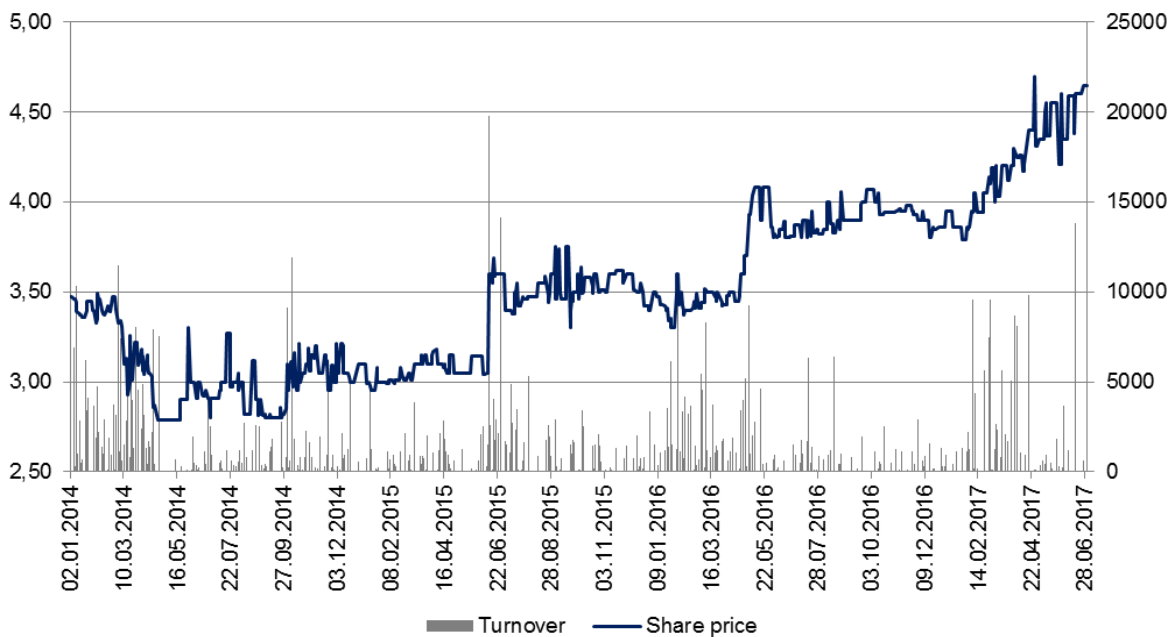


Fig. 10.1.2. Turnover of Invalda INVL AB shares and share price

10.2. Trading in securities of the group companies'

Shares of subsidiary companies of Invalda INVL, forming the group, are not traded on stock exchanges. INVL Baltic Real Estate, INVL Technology and Siaulių Bankas, companies assigned to other investments, are listed on Nasdaq Vilnius stock exchange.

10.2.1. Information about trading in INVL Baltic Real Estate shares

Table 10.2.1.1. Main characteristics of INVL Baltic Real Estate shares admitted to trading

ISIN code	LT0000127151
Name	INR1L
Exchange, list	Nasdaq Vilnius, Baltic Secondary list
Listing date	04.06.2014
Shares issued, units	65,750,000
Nominal value, EUR	0.29
Total nominal value, EUR	19,067,500

Table 10.2.1.2. Trading in INVL Baltic Real Estate shares, EUR

	2015 H1	2016 H1	2017 H1
Share price, EUR			
- open	0.300	0.399	0.388
- high	0.311	0.447	0.449
- low	0.261	0.380	0.375
- last	0.308	0.390	0.424
Turnover, units	64,096	233,109	542,035
Turnover, EUR	19,364.22	93,827.97	219,390.57
Trades, units	95	216	288

