

BAIP GROUP AB

ANNUAL CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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This version of our 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 of our report takes precedence over this translation.

Independent Auditor's Report

To the shareholders of BAIP Grupė AB

Report on the financial statements

We have audited the accompanying stand-alone and consolidated financial statements of BAIP Grupė AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 50, which comprise the stand-alone and consolidated statements of financial position as of 31 December 2014 and the stand-alone and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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PricewaterhouseCoopers UAB, company code 111473315, is a private company registered with the Lithuanian Register of Legal Entities.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matter

The comparative information in the stand-alone financial statements of the Company as at, and for the period ended 31 December 2013 has not been audited.

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2014 set out on pages 51 to 56 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2014.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė
Assurance Director
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
8 April 2015

GENERAL INFORMATION

Since 10 February 2015 after completed reorganisation the Company continues to operate with name of INVL Technology AB but in these financial statements and annual report it is named as BAIP Group AB.

Board of Directors

Mr. Kazimieras Tonkūnas (Chairman of the Board of Directors)
Mr. Alvydas Banyas
Mr. Vytautas Plunksnis
Mr. Nerijus Drobavičius
Mr. Gytis Umantas

Director

Mr. Kazimieras Tonkūnas

Address of the head office and company code

Gynėjų St. 16
Vilnius,
Lithuania
Company code: 301318539

Banks

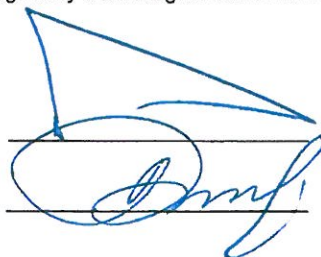
DNB bank AB
Finasta bank AB
SEB bank AB

The financial statements were approved and signed by the Management and the Board of Directors on 8 April 2015.

Management:

Kazimieras Tonkūnas

Ramutė Ribinskienė



Managing Director

Financial Director

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

Statement of comprehensive income

	Notes	The Group		The Company	
		2014	2013	2014	2013
Continuing operations					
Sales revenue	5	57,800	50,752	899	595
Cost of sales	6	(43,411)	(39,004)	-	(3)
Gross profit		14,389	11,748	899	592
Revaluation of investments at fair value, after status change to investment company		28,674	-	36,209	-
Administrative costs	7	(9,618)	(8,533)	(1,417)	(967)
Other operating revenue/costs		340	(141)	2,553	322
Operating profit		33,785	3,103	38,244	(53)
Revenue from financial activities	8	253	3	157	408
Costs from financial activities	9	(1,349)	(1,428)	(1,499)	(1,518)
Profit for the reporting period before tax		32,689	1,679	36,902	(1,163)
Income tax (costs)	10	(595)	(272)	240	192
Net profit for the reporting period		32,094	1,407	37,142	(971)
Attributable to:					
Shareholders of the parent company		32,115	1,382	-	-
Non-controlling interests		(21)	25	-	-
		32,094	1,407	-	-
Other comprehensive income (expenses)					
<i>Other comprehensive income (expenses) which can be subsequently regrouped to profit or loss</i>					
Reclass of currency translation reserve		144	-	-	-
Currency translation differences		(102)	(89)	-	-
Net of other comprehensive income (expenses) which can be subsequently regrouped to profit or loss		42	(89)	-	-
Other comprehensive income for the reporting period less the income tax		42	(89)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD LESS THE INCOME TAX		32,136	1,318	37,142	(971)
Attributable to:					
Shareholders of the parent company		32,162	1,293	-	-
Non-controlling interests		(26)	25	-	-
		32,136	1,318	37,142	(971)
Other information (non-IFRS indicators):					
Operating profit (above)		33,785	3,103		
To add: Depreciation and amortisation (Notes 5 and 6) amount		1,084	1,445		
To subtract: Valuation of investments on fair value, after status change to investment company		(28,674)	-		
EBITDA (sum of operating profit (as above), valuation of investment (as above) and depreciation and amortisation)		6,195	4,548		
To add: Expenses of share base payments (Income)		-	(98)		
EBITDA (without share base payments)		6,195	4,450		

The accompanying explanatory notes are an integral part of these financial statements.

Statements of financial position

	Notes	The Group		The Company	
		2014	2013	2014	2013
ASSETS					
Non-current assets					
Property, plant and equipment	12	18	2,087	18	12
Goodwill	4	-	12,150	-	-
Non-current intangible assets	13	-	1,231	-	-
Investments into subsidiaries		-	-	-	14,948
Trade and other amounts receivable	16	672	665	672	614
Financial assets measured at fair value through profit or loss	3	51,447	-	51,447	-
Deferred income tax asset	11	2	70	2	194
Total non-current assets		52,139	16,203	52,139	15,768
Current assets					
Inventories	15	-	809	-	-
Trade and other amounts receivable	16	1,019	11,733	1,019	95
Prepaid income tax		-	405	-	-
Prepayments and deferred charges		7	149	7	-
Other current assets	17	-	2,588	-	-
Cash and cash equivalents	18	252	1,117	252	50
Total current assets		1,278	16,801	1,278	145
Total assets		53,417	33,004	53,417	15,913

(cont'd on the next page)

Statements of financial position (cont'd)

	Notes	The Group		The Company	
		2014	2013	2014	2013
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital		6,092	5,000	6,092	5,000
Reserves	19	618	1,164	618	1,011
Retained earnings (loss)		34,450	1,124	34,450	(3,703)
		41,160	7,288	41,160	2,308
Non-controlling interest		-	610	-	-
Total equity		41,160	7,898	41,160	2,308
Liabilities					
Non-current liabilities					
Non-current loans	20	3,947	950	3,947	3,556
Financial lease liabilities		-	46	-	-
Grants received		-	46	-	-
Deferred income tax liability	11	-	74	-	-
Total non-current liabilities		3,947	1,116	3,947	3,556
Current liabilities					
Current portion of non-current loans	20	8,105	12,614	8,105	9,922
Current portion of financial lease liabilities		-	18	-	-
Trade payables	21	110	6,819	110	24
Income tax payable		-	46	-	-
Advances received		-	1,012	-	5
Liabilities related to employment relationships		73	1,570	73	88
Other current liabilities	22	22	1,911	22	10
Total current liabilities		8,310	23,990	8,310	10,049
Total liabilities		12,257	25,106	12,257	13,605
Total equity and liabilities		53,417	33,004	53,417	15,913

(the end)

The accompanying explanatory notes are an integral part of these financial statements.

BAIP GROUP AB, company code: 300893533, address: A. Gynėjų St. 16, Vilnius, Lithuania
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014
 (all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

The Group	Equity attributable to equity holders of the parent							Non-controlling interest	Total equity
	Share capital	Share premiums	Reserve of acquisition of own shares	Foreign currency translation reserve	Shares options reserve	Retained earnings (loss)	Total		
Balance as at 31 December 2012	5,000	-	200	43	1,109	(252)	6,099	1,083	7,182
Total comprehensive income for the period	-	-	-	-	-	1,382	1,382	25	1,407
Currency translation differences	-	-	-	(89)	-	-	(89)	-	(73)
Total comprehensive income for the period	-	-	-	(89)	-	1,382	1,293	25	1,318
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(311)	(311)
Value of services provided by employees	-	-	-	-	(98)	-	(98)	-	(98)
Total contributions by and distributions to owners of the Group	-	-	-	-	(98)	-	(98)	(311)	(409)
Acquisition of subsidiary	-	-	-	-	-	-	-	7	7
Acquisition of the non-controlling interest	-	-	-	-	-	(6)	(6)	(194)	(200)
Total transactions with owners of the Group, recognised directly in equity	-	-	-	-	-	(6)	(6)	(187)	(193)
Balance as at 31 December 2013	5,000	-	200	(47)	1,011	1,124	7,288	610	7,898
Total comprehensive income during the period	-	-	-	-	-	32,115	32,115	(21)	32,094
Currency translation differences	-	-	-	47	-	-	47	(5)	42
Total comprehensive income during the period	-	-	-	47	-	32,115	32,162	(26)	32,136
Increase in share capital	1,092	618	-	-	-	-	1,710	-	1,710
Reserve transfer	-	-	-	-	(1,011)	1,011	-	-	-
Effect of the change in status of the parent company by the owners of the Group	-	-	(200)	-	-	-	(200)	(584)	(784)
Total contributions paid and payments received by the owners of the Group	1,092	618	(200)	-	(1,011)	1,211	1,710	(584)	1,126
Balance as at 31 December 2014	6,092	618	-	-	-	34,450	41,160	-	41,160

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Statements of changes in equity (cont'd)

The Company	Notes	Share capital	Share premiums	Reserve for acquisition of own shares	Retained earnings (loss)	Total
Balance as at 31 December 2012		5,000	-	1,108	(2,732)	3,376
Total comprehensive income (loss) during the period		-	-	-	(971)	(971)
Value of services provided by employees		-	-	(97)	-	(97)
Balance as at 31 December 2013		5,000	-	1,011	(3,703)	2,308
Total comprehensive income (loss) during the period		-	-	-	37,142	37,142
Increase in share capital	1	1,092	618	-	-	1,710
Reserve transfer	1	-	-	(1,011)	1,011	-
Balance as at 31 December 2014		6,092	618	-	34,450	41,160

(the end)

The accompanying explanatory notes are an integral part of these financial statements.