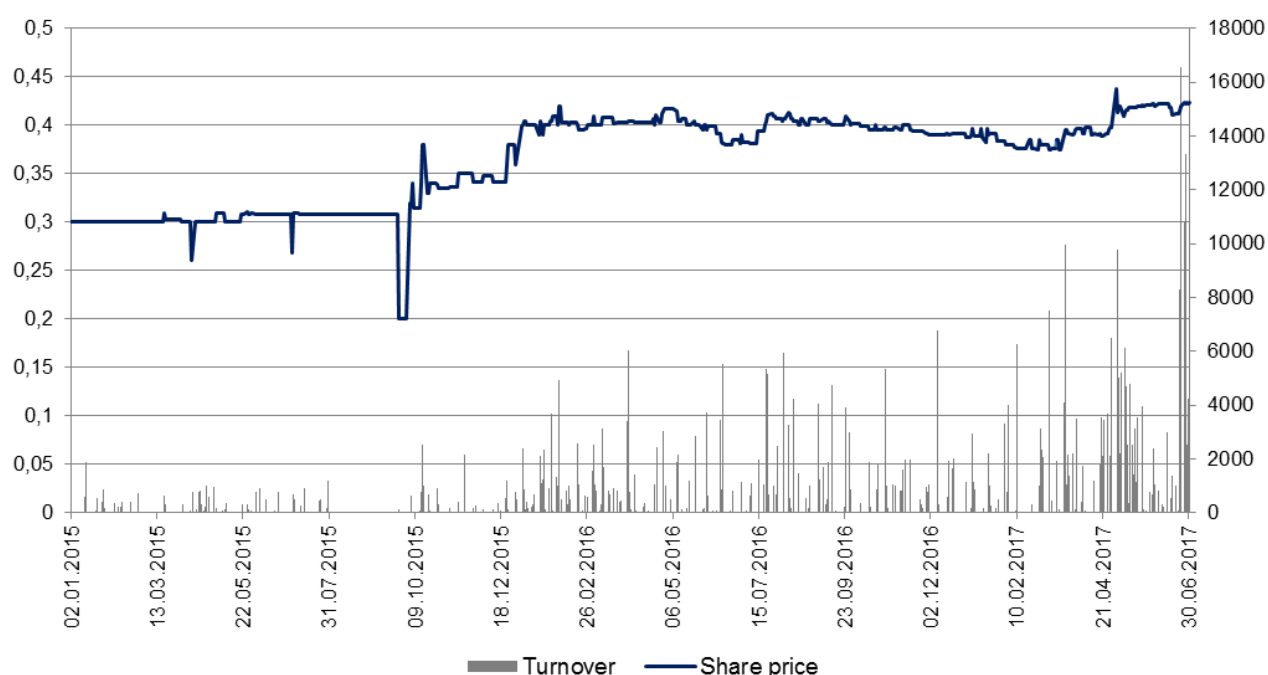


Fig. 10.2.1.1. INVL Baltic Real Estate share price and turnover

10.2.2. Information about trading in INVL Technology shares

Table 10.2.2.1. Main characteristics of INVL Technology shares admitted to trading

ISIN code	LT0000128860
Name	INC1L
Exchange, list	Nasdaq Vilnius, Baltic Secondary list
Listing date	4 June 2014
Shares issued, units	12,175,321
Nominal value, EUR	0.29
Total nominal value, EUR	3,530,843.09

Table 10.2.2.2. Trading in INVL Technology shares, EUR

	2015 H1	2016 H1	2017 H1
Share price, EUR			
- open	1.47	2.01	1.76
- high	2.00	2.07	1.76
- low	1.33	1.79	1.55
- last	1.85	1.80	1.60
Turnover, units	9,660	38,175	55,560
Turnover, EUR	17,225.06	71,327.53	91,471.12
Trades, units	122	196	192



Fig. 10.2.2.1. INVL Technology share price and turnover

10.2.3. Information about trading in Šiaulių bankas shares

Table 10.2.3.1. Main characteristics of Šiaulių bankas shares admitted to trading

ISIN code	LT0000102253
Name	SAB1L
Exchange, list	Nasdaq Vilnius, Baltic Main list
Listing date	29-11-1994
Shares issued, units	452,986,172
Nominal value, EUR	0.29
Total nominal value, EUR	131,365,989.88

Table 10.2.3.2. Trading in Šiaulių bankas shares, EUR

	2015 H1	2016 H1	2017 H1
Share price, EUR			
- open	0.173	0.206	0.382
- high	0.212	0.297	0.507
- low	0.171	0.201	0.380
- last	0.201	0.273	0.492
Turnover, units	21,858,964	34,415,992	37,831,723
Turnover, EUR	6,392,445.91	10,848,346.07	18,525,481.97



Fig. 10.2.3.1. Šiaulių Bankas share price and turnover

IV. ISSUER’S MANAGING BODIES

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

The Board of Invalda INVL, AB was elected during the Extraordinary General Shareholders’ Meeting on 28 May 2017. 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