Statements of cash flows

	Notes	The Group		The Company	
		2014	2013	2014	2013
Cash flows from operating activities					
Profit (loss) for the reporting period		32,094	1,407	37,142	(971)
Non-cash flows:					
Depreciation and amortisation		1,084	1,445	6	3
Loss (gain) on disposal of property, plant and equipment		(9)	(1)	-	-
Interest income		(101)	(3)	(157)	(408)
Interest expenses		1,339	1,428	1,499	1,504
Loss (profit) from currency exchange differences		(220)	310	-	-
Share-based payments		-	(98)	-	(23)
Income tax expenses	11	595	272	(240)	(192)
Remeasurement of investments on fair value on change of status to investment company	3	(28,674)	-	(36,209)	-
Other		213	-	6	14
		<u>6,319</u>	<u>4,760</u>	<u>2,047</u>	<u>(73)</u>
Working capital adjustments:					
Decrease (increase) in inventories		233	825	-	-
Decrease (increase) in trade and other receivables		3,852	(3,151)	(2,160)	758
Decrease (increase) in other current assets		(1,072)	(1,037)	-	-
Increase (decrease) in trade payables		(732)	(486)	86	19
Increase (decrease) in other current liabilities		(878)	(1,855)	(10)	(66)
Cash flows from operating activities		7,722	(944)	(37)	638
Income tax (paid)		-	(159)	-	-
Net cash flows from operating activities		7,722	(1,103)	(37)	638
Cash flows from investing activities					
Acquisition of non-current assets (except investment properties)		(821)	(769)	(16)	(22)
Increase in share capital of subsidiaries		-	-	(290)	(10)
Loans granted		-	-	(3,333)	(4,740)
Returned loans granted		-	-	3,202	3,973
Money market fund units		-	18	-	-
Dividends received		-	-	1,829	-
Interest received		101	3	64	138
Acquisition and establishment of subsidiaries, less the balance of cash acquired	3	-	(5)	-	-
Cash in derecognised subsidiaries of the Group due change in status as an investment entity		(3,559)	-	-	-
Net cash flows from investing activities		(4,279)	(753)	1,456	(661)
Cash flows from financing activities					
Proceeds from loans		6,990	6,584	5,378	4,471
Repayment of loans		(11,548)	(5,184)	(6,738)	(3,691)
Interest paid		(656)	(1,085)	(540)	(798)
Grants received		241	-	-	-
Finance lease payments		(18)	(117)	-	-
Increase in share capital	24	683	-	683	-
Dividends		-	(311)	-	-
Acquisition of non-controlling interest		-	(200)	-	-
Net cash flows from financing activities		(4,308)	(274)	(1,217)	(18)

Statements of cash flows (cont'd)

	Notes	The Group		The Company	
		2014	2013	2014	2013
Impact of currency exchange on cash and cash equivalents		-	(301)	-	-
Net increase (decrease) in cash and cash equivalents		2,694	(2,431)	202	(41)
Cash and cash equivalents at the beginning of the period	18	1,117	3,548	50	91
Cash and cash equivalents at the end of the period	18	3,811	1,117	252	50

The accompanying explanatory notes are an integral part of these financial statements.

Notes to the financial statements

1. General information

BAIP group AB (hereinafter – the Company) was registered in the Republic of Lithuania on 28 June 2007 as a private limited liability company which on 28 December 2014 became a public limited liability company. The address of its registered office is: Gynėjų St. 16, Vilnius, Lithuania.

The Company is incorporated and domiciled in Lithuania. The Company is one of the major information technology companies in Lithuania whose primary objective is to invest into information technology (IT) market of Lithuania by getting together professional specialized IT companies and/or other organized teams of professionals from this field that can create together and individually cost-efficient solutions with high level of reliability and functionality and to gain ground in the market by providing services to major clients of national importance.

On 26 November 2014 a shareholder agreement was signed between INVL Technology AB and BAIP group UAB which provided that in order to issue a new shares during 2015 and attract at least EUR 10 million of new capital INVL Technology and BAIP group UAB will merge. In February 2015 INVL Technology merged to BAIP Group AB. The new company is planning to address the Bank of Lithuania in order to obtain a closed-end investment entity licence. More information about events after the reporting period can be found under Note 25 of the explanatory notes.

On 26 November 2014 following decision of the shareholders the Company's share capital was increased with additional monetary contributions from LTL 5,000,000 (five million) to LTL 6,092,685 (six million ninety two thousand six hundred eighty five) by additionally issuing 1,092,685 (one million ninety two thousand six hundred eighty five) ordinary shares with a nominal value of LTL 1. The price of the share issue' as decided by the shareholders of the Company, was LTL 1.56527227. Agreements were signed with minority shareholders on 10 December and 11 December 2014, shares were paid with additional contributions. The value of the new shares' issue exceeded the nominal value of the shares, which resulted in accounting of LTL 618 thousand share premium. Part of the share issue was paid in cash, which amounted to LTL 683 thousand. The amount receivable for the other part of share issue which amounted to LTL 1,027 thousand was offset with liability for loans and interest payable to shareholders.

On 5 December 2014 shareholders decided to restructure BAIP group UAB into a public limited liability company – BAIP group AB. The restructuring of BAIP group UAB was finalised on 18 December 2014. Restructuring of BAIP group UAB into a public limited liability company did not have an impact on the rights and legal interests of the Company, its shareholders, creditors and other parties concerned and results of the company's economic activities as the conditions and fundamentals of activities remained the same.

Pursuant to the agreement signed by the shareholders of INVL Technology AB and BAIP group UAB and valid from December 2014, the management of the Company decided that after the Company's merger with the shareholding company INVL Technology with the status of an investment entity from the beginning of the activities, the status of the Company changes to that of an investment company. On 31 December 2014 decided decision was reached that the Company meets the criteria applicable to such type of a company. Therefore, in the financial statements for the reporting year the Company applied the provisions of IFRS 10, IFRS 12 and IAS 27 standards applicable to an investment entity. Consequently, direct and indirect investments into subsidiaries are measured at fair value by recognising changes through profit or loss. Detailed information on the changes and their impact are disclosed in Note 3 of the explanatory notes.

As at 31 December 2014 and 2013 the shareholders of the Company were the following:

	31 December 2014		31 December 2013	
	Number of votes held	Votes (%)	Number of votes held	Votes (%)
Invalda LT AB	-	-	4,000,000	80
INVL Technology AB	4,000,000	65.64	-	-
Other shareholders	2,092,685	34.35	1,000,000	20
Total	6,092,685	100	5,000,000	100

In April 2014 three entities INVL Baltic Farmland AB, INVL Baltic Real Estate AB and INVL Technology AB, were split-off from Invalda LT AB. During the split INVL Technology AB has got 80% of the shares of the Company.

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as at 31 December 2014 and 2013. Subsidiaries did not hold any shares of the Company as at 31 December 2014 and 2013. The Company did not hold own shares.

As at 31 December 2014 the number of employees of the Company was 10 (as at 31 December 2013 – 9). As at 31 December 2013 the number of employees of the Group was 148.

BAIP GROUP AB, company code: 300893533, address: A. Gynėjų St. 16, Vilnius, Lithuania
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014
(all amounts are in LTL thousand unless otherwise stated)

The Company has invested into such companies, which till the change of the status of the Company comprised the Group (hereinafter – the Group):

Company (the year of acquisition)	Registration country	31 December 2014	31 December 2013		Main activities
		Share of the stock held by the Group (%)	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	
Informatikos pasaulis UAB (2007)	Lithuania	100	100	941	Information technology solutions
Vitma UAB (2007)	Lithuania	100	100	8,452	Information technology solutions
BAIP* UAB (2007)	Lithuania	100	100	4,971	Information technology solutions
Acena UAB (2008)	Lithuania	100	100	162	Information technology solutions
Norway Registers Development AS (2011)	Norway	100	100	4,298	Information technology solutions
NRD* UAB (2011)	Lithuania	76.50	76.50	1,046	Information technology solutions
Norway Registers Development East Africa Ltd (2011)	Tanzania	70	70	11	Information technology solutions
Infobank Uganda Ltd.	Uganda	30	-	-	Informacinių technologijų sprendimai
NRD CS UAB (2013)	Lithuania	100	100	10	Information technology solutions
Less: indirect ownership Investments into subsidiaries (Company)				<u>(4,943)</u>	
				<u>14,948</u>	

* – indirectly owned subsidiaries

The country of registration and the principal place of business of all subsidiaries is the same except for Norway Registers Development AS with the principal place of business is Mauritius.

The financial statements were approved and signed by the Company's Management and the Board of Directors on 8 April 2015.

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

2. Summary of significant accounting policies

The principal accounting policies applied when preparing annual financial statements of the Group and the Company as at 31 December 2014 are as follows:

2.1. Basis of preparation

Statement of compliance

The Consolidated financial statements of the Group and separate financial statements of the Company are prepared in accordance with IFRS as adopted by the EU.

As stated in the Notes 1 and 2.2 of the explanatory notes, on 31 December 2014 the Company met the criteria applicable to investment entities therefore it applied the provisions of the standard IFRS 10 for the financial statements of the reporting period ended 31 December 2014. According to the provisions of the mentioned standard The Company ceased the consolidation of the subsidiaries recognising profit from measuring investments into subsidiaries at fair value. Such change in accounting principles was reflected prospectively in the financial statements without changing comparative figures. Description of the changed accounting standards is presented below.

Significant accounting judgements and estimates are required when preparing financial statements according to IFRS standards. Also, the management should take decisions related to the accounting principles of the Company. Areas in which significant and complex decisions are taken or areas in which assumptions are made or accounting estimates have significant impact to the financial statements are stated in Note 2.28 of the explanatory notes to the financial statements. Despite the fact that those judgements are based on the management's knowledge of the current situation or actions, actual results may differ from those estimates.

These financial statements have been prepared on a historical cost basis, except for the measurement of financial assets and liabilities at fair value with changes recognised in the profit (loss) account. The financial statements are presented in thousands of Litas (LTL) and all values are rounded to the nearest thousand except when otherwise indicated.

- **Amendments to IFRS 10, IFRS 12 and IAS 27– Investment entities** The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity is required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new additional disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. Those changes of standard were applied in preparation those financial statements, as the Company has become an investment entity in the reporting period.

Other standards, their changes and interpretations, which became valid starting with from or after 1 January 2014:

- **Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities** The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendment had no impact on the Company's financial statements for the year 2014.

- **IFRS 10 Consolidated Financial Statements** IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 Consolidated and separate financial statements and SIC-12 Consolidation - special purpose entities. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. Those changes had no impact on the consolidation structure of the Group's until the Company's status change to an investment entity.

2. Summary of significant accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

- **IFRS 12 Disclosure of Interest in Other Entities** IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, *Consolidated financial statements*, and IFRS 11, *Joint arrangements*, and replaces the disclosure requirements currently found in IAS 28, *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The amendment had no impact on the Company's financial statements for the year 2014.

- **IAS 27 Separate Financial Statements** IAS 27 was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10 *Consolidated Financial Statements*. The amendment had no impact on the Company's financial statements for the year 2014.

- **IAS 28 Investments in Associates and Joint Ventures** The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged. The amendment had no impact on the Company's financial statements for the year 2014.

- **Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12** The amendments clarify the transition guidance in IFRS 10 *Consolidated Financial Statements*. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2013 for a calendar year-end entity that adopts IFRS 10 in 2014) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, *Joint Arrangements*, and IFRS 12, *Disclosure of Interests in Other Entities*, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments removed the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The amendment had no impact on the Company's financial statements for the year 2014.

- **IFRS 11 Joint Arrangements** IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities—Non-Monetary Contributions by Ventures*. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. IFRS 11 had no impact on the Company's financial statements for the year 2014.

- **Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting** The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendments are not relevant to the Group currently, because it has not recognised any hedging instrument.

Standards adopted in EU but not yet effective and have not been early adopted:

IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. Currently the Group is not significant tax payer, therefore the impact to the Group shall not be significant.

2. Summary of significant accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

The amendments to valid standards, which are issued in EU, but not yet effective and have not been early adopted, which shall not have significant impact to Company and the Group:

- Annual improvements to IFRSs 2012 (effective for annual periods beginning on or after February 2015)
- Annual improvements to IFRSs 2013 (effective for annual periods beginning on or after January 2015);
- Defined benefit plans: Employee contributions – Amendments to IAS 19 (effective for annual periods beginning on or after February 2015).

2.2. Investment entity and consolidated financial statements

Investment entity

As described in Note 1 the Company has adopted the provisions of the IFRS, applicable to the investment entities. The Company has multiple unrelated investors and holds multiple investments. Ownership interests in the Company are in the form of equity securities issued by the Company – ordinary registered shares. In the management's opinion, the Company meets the definition of an investment entity as the following conditions exist:

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

Subsidiaries

Since the Company's status change all subsidiaries of the Company are determined to be controlled subsidiary investments. Controlled subsidiary investments are measured at fair value through profit or loss. As indicated in Note 2.1 the subsidiaries of the Company are not consolidated in accordance with IFRS 10. The fair value of controlled subsidiary investments is determined on a consistent basis to all other investments measured at fair value through profit or loss, and as described below.

Controlled subsidiary investments include the special purpose entities (SPEs) that are incorporated for the purpose of holding underlying investments ("the portfolio companies") on behalf of the Company. As new SPEs are incorporated for each investment, there are no business combinations. The SPEs have no operations other than their respective investment in portfolio companies and providing a vehicle for the onward sale of a portfolio investment. The SPEs are also reflected at fair value, with the key fair value driver being investment in the underlying portfolio company investments that the SPEs hold on behalf of the Company. The SPEs are not consolidated in accordance with IFRS 10, if it is not provide services that relate to the investment entity's investment activities.

Where the Company is deemed to control an underlying portfolio company, whereby the control is exercised via voting rights or indirectly through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the underlying portfolio company and its results are also not consolidated and are instead reflected at fair value through profit or loss (through the reflection of the value of the respective SPE that holds the underlying portfolio company in the Company's financial statements).

2.3. Basis of consolidation prior the change in Company's status to an investment entity

The consolidated financial statements of the Group (prior to the Company's status change to that of an investment entity) comprised the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries were prepared for the same reporting year as the parent company, using consistent accounting policies.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognized in assets, are eliminated in full.

2. Summary of significant accounting policies (cont'd)

2.3. Basis of consolidation (cont'd)

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

Total comprehensive income (losses) within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance from 1 January 2010. Losses absorbed by the parent company prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

When the Group loses control, any remaining investment into former subsidiary is evaluated at fair cost by recognising a respective change of the carrying amount through profit or loss. This fair value is considered the initial acquisition value of an investment for subsequent recognition of investments into an associated company, joint undertaking or recognition of financial assets. Any amounts previously recognised in other comprehensive income which are related to the company must be stated as if the Company had directly transferred related assets or liabilities. Therefore, amounts previously recognised in other comprehensive income are reclassified respectively to profit (loss) or retained earnings.

2.4. Functional and presentation currency

The consolidated and separate financial statements are prepared in local currency of the Republic of Lithuania, Litas (LTL), and presented in LTL thousand. Litas is the Company's functional and the Group's and the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency year-end exchange rate. All differences are taken to profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

At the end of each reporting period the assets and liabilities of the foreign subsidiaries are translated into the presentation currency of the Group (LTL) at the year-end exchange rate and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income and accumulated in reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement as part of the gain or loss on sale.

Starting from 2 February 2002 Lithuanian Litas is pegged to euro at the rate of 3.4528 Litas for 1 euro. The exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

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

2.5. Property, plant and equipment

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

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

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

Buildings	10–66 years
Machinery and equipment	4–10 years
Vehicles	4–10 years
Other non-current assets	2–8 years

2. Summary of significant accounting policies (cont'd)

2.1. Property, plant and equipment (cont'd)

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

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

2.2. Intangible assets other than goodwill

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

Contracts and customer relationship

Contracts include information technology solution service contracts acquired during information technology solutions entities acquisition. Customer relationship was acquired during information technology solutions entities acquisition.