Term of office	From 2017 until 2021
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 7.88 % votes; together with controlled company LJB Investments: 4,426,730 units of shares. 37.31 % of authorized capital and 38.28 % votes. Total votes together with persons acting in concert - 92.28 %.
Participation in other companies	INVL Baltic Farmland, AB – Chairman of the Board Litagra, UAB – Member of the Board LP Grupė, UAB - Member of the Board



Indre Miseikyte – Member of the Board

The term of office	From 2017 until 2021
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 2.05 % votes. Total votes together with persons acting in concert - 92.28 %.
Participation in other companies	Invalda Privatus Kapitalas, 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 2017 until 2021
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. 22.81 % of votes. Total votes together with persons acting in concert - 92.28 %.
Participation in other companies	INVL Asset Management, UAB – CEO, Chairman of the Board INVL Asset Management, IPAS (Latvia) - Member of the Supervisory Board INVL atklātais pensiju fonds, AS (Latvia) – Member of the Supervisory Board Litagra, UAB – Member of the Board LP Grupē, 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 Invaldos Marketingas, UAB (current name Inreal Valdymas. UAB) – CFO 2000 – 2002 Gildeta, AB – Accountant 1998 – 2000 Invalda, AB – Accountant
Owned amount of shares in Invalda INVL, AB	-
Participation in other companies	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 Imoniu Grupe Inservis, UAB – Member of the Board

12. Information about the Audit Committee of the company

The Audit Committee consists of 2 independent members. 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:

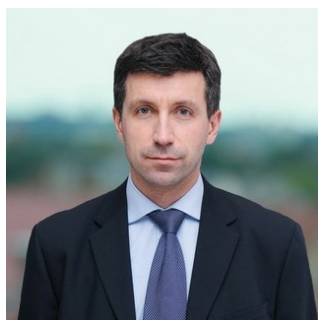
- provide recommendations to the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company 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.



Danguė Pranckėnienė – Independent Member of the Audit Committee

The term of office	Since 2017 until 2021
Educational background and qualifications	1995 - 1996 Vilnius Gediminas Technical University, Master of Business Administration. 1976 - 1981 Vilnius University, Master of Economics. The International Coach Union (ICU), professional coach name, license No. E-51. Lithuanian Ministry of Finance, the auditor's name, license No. 000345.
Work experience	since 1997 the Partner at Moore Stephens Vilnius, UAB 1996 - 1997 Audit Manager, Deloitte & Touche 1995 - 1996 Lecturer, Vilnius Gediminas Technical University 1982 - 1983 Lecturer, Vilnius University
Owned amount of shares in Invalda INVL, AB	-


Tomas Bubinas – Independent Member of the Audit Committee

The term of office	Since 2017 until 2021
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 – Sicor Biotech, Chief Financial Officer 1999 – 2001 Senior Manager of PricewaterhouseCoopers. 1994 – 1999 Senior Auditor, Manager of Coopers & Lybrand.
Owned amount of shares in Invalda INVL, AB	-

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

Within six months period of 2017 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 104.7 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 66.6 thousand, on the average EUR 5.5 thousand per month for each.

In order to the Policy provisions, Invalda INVL signed options contract with CFO for 6,057 ordinary registered shares of Invalda INVL.

V. OTHER INFORMATION

14. Agreements with intermediaries on public trading in securities

Invalda INVL, AB has signed agreements with these intermediaries:

- Siauliu Bankas, AB (Tilzes str. 149, Siauliai, Lithuania; tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- DnB Bankas, AB (J. Basanaviciaus str. 26, Vilnius, Lithuania; tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas, AB (Gedimino ave. 12, Vilnius, Lithuania; tel. +370 5 268 2370) – the agreement on management of securities account;
- Medicinos Bankas, UAB (Pamenkalnio str. 40, Vilnius, Lithuania; tel. +370 5 264 4845) - the agreement on management of securities account;
- Danske Bank A/S, Lithuania branch (Saltoniskiu str. 2, Vilnius, Lithuania; tel. +370 5 521 6666) - the agreement on investment services;
- FMI Orion Securities, UAB (A. Tumeno str. 4. (block B), Vilnius, Lithuania; tel. +370 5 231 3841) - the agreement on investment services;

- Bank Zachodni WBK S.A. (Rynek 9/11, 50-950 Wrocław, Poland; tel. +61 856 4445) – the agreement of intermediation;
- AB SEB Pank (Tornimae str. 2., 15010, Tallin, Estonia; tel. +372 6657 772) - the agreement of intermediation.