Contracts and customer relationship assumed on the acquisition of subsidiaries are capitalised at the fair value established on acquisition and treated as an intangible asset. Following initial recognition, contracts are carried at cost less any accumulated impairment losses. The information technology solution service contracts and customer relationship are amortised during 2–10 years.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised during 3–4 years.

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

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Other intangible assets are amortised during 3–4 years.

2.3. Business combinations and goodwill

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

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

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

2. Summary of significant accounting policies (cont'd)

2.7. Business combinations and goodwill (cont'd)

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

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

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

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

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

2.8. Impairment of non-financial assets

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

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

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

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

Goodwill

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

2. Summary of significant accounting policies (cont'd)

2.8. Impairment of non-financial assets (cont'd)

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

2.9. Financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired. The Group and the Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group and the Company determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss

The Group classifies its investments in equity securities as financial assets at fair value through profit or loss.

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

- (i) Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separable embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.
- (ii) Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy requires the Management Board to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information. The shares of the subsidiaries held by investment entity are attributable to this category.

Gains or losses on financial assets at fair value through profit or loss are recognized in profit and loss under the line Net change in fair value of financial assets. Dividends on investments are recognised in the profit (loss) statement under line "Other activity income", when the right to receive dividends is being established. The assets of this category are stated as current assets, if it is intended to sell them during 12 months; otherwise they are stated as non-current assets.

Loans and receivables

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

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; and discounted cash flow analysis or other.

2. Summary of significant accounting policies (cont'd)

2.9. Financial assets (cont'd)

Offsetting financial instruments

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

2.10. Impairment of financial assets

Assets carried at amortised cost

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

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.11. Inventories

Inventories are initially recorded at acquisition cost. Cost is determined using the first-in, first-out (FIFO) method. Subsequent to initial recognition, inventories are measured at the lower of cost and net realisable value.

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

2.12. Trade receivables

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

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

2.13. Cash and cash equivalents

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

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

2.14. Financial liabilities

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

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

The measurement of financial liabilities depends on their classification as follows:

Trade payables

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

Loans and borrowings

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

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

2. Summary of significant accounting policies (cont'd)

2.15. Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

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

Financial liabilities

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

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

2.16. Leases

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

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

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

Financial lease (leasing)

The Group and the Company as a lessee

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

2. Summary of significant accounting policies (cont'd)

2.16. Lease (cont'd)

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

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

The Group and the Company as a lessor

When property is leased under finance leasing, the current value of lease payments is recognised as an amount receivable.

The difference between gross amount receivable and its current value is recognised as unearned finance revenue.

Leasing revenue is recognised during the period leasing under the net investment method which corresponds to consistent regular profit rate.

Operating lease

The Group and the Company as a lessee

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

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

The Group and the Company as a lessor

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

2.17. Revenue recognition

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

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

Sale of goods

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

2. Summary of significant accounting policies (cont'd)

2.17. Revenue recognition (cont'd)

Sale of services and long-term contracts

For sales of services, revenue is recognised in the accounting period in which the services rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

If the final result of a long-term contract can be evaluated reliably, revenue and costs of each long-term contract is recognised according to the level of contract implementation. If the forecasted contract costs are higher (lower) than the factual contract costs, then the contract revenue recognised in the current period are respectively lower (higher). When it is probable that contract costs will exceed the agreed revenue, loss is recognised immediately as costs in the income statement.

Rental income

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

Interest income

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

Dividends income

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

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

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

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

2.19. Borrowing costs

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

2.20. Current and deferred income tax

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

2. Summary of significant accounting policies (cont'd)

2.20. Current and deferred income tax (cont'd)

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

As at 31 December 2014 and 31 December 2013, the standard income tax rate in Lithuania was 15%. After the amendments of Income Tax Law of Republic of Lithuania had come into force, 15% income tax rate has been established for indefinite period starting 1 January 2010. Starting from 2010, tax losses can be transferred at no consideration or in exchange for certain consideration between the Group companies if certain conditions are met.

The standard income tax rate in Norway is 28%. The standard income tax rate in Luxemburg is 28.8% and LTL 5 thousand minimum fixed income tax.

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

Deferred tax asset is not recognised:

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

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

2. Summary of significant accounting policies (cont'd)

2.20. Current and deferred income tax (cont'd)

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

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

2.21. Grants

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

2.22. Provisions

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

Contingent liabilities recognised in a business combination (applicable as of 1 January 2010)

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (IAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (IAS 18).

2.23. Share capital

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

2.24. Employee benefits

Social security contributions

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

2. Summary of significant accounting policies (cont'd)

2.24. Employee benefits (cont'd)

Termination benefits

Termination benefits are payable to employees when the employment is terminated with an employee before his normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognises termination benefits, when it is demonstrably committed to either: terminating the employment of current employees according to detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to their present value.

Bonus plans

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

2.25. Share-based payments

The Group and the Company operated a number of equity-settled, share-based compensation plans, under which the entity received services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an employee benefits expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

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

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

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

Share - based payments – modification and cancellation

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.26. Contingencies

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

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

2.27. Events after the reporting period

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

2.28. Significant accounting judgements and estimates

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

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

Judgements

The judgments of the Management, which have most significant effect on the amounts recognized in the financial statements:

Investment entity

According to the management, The Company meets all the defining criteria of an investment entity from 31 December 2014 and henceforth investments in subsidiaries and associates are measured at fair value through profit or loss. The management periodically reviews whether the Company meets all the defining criteria of an investment entity. In addition, the management assesses the Company's operation objective, investment strategy, origin of income and fair value models.

Estimates and assumptions

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

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

The fair value of the investments, not being traded in active market

As described in Note 3 the Company's financial assets are measured at fair value with changes recognised through profit or loss. The fair value of the investments, which are not being traded in the active market, was determined using various valuation models, which are based on recent comparable market transactions, the market price of similar instruments, discounted cash flow analysis or other valuation models. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability.

Deferred income tax assets

As disclosed in Note 2.20 of the explanatory notes, profit on sale of unconsolidated subsidiaries is taxed, when such is not kept for an uninterrupted period of at least two years. Almost all investments at the reporting date are kept for more than 2 years and it is expected to keep the rest investments for two years until the moment of the sale. Therefore temporary differences, related to valuation of investments at fair value, should not become taxed revenue in future. Deferred tax liability is not recognised in such temporary differences mentioned.

3. Change in the Company's status

As disclosed in Note 1 of the explanatory notes, on 31 December 2014 the Company fulfilled the criteria applicable for an investment entity. Therefore the Company's subsidiaries are not consolidated unless they provide for the Company services related to investments, which are measured at fair value with changes recognised through profit or loss. These changes had an impact on presentation of data for financial statements (the Company will presents its financial results in separate financial statements with investments measured at fair value).

Due to events disclosed in Note 1 the Company can apply provisions applicable for an investment entity as:

- The Company will carry out investment management activities;
- The purpose of the Company's activities is investments in order to receive capital return and revenue from investment activities;
- Investments are measured and stated at fair value;
- The Company has more than one investment;
- The Company has more than one investor.

The table below discloses the carrying amounts of the assets and liabilities of the Group and the Company till the moment, when the Company started to apply the provisions applicable to the investment company:

	Note Error! Reference source not found.	The Group 2014 (consolidated, not audited)	The Company 2014
Non-current tangible assets			
Goodwill		2,061	18
Non-current intangible assets	13	12,150	-
Investment to subsidiaries		979	-
Deferred tax asset	11	-	15,238
Inventories		268	2
Trade and other amounts receivable		576	-
Prepaid income tax		8,700	1,691
Prepayments and deferred costs		4	-
Other current assets		175	7
Cash and cash equivalents		3,660	-
Total assets		32,384	17,208
Loans		8,531	12,052
Financial lease liabilities		46	-
Grants		250	-
Deferred income tax liability	11	49	-
Trade payables		6,152	110
Income tax payable		815	-
Advances received		651	-
Liabilities related to employment relationships		1,227	73
Other current liabilities		1,737	22
Total liabilities		19,458	12,257
Total net assets		12,926	4,951

3. Change in the Company's status (cont'd)

The impact of the status change of the Company to the consolidated Statement of the Comprehensive Income of the Group is such:

	<u>The Group</u>
Fair value of the investments	51,447
The carrying amounts of the non-controlling interest	584
The carrying amount of net assets of the subsidiaries not being consolidated	(23,213)
Reclassified reserve of foreign exchange of the subsidiaries not being consolidated	<u>(144)</u>
The impact of the status change of the Company in the Statement of the Comprehensive Income of the Group	<u>28,674</u>

The impact of the status change of the Company to the Statement of the Comprehensive Income of the Company is such:

	<u>The Company</u>
Fair value of the investments	51,447
The carrying amount of the Company's investment to the subsidiaries	<u>(15,238)</u>
The impact of the status change of the Company in the Statement of the Comprehensive Income of the Company	<u>36,209</u>

The following table presents the changes in Level 3 financial instruments during year 2014:

	<u>The Company</u>
Opening balance	-
Acquisition cost of the Company's investment to the subsidiaries	15,238
Profit on the fair value adjustment on the investments due to the status change	36,209
Profit (loss) recognized in profit (loss) statement after the status change	<u>-</u>
Closing balance	<u>51,447</u>

According to the valid agreement with DNB bank the Company's indirectly owned subsidiary BAIP UAB has restrictions in returning to the Company its' granted loan, which as at 31 December 2014 amounted to LTL 550 thousand, also without the agreement with bank announce the dividends. Other subsidiaries of the Company as at 31 December 2014 did not have significant restrictions for the payment of the dividends to the Company from the subsidiaries not being consolidated or the restrictions related to the return of the loans granted by the Company. The Company does not intend to grant the financial or other support to subsidiaries, including the commitments or intentions to assist the subsidiary in obtaining such financial support.

3. Change in the Company's status (cont'd)

The fair value of the Company's investments was determined by Deloitte verslo konsultacijos UAB. Following table presents the fair value valuation methods for the investments to subsidiaries (Level 3), used input data and sensitivity analysis for changes in input data:

Subsidiary	Fair value	Valuation method	Used input data	Input value	Expected change in input	Value change +/-
Vitma UAB	44,196	Discounted cash flows	Weighted average cost of capital	11.7 %	+/- 0.5 %	(880)/ 977
			Residual growth rate	2%	+/- 0.5 %	708/(635)
			Free cash flows		+/- 10 %	1,747/(1,747)
		Guideline public companies	EV/ EBITDA multiple	6.0x	+/- 1.0x	1,550/(1,550)
			EV / EBIT multiple	9.2x	+/- 1.0x	1,329/(1,333)
			Control premium	20%	-	-
		Both valuation methods	Discount for lack of marketability	9.3%	+3.2%/-1.8%	(1,606)/915
Acena UAB	1,381	Discounted cash flows	Weighted average cost of capital	14.9%	+/- 0.5 %	(28)/28
			Residual growth rate	2%	+/- 0.5 %	14/(17)
			Free cash flows		+/- 10 %	69/(89)
		Guideline public companies	EV/ EBITDA multiple	4.7x	+/- 1.0x	55/(59)
			EV / EBIT multiple	7.1x	+/- 1.0x	55/(59)
			Control premium	20%	-	-
		Both valuation methods	Discount for lack of marketability	9.3%	+3.2%/-1.8%	(48)/28
NRD CS UAB	3,453	Discounted cash flows	Weighted average cost of capital	15.7%	+/- 0.5 %	(131)/138
			Residual growth rate	2%	+/- 0.5 %	79/(76)
			Free cash flows		+/- 10 %	338/(338)
			Discount for lack of marketability	9.3%	+3.2%/-1.8%	(121)/69
			Weighted average cost of capital	13.6%	+/- 0.5 %	(204)/224
NRD group	2,417	Discounted cash flows	Residual growth rate	2%	+/- 0.5 %	97/(90)
			Free cash flows		+/- 10 %	456/(456)
			Discount for lack of marketability	9.3%	+3.2%/-1.8%	(90)/52
Total:	51,447					

The forecasted cash flows for the 5- years period (2015- 2019) as prepared by the management were used in the fair value valuation using discounted cash flow method, which was considered as most representative for the growth potential of the companies. Free cash flows were calculated as net operating profit after tax, add back depreciation of non-current assets less change in working capital and capital expenditure. Fair value as estimated using guideline public companies method reflects the comparability with other companies operating in same markets as perceived by the potential investor.

The income method (discounted cash flow) and market method (guideline public companies and transaction methods) were used in the fair value analysis of the investment to Acena UAB and Vitma UAB. The final fair value was estimated as a median of the results of the analysis arrived using discounted cash flows and guideline public companies method.

The income method (discounted cash flow) and market method (guideline public companies and transaction methods) were used in the fair value analysis of the investment to NRD group (Norway Registers Development AS and NRD UAB). The final value was estimated using the results of the discounted cash flow method analysis. The market method was not used for the value conclusion due to negative and/or non-recurring financial results of companies for 2014, which could distort estimated values.

3. Change in the Company's status (cont'd)

The income method (discounted cash flow) and market method (guideline public companies and transaction methods) were used in the fair value analysis of the investment to NRD CS UAB. The final value was estimated using the results of the discounted cash flow method analysis. NRD CS UAB is a start-up company in the development stage with high growth potential, therefore historical financial results may not represent the value of the company. Therefore the market methods were not used for the estimation of the fair value.

The fair values of the investments were estimated using international valuation standards. The fair values of the investments were arrived on majority (controlling) and nonmarketable basis in accordance with market value estimation methodology.

The management assesses that the fair value was estimated correctly, using properly selected and fairly reflecting input data and ratios.

4. Business combinations and acquisitions of non-controlling interests

In April 2013 the Group acquired 70% of 360° Smart Consulting Ltd shares for LTL 12 thousand in order to implement projects carried out by the segment of information technology infrastructure in Tanzania as local resident of the state. Subsequently the company changed its name to Norway Registers Development East Africa Limited. The value of the company's net assets amounted to LTL 25 thousand, the non-controlling interest increased by LTL 7 thousand due to this acquisition.

Establishment of companies and increase in share capital

In August 2013 the Group established a new subsidiary NRD CS UAB in the segment of information technology infrastructure by investing LTL 10 thousand into share capital.

In October 2014 the Group used monetary contributions to increase the share capital of subsidiary NRD CS UAB to LTL 300 thousand.

Acquisition of non-controlling interest in 2013

In January 2013 the Group acquired 5.27% of NRD UAB shares for LTL 200 thousand. The value of additionally acquired interest amounted to LTL 194 thousand. Negative difference of LTL 6 thousand between acquisition price and the value of interest acquired was recognised directly in the ownership of shareholders.

Goodwill

	Goodwill attributable to cash-generating units	
	31 December 2014	31 December 2013
Acena	-	41
BAIP*	-	10,509
NRD subgroup	-	1,600
	-	12,150

In 2013 the recoverable amount of cash generating units has been determined based on value in use calculation using cash flow projections based on financial forecasts approved by the Group management covering a 5-year period. The pre-tax discount rate applied to cash flow projections was 11.35%, cash flows within the 5-year period are extrapolated using 5% growth rate and cash flows beyond 5-year period are extrapolated using 2% growth rate.

The forecasted revenue growth was evaluated according to the market share held by cash-generating units of respective companies and the forecasted growth of market share. Discount rate was calculated separately for each cash-generating unit based on its weighted average cost of capital.

5. Income

	The Group		The Company	
	2014	2013	2014	2013
Sales of technical and software equipment	35,972	29,660	-	-
Revenue from service provision	20,885	20,541	-	-
Marketing and partnership revenue	709	359	-	-
Management and accounting services	-	-	894	587
Other revenue from main activities	234	192	5	8
	57,800	50,752	899	595

6. Cost of sales

	The Group		The Company	
	2014	2013	2014	2013
Cost of goods sold	33,811	24,790	-	3
Materials and inventories used	176	2,493	-	-
Salaries	4,809	4,800	-	-
Social insurance	1,490	1,410	-	-
Work of subcontractors	2,288	4,096	-	-
Depreciation and amortisation	631	696	-	-
Other costs	206	719	-	-
	43,411	39,004	-	3

7. Administrative costs

	The Group		The Company	
	2014	2013	2014	2013
Salaries	4,388	3,375	671	528
Social insurance	1,238	1,093	205	164
Expenses of share-based transactions	-	(98)	-	(23)
Other staff-related costs	174	163	2	5
Transportation costs	861	756	115	82
Rent and maintenance of premises	680	602	17	-
Bank and insurance services	113	74	(1)	1
Charity and support	45	20	-	-
Representation and public relations	214	240	28	14
Professional services (legal, accounting)	1,006	390	134	70
Communications costs	128	130	44	12
Depreciation and amortisation	453	749	6	3
Other costs	319	1,039	195	111
	9,618	8,533	1,417	987