15. Information on Issuer's branches and representative offices

Invalda INVL, AB has no branches or representative offices.

16. A description of the principal risks and uncertainties

Business risks

Activities of Invalda INVL, AB are influenced by overall economic situation of countries of activity.

Invalda INVL, AB also depends on its main managers – their loss could have a negative effect on activities of the company and some of business opportunities could be lost.

The main activity of Invalda INVL – asset management business. Significant part of companies' assets consists of II pillar assets in Lithuania and Latvia, wherefore the change in legal acts in the pension system could have a negative effect in this business area.

Our returns may be substantially lower than the average returns historically realized by the private equity industry as a whole because historical results do not show the future performance.

Economic recessions or downturns could impair our portfolio companies and harm our operating results. The equity interests we invest in may not appreciate in value and, in fact, may decline in value.

Our ability to use our capital loss carry forwards may be subject to limitations. Changes in the law or regulations that govern us could have a material impact on our business. Change in taxes and change in regulation of sectors, which are dependent on governmental funding or are regulated by the government, could have negative consequences on our business.

Company's and group's results may fluctuate and may not be indicative of future performance.

The trading price of our stock may fluctuate substantially. The price of the stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control.

We are subject to market discount risk. Shares of Invalda INVL, AB can be traded below NAV.

We have not approved dividend payment policy and established a minimum dividend payment level; therefore we cannot assure you of our ability to make distributions to our shareholders in the future.

Changes in interest rates may affect our cost of capital and net operating income and our ability to obtain additional financing.

Credit risk - a risk that purchases of products and services of group companies will not fulfil their obligations and this would make negative effect on profit. Failure to fulfil major part of liabilities in time would affect the usual activity of Issuer. would result into research of additional sources of financial support, which may not always be possible. The Issuer also bears the risk of funds holding in bank accounts as well as investing into short-term financial instruments.

Currency risk - the major part of companies of Invalda INVL, AB experience a risk in selling goods and purchasing services that due to negative foreign currency exchange rate they may suffer a loss or not to receive planned profit. The management of the company assumes that the main currency risk associates with changes in U.S. dollar.

Investment risk

Our investments may be illiquid; there is a risk that we may not exit out investment when it is planned. We may exit our investments when the portfolio company has a liquidity event, such as a sale, recapitalisation or listing in the stock exchange.

Our investments in small and middle-market privately-held companies are extremely risky and in the worst case the company could lose its entire investment.

When we are a minority equity investor in a portfolio company. we may not be in a position to control the entity. and management of the company may make decisions that could decrease the value of our portfolio holdings.

17. Information on the related parties' transactions

The detailed information on the related parties' transactions has been disclosed in the section 11 of the financial statements' explanatory notes.

18. Significant investments made during the reporting period

There were no significant investments during the reporting period. More information is provided in the section 5 of the consolidated and Company's financial statements for 2017 explanatory notes.

19. Activity plans and forecasts

The priority of the Invalda INVL Group is to ensure successful management of assets entrusted to us by clients. In 2017, we will further expand our range of investment solutions and products in order to achieve that the products managed by the Group are among the best choices on the market in their categories.

One of the main objectives is the establishment of a private equity fund investing in the Baltics. This would enable to further pursue the activity which has been developed since 1991 by making investments in regional companies, growing them, developing and generating value for all stakeholders, thus contributing to the growth of the Baltic countries.

As the assets managed by us exceeded EUR 500 million in 2016, our future plans are to grow and invest in the organic development of the asset management business and, upon emergence of new opportunities, we plan to implement new acquisitions in this business.

Priority will be further given to the qualitative and quantitative growth of the asset management business and generation of long-term value rather than to short-term financial goals.

The change in the value of equity investments has a significant impact on the operating result of Invalda INVL. Based on the precondition that the global and Lithuanian political and business environment will not undergo any significant changes, we have a serious ground to believe that the year 2017 will be successful for both the historical investments of the Group and investments in the products managed by the Invalda INVL Group.

We seek to achieve that Invalda INVL is the leading specialised asset management and investment group in Lithuania and one of the leaders in the region. We work to make sure that the year 2017 and subsequent years would be successful for our clients, employees and shareholders.

President



Darius Šulnis