8. Other activity income (expenses)

	The Group		The Company	
	2014	2013	2014	2013
Other activity income	417	-	267	366
Profit from sale of non-current assets	9			
Dividends	-	-	2,307	-
Income from realisation of not realised liability	-	-	-	114
Other activity expenses	(86)	(141)	(21)	(158)
	<u>340</u>	<u>(141)</u>	<u>2,553</u>	<u>322</u>

9. Finance income

	The Group		The Company	
	2014	2013	2014	2013
Interest income	101	3	157	408
Other financial income	152	-	-	-
	<u>253</u>	<u>3</u>	<u>157</u>	<u>408</u>

10. Finance costs

	The Group*		The Company	
	2014	2013	2014	2013
Interest costs	1,339	1,382	1,499	1,518
Other finance costs	10	46	-	-
	<u>1,349</u>	<u>1,428</u>	<u>1,499</u>	<u>1,518</u>

11. Income tax

	The Group		The Company	
	2014	2013	2014	2013
Components of the income tax credit (expenses)				
Current year income tax	1,062	344	-	-
Adjustment of the income tax expenses for the previous year	-	(56)	-	-
Deferred income tax expenses (revenue)	(467)	(17)	(240)	(192)
Income tax expenses (credit) stated in the Income statement	<u>595</u>	<u>272</u>	<u>(240)</u>	<u>(192)</u>

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

	The Group		The Company	
	2014	2013	2014	2013
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	268	70	2	194
Deferred tax assets to be recovered within 12 months	-	-	-	-
Effect of the change in the Company's status	(266)	-	-	-
	<u>2</u>	<u>70</u>	<u>2</u>	<u>194</u>
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months	49	74	-	-
Deferred tax liability to be recovered within 12 months	-	-	-	-
Effect of the change in the Company's status	(49)	-	-	-
	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>

12. Income tax (cont'd)

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

	The Group		The Company	
	2014	2013	2014	2013
Profit (loss) before tax	32,689	1,679	36,902	(1,163)
Income tax calculated at the tax rate of 15%	4,903	252	5,535	(174)
Other (expenses) without effect on profit / non-taxable income	(4,320)	41	(5,775)	(15)
Cost effect of payment in share options	-	(15)	-	(3)
Adjustment of the income tax expenses for the previous year	-	(55)	-	-
Difference of income tax rates among subsidiaries	12	49	-	-
Income tax gain (loss) stated in the income statement	595	272	(240)	(192)

The movement in deferred income tax assets and liabilities of the Group in 2014 and 2013 were as follows:

	Recog- Balance nised in as at 31 Decem- ber 2012				Recog- Balance nised In as at 31 Decem- ber 2013				Change in the Com- pany status	Balance as at 31 Decem- ber 2014
	Income state- ment	Curren- cy transla- tion	Trans- ferable tax loss		Income state- ment	Curren- cy transla- tion	Trans- ferable tax loss			
Deferred tax asset										
Tax loss	214	-	-	(196)	18	297	-	(239)	(76)	-
Property, plant and equipment	63	(4)	-	-	59	(5)	-	-	(54)	-
Amounts receivable	3	23	3	-	29	26	-	-	(55)	-
Deferred revenue	52	3	-	-	55	62	-	-	(117)	-
Accruals	69	(10)	-	-	59	2	-	-	(59)	2
Intangible assets	-	22	(3)	-	19	(5)	(2)	-	(12)	-
Other	10	5	-	-	15	(11)	-	-	(4)	-
Deferred tax asset available for recognition	411	39	-	(196)	254	366	(2)	(240)	(376)	2
Less: unrecognised deferred tax	-	-	-	-	-	-	-	-	-	-
Recognised deferred income tax asset	411	39	-	(196)	254	366	(2)	(240)	(376)	2
Asset netted with liability of the same legal entities	-	(184)	-	-	(184)	74	-	-	110	-
Deferred income tax asset, net	411	(145)	-	-	70	440	(2)	(240)	(267)	2
Deferred tax liability										
Intangible assets	237	(71)	(2)	-	164	(28)	-	-	(136)	-
Amounts receivable	-	94	-	-	94	(72)	-	-	(22)	-
Deferred income tax liability	237	23	(2)	-	258	(100)	-	-	(158)	-
Asset netted with liability of the same legal entities	-	(184)	-	-	(184)	74	-	-	110	-
Deferred income tax liability, net	237	(161)	(2)	-	74	(26)	-	-	(49)	-
Deferred income tax, net	174	16	2	(196)	(4)	466	(2)	-	(218)	2

11. Income tax (cont'd)

Changes in the Company's deferred income tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

	Balance as at 31 December 2012	Trans- ferable tax loss	Recog- nised in the income statement	Balance as at 31 December 2013	Recog- nised in the income statement	Trans- ferable tax loss	Balance as at 31 December 2014
Recognised deferred income tax asset							
Tax loss	135	(133)	192	194	239	(433)	-
Accruals	-	-	-	-	1	-	2
Recognised deferred income tax asset, net	135	(133)	192	194	240	(432)	2

12. Property, plant and equipment

The Group	Buildings and constructions	Vehicles	Computer and office equipment	Other property, plant and equipment	Total
Acquisition cost:					
Balance as at 31 December 2012	745	90	4,116	164	5,115
Disposals and write-offs	-	-	(195)	-	(195)
Transfers between groups	-	-	(99)	99	-
Acquisition of subsidiary	-	-	6	-	6
Acquisitions	-	-	700	-	700
Balance as at 31 December 2013	745	90	4,529	269	5,632
Disposals and write-offs	-	(9)	(439)	(16)	(484)
Acquisitions	-	-	740	124	863
Currency translation	-	-	2	-	2
Effect of the change in the Company's status	(745)	(81)	(4,807)	(377)	(6,010)
Balance as at 31 December 2014	-	-	26	-	26
Accumulated depreciation:					
Balance as at 31 December 2012	20	18	2,711	100	2,849
Depreciation during the period	16	15	803	40	874
Transfers between groups	-	-	(25)	25	-
Disposals and write-offs	-	-	(177)	-	(177)
Balance as at 31 December 2013	36	33	3,312	165	3,546
Depreciation during the period	16	14	768	49	847
Disposals and write-offs	-	(9)	(393)	(16)	(418)
Currency translation	-	-	1	1	1
Effect of the change in the Company's status	(51)	(38)	(3,679)	(199)	(3,967)
Balance as at 31 December 2014	-	-	8	-	8
Net book value as at 31 December 2014	-	-	18	-	18
Net book value as at 31 December 2013	709	57	1,216	104	2,087

The depreciation charge of the Group's property, plant and equipment for three quarters of 2014 amounts to LTL 847 thousand (during three quarters of 2013: LTL 874 thousand). An amount of LTL 631 thousand is included in cost of sales of respective period (during 2013: LTL 696 thousand), the remaining part is included in administrative expenses.

12. Property, plant and equipment (cont'd)

The depreciation charge of the Group is reduced by LTL 13 thousand of amortization of grants related to assets in 2014 in the income statement (in 2013: LTL 30 thousand).

Property, plant and equipment of the Group with a net book value of LTL 694 thousand as at 31 December 2014 (LTL 709 thousand as at 31 December 2013) was pledged to the banks as a collateral for the loans (Note 20).

As at 31 December 2014 and 2013, no borrowing costs were incurred by the Group and capitalised to the acquisition, construction or production of a qualifying asset.

13. Intangible assets

The Group	Contracts, customer relationships			Total
	Software	Other intangible assets		
Acquisition cost:				
Balance as at 31 December 2012	2,044	853	104	3,001
Acquisitions	-	62	-	62
Transfers between groups	-	4	(4)	-
Balance as at 31 December 2013	2,044	919	100	3,063
Acquisitions	-	22	-	22
Effect of the change in the Company's status	(2,044)	(941)	(100)	(3,085)
Balance as at 31 December 2014	-	-	-	-
Accumulated amortisation:				
Balance as at 31 December 2012	593	522	32	1,147
Amortisation during the period	411	237	29	677
Effect of changes in currency rates	8	-	-	8
Balance as at 31 December 2013	1,012	759	61	1,832
Amortisation during the period	129	117	28	274
Effect of the change in the Company's status	(1,141)	(875)	(90)	(2,106)
Balance as at 31 December 2014	-	-	-	-
Net book value as at 31 December 2014	-	-	-	-
Net book value as at 31 December 2013	1,032	160	39	1,231

The amortisation charge of the Group's intangible assets during nine months of 2014 amounts to LTL 274 thousand (during the corresponding period in 2013: LTL 677 thousand) and they are included in administrative costs. Internally created other intangible assets, classified as software, include costs incurred for improvement and adjustment of software used. Amortisation period of 3 years is applied for these assets. Amortisation costs for the reporting period of 2014 were reduced by LTL 23 thousand due to amortization of grants related to assets (in 2013 – LTL 76 thousand).

14. Financial instruments by category

All financial assets of the Group and the Company are attributed to the category of loans, amounts receivable and financial assets at fair value through profit or loss.

	The Group		The Company	
	2014	2013	2014	2013
Loans and amounts receivable				
Long term trade and other amount receivable	672	665	672	614
Trade and other amounts receivable	13	11,733	13	-
Amounts receivable from Group companies	1,006	-	1,006	95
Other current assets	-	2,588	-	-
Cash and cash equivalents	252	1,117	252	50
	1,943	16,103	1,943	759

14. Financial instruments by category (cont'd)

	The Group		The Company	
	2014	2013	2014	2013
Financial assets at fair value through profit and loss				
Investments to subsidiaries	51,447	-	51,447	-
	<u>51,447</u>	<u>-</u>	<u>51,447</u>	<u>-</u>

All financial liabilities of the Group and the Company are attributed to financial liabilities at amortised cost:

	The Group		The Company	
	2014	2013	2014	2013
Amortised cost of financial liabilities				
Long-term loans	3,947	950	3,947	3,556
Current portion of non-current loans and current loans	8,105	12,614	8,105	9,922
Trade payables	110	6,819	110	24
Other current liabilities	21	1,911	21	10
	<u>12,183</u>	<u>22,294</u>	<u>12,183</u>	<u>13,512</u>

15. Inventories

	The Group		The Company	
	2014	2013	2014	2013
Consumables	-	265	-	-
Goods for resale	-	541	-	-
Other inventories	-	3	-	-
	<u>-</u>	<u>809</u>	<u>-</u>	<u>-</u>

During year 2014 an impairment of minus LTL 71 thousand (during 2013:LTL 98 thousand) was recognised.

16. Trade and other receivables

	The Group		The Company	
	2014	2013	2014	2013
Trade and other receivables, gross	-	12,432	-	-
Amounts receivable from Group companies	390	-	390	95
Other amounts receivable, gross	13	157	13	-
Loans granted to Group companies and interest accrued	810	-	810	614
Receivable dividends	478	-	478	-
Impairment of doubtful amounts receivable (-)	-	(191)	-	-
Non-current amounts receivables (-) – Disclosed in Other non-current assets	(672)	(665)	(672)	(614)
	<u>1,019</u>	<u>11,733</u>	<u>1,019</u>	<u>95</u>

Changes in Impairment of doubtful amounts receivable for the year 2014 and 2013 is included under administrative costs in the profit (loss) statement.

Trade and other receivables are non-interest bearing and are generally on 10–60 days terms.

Receivables from related parties are disclosed in more details in Note 24.

16. Trade and other receivables (cont'd)

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

Individually determined impairment

	<u>The Group</u>
Balance as at 31 December 2012	12
Impairment calculated during the year	179
Balance as at 31 December 2013	<u>191</u>
Off-setting of bad debt deferral in the balance sheet articles	(26)
Impairment calculated during the period	172
Effect of the change in the Company's status	<u>(337)</u>
Balance as at 31 December 2014	<u>-</u>

The ageing analysis of trade and other receivables of the Group as at 31 December 2014 and 2013 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired				Impaired amounts receivable	Total
		Less than 30 days	30-90 days	90-180 days	More than 180 days		
As at 31 December 2014	275	16	48	49	2	-	390
As at 31 December 2013	10,034	643	222	395	659	479	12,432

Credit quality of financial assets neither past due nor impaired

All trade receivables neither past due nor impaired as at 31 December 2014 and 2013 have no history of counterparty defaults.

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

17. Other current assets

The Group	<u>2014</u>	<u>2013</u>
Accumulated revenue of long-term contracts	-	37
Cash pledges and deposits	-	<u>2,551</u>
	<u>-</u>	<u>2,588</u>

18. Cash and cash equivalents

	The Group		The Company	
	2014	2013	2014	2013
Cash at bank	3,811	1,113	252	50
Cash on hand	-	4	-	-
	3,811	1,117	252	50

The fair value of the cash of the Company's and the Group is close to their carrying amounts as at 31 December 2014 and as at 31 December 2013.

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

	The Group		The Company	
	2014	2013	2014	2013
Moody's ratings				
Prime-1	252	1,113	252	50
Not rated	-	-	-	-
	252	1,113	252	50

19. Reserves

Share based payments reserve

The share-based payment transactions reserve is used to recognise the value of equity-settled share-based payment transactions provided to the Group's key management personnel. The key management personnel has the right to share options if the Group's profit before depreciation, interest and tax meets objectives set for 2009–2014 (year's and accumulated targets are used). In 2011 the agreement was changed after acquisition of Norway Registers Development AS and new target was set for 2012–2014. The share based payment for 2012 was replaced by share based payment for 2012–2014. For the year 2009 the objective was not met, but in 2010 and 2011 the target was reached. The value of share based payments was calculated using binomial method. In November 2014 the agreement, which provided the payments in the share options, was terminated. At the moment of the agreement termination it was concluded that the targets in 2014 will be reached only partially, and the expenses of the share options were already recognised in previous years. Therefore no additional expenses were recognised in the financial statements of 2014. The shareholders of the Company after the termination of the agreement made a decision to increase the share capital in monetary contributions (more in Note 1). The amount accrued under the share option reserve amounting to LTL 1,011 thousand was transferred to retained earnings due to the termination of the agreement.

20. Borrowings

	The Group		The Company	
	2014	2013	2014	2013
Non-current				
Non-current bank borrowings	-	950	-	-
Borrowings from related parties	3,947	-	3,947	3,556
	3,947	950	3,947	3,556
Current				
Current portion of non-current borrowings	-	2,836	-	-
Borrowings from related parties	8,105	9,778	8,105	9,922
	8,105	12,614	8,105	9,922
Total borrowings	12,052	13,564	12,052	13,478

Significant portion of the Group's borrowings is from related parties. Please refer to Note 24 for more details.

20. Borrowings (cont'd)

Borrowings at the end of the year in local and foreign currencies expressed in LTL were as follows:

Borrowings denominated in:	The Group		The Company	
	2014	2013	2014	2013
EUR	-	399	-	-
LTL	12,052	13,165	12,052	13,478
	<u>12,052</u>	<u>13,564</u>	<u>12,052</u>	<u>13,478</u>

The amounts pledged to the banks are as follows:

	The Group	
	2014	2013
Property, plant and equipment	694	709
Trade receivables	924	1,104

Weighted average effective interest rates of borrowings outstanding at the year-end:

	The Group		The Company	
	2014	2013	2014	2013
Borrowings	9,49%	9,12%	10,7%	9,77%

As at 31 December 2014, the Group had LTL 1,315 thousand of unused credit lines or account surplus limit (as at 31 December 2013 – LTL 703 thousand).

21. Trade payables

Trade payables are non-interest bearing and are normally settled on 14–60 day terms. For terms and conditions relating to related parties please refer to Note 24.

22. Other liabilities

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

	The Group		The Company	
	2014	2013	2014	2013
Financial liabilities				
Accrued expenses	-	722	-	-
Other amounts payable	-	645	-	10
	-	<u>1,367</u>	-	<u>10</u>
Non-financial liabilities				
Tax payable	22	544	22	-
	<u>22</u>	<u>544</u>	<u>22</u>	<u>-</u>
Total other current and non-current liabilities	<u>22</u>	<u>1,911</u>	<u>22</u>	<u>10</u>
Non-current liabilities	-	-	-	-
Current liabilities	22	1,911	22	10

23. Financial risk management

23.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, liquidity, market, currency and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Company's principal financial liabilities comprise loans trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, loans granted, investments in equity and cash which arise directly from its operations.

The Company may enter into derivative transactions, such as interest rate swaps and forward currency contracts. The purpose of them is to manage the interest rate and currency risks arising from the operations and its sources of finance. The Company has not used any of derivative instruments so far, as management considered that there is no necessity for them.

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

Since December 2014 the aim of the Company's activities is to earn the medium-term and long term capital returns from investments to carefully selected quoted and not quoted private companies, operating in information technologies segment.

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

Credit risk

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

At the date of financial statements there are no indications of worsening credit quality of trade and other receivables, which are neither due, nor impaired, due to constant control of receivable balances. There are no significant transactions of the Company that do not occur in the country of the relevant operating unit.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

For banks and financial institutions, only independently rated parties with high credit ratings are accepted.

Price risk

The investments of the Company are sensitive to the price change risk, arising from the uncertainties related to the future instrument values. In order to manage the price risk, the Board of the Company together with the management of the Company analyses the results of portfolio companies activities at least once per quarter and maintains constant communication with the portfolio companies' management on the business development and operating activities questions.

The investments of the Company at fair value sensitive to the price risk amounted to LTL 51,447 thousands as at 31 December 2014.

Liquidity risk

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

The aim of the short-term liquidity management is to meet daily needs for funds. Each subsidiary plans independently its internal cash flows. Short-term liquidity for the Group and the Company is controlled through weekly monitoring of the liquidity status and needs of funds in each subsidiary, the Company and the whole Group respectively.

23. Financial risk management (cont'd)

23.1. Financial risk factors (cont'd)

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Company evaluates the possibilities to attract needed funds. On a monthly basis the business segments report to the Company the forecasted cash inflows and outflows for a future one year period which allows planning the Company's financing effectively. The general rule is applied to finance the Group companies or to take loans from them through the parent company in order to minimise the presence of direct borrowings between the subsidiaries.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2014 and 2013 and the Group's 31 December 2013 financial liabilities as at based on contractual undiscounted payments.

The Company	Less than 3 months	4 to 12 months	From 1 to 5 years	Total
Borrowings with interest	-	8,904	4,497	13,401
Trade and other payables	110	-	-	110
Other current liabilities	22	-	-	22
Balance as at 31 December 2014	132	8,904	4,497	13,533

The Company	Less than 3 months	4 to 12 months	From 1 to 5 years	Total
Borrowings with interest	-	11,029	4,448	15,477
Trade and other payables	24	-	-	24
Balance as at 31 December 2013	24	11,029	4,448	15,501

The Group	Less than 3 months	4 to 12 months	2 to 5 months	Total
Borrowings with interest	1,044	12,718	994	14,757
Finance lease obligations	9	10	46	65
Trade and other payables	6,819	-	-	6,819
Other current liabilities	1,191	720	-	1,911
Balance as at 31 December 2013	9,063	13,448	1,040	23,552

The liquidity ratio and quick liquidity ratio is 0.15 (in 2013 – 0.06). The management of the Company monitors the liquidity of the Company and according to current situation takes the actions to maintain it in the favourable condition. The Company has received the confirmation that related party Invalda LT AB is committed to help in solving liquidity questions and to postpone the maturity date of the loans in such a case, when the Company would not have the possibility to return the loan on the appointed date. Other loans are received from the subsidiary, therefore the Company itself decided on the payment conditions and terms.

Foreign exchange risk

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

The foreign currency risk at the Company is not large, taking into consideration that most monetary assets and obligations are denominated in each separate company's functional currency or euro.

23. Financial risk management (cont'd)

23.2. Fair value evaluations

Fair value represents the amount at which an asset could be exchanged, or a liability settled on an arm's length basis. The fair value measurement is determined in following 3 levels:

Level 1: The fair value of the financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair values of available for sale financial assets are estimated with reference to average of bid and ask quoted market prices. The Group and the Company does not have financial assets or liabilities assigned to this level.

Level 2: The fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The Group and the Company does not have financial assets or liabilities assigned to this level.

Level 3: Fair value determined by such valuation methods which use one or more of the significant inputs is not based observable market data. Fair value of all receivables and payables as well as borrowings and financial assets at fair value through profit and loss are assigned to this level.

Where in the opinion of the management the fair value of the financial assets and liabilities differs materially from their book value, such fair values are separately disclosed in the notes of the financial statements.

23.3. Capital management

The primary objective of the capital management is to ensure that the Company maintains a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company manages its capital supervising the activities of each subsidiary, in order to achieve that the capital is sufficient to support company's activities. The key management personnel of the companies controls that they are meeting capital requirements as set in the laws and borrowing agreements and provides the information to the Company's management.

The Company's capital comprises share capital, share premium, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2014 and 2013.

The Company is obliged to keep its equity ratio at not less than 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania.

24. Related party transactions

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

The related parties of the Company in 2014 and 2013 were the subsidiaries, the shareholders of the Company (Note 1), key management personnel of the Company and group companies of Invalda LT AB.

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).

24. Related party transactions (cont'd)

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

The Group	Revenue from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
<i>Company's management</i>				
Borrowings	-	40	-	-
Property lease	-	196	-	-
	-	236	-	-
<i>Other shareholders</i>				
Borrowings	-	60	-	-
Property rent	-	49	-	-
	-	69	-	-
<i>AB Invalda LT group companies</i>				
Borrowings	-	991	-	6,348
Operating activities	-	6	-	-
Property rent	-	15	-	-
	372	1,012	2	6,348

In 2014 the Group received LTL 131 thousand loans from the management of the company and other shareholders, LTL 3,649 thousand from Invalda LT AB. During year 2014 the loans were returned amounting to LTL 6,548 thousand to Invalda LT AB and LTL 185 thousand to the other shareholders. As disclosed in Note 1 of the explanatory notes, part of the share issue was paid in cash, which amounted to LTL 683 thousand. The receivable for other part of share issue which amounted to LTL 1,027 thousand was offset with liability for loans and interest payable to shareholders.

The maturity of loans granted by Invalda LT AB has been prolonged to 31 December 2015, and the effective interest rate is fixed at 11%, which is close to the interest rates in the market. Loans hold no collateral.

Transactions of the Group with related parties in 2013 and balances as at 31 December 2013 were as follows:

The Group	Revenue from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
<i>Other shareholders and the Company's management</i>				
Borrowings	-	88	-	990
Property rent	-	162	-	-
	-	250	-	990
<i>AB Invalda LT group companies</i>				
Borrowings	-	1,054	-	8,789
Operating activities	409	-	16	-
Property rent	-	185	-	-
	409	1,239	16	8,789

24. Related party transactions (cont'd)

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

The Company	Revenue from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
<i>Company's management</i>				
Borrowings	-	40	-	-
Property rent	-	16	-	-
	-	56	-	-
<i>Other shareholders</i>				
Borrowings	-	60	-	-
Property rent	-	49	-	-
	-	109	-	-
<i>BAIP Group AB subsidiaries</i>				
Borrowings	139	407	810	5,704
Dividends	2,307	-	478	-
Management and accounting service	899	-	150	-
Other activities	265	122	240	84
	3,610	529	1,678	
<i>Invalda LT AB Group companies</i>				
Borrowings	-	991	-	6,348
Operating activities	-	6	-	-
Property rent	-	15	-	-
	-	1,012	-	6,348

Transactions of the Company with related parties in 2013 and balances as at 31 December 2013 were as follows:

The Company	Revenue from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
<i>Subsidiaries</i>				
Borrowings	407	363	709	4,007
Other income	330	-	-	-
Management and accounting service	587	-	-	-
	1,224	363	709	4,007
<i>Company's management and other shareholders</i>				
Borrowings	-	88	-	990
	-	88	-	990
<i>Invalda LT AB Group companies</i>				
Borrowings	-	1,054	-	8,481
	-	1,054	-	8,481

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free (except as stated above) and settlement occurs in cash.

24. Related party transactions (cont'd)

Key management compensation and other payments

The management remuneration contains short-term employees' benefits and share-based payments. Key management of the Company includes Board members of the Company.

	The Company	
	2014	2013
Wages, salaries and bonuses	246	132
Social security contributions	76	41
Payments in share options	-	(23)
Total key management compensation	322	150

Transactions with the Group's management are disclosed in tables of transactions with related parties.

25. Events after the reporting period

On 2 February 2015 the resolutions of the General Shareholders Meeting of INVL Technology, AB that was held on 2 February 2015 were announced. It was decided to approve the reorganization terms of the public joint - stock company INVL Technology and the public joint - stock company BAIP grupe (the drawn - up reorganization terms of the public joint - stock company INVL Technology and the public joint - stock company BAIP grupe (dated on 23 December 2014) was publicly announced on 30 December 2014. The new wording of the Articles of Association of the public joint-stock company BAIP grupe, which continues to operate after the reorganization under the new name INVL Technology were approved, an Audit Committee was formed.

On 10 February 2015 it was announced that the Reorganization of INVL Technology and BAIP Group was completed on 9th of February 2015. INVL Technology was merged into BAIP Group, AB. BAIP Group, AB will take over all the rights and duties including the name of INVL Technology, and will continue operations under the new name of the public joint-stock company INVL Technology. The company's shares will be quoted on the NASDAQ Vilnius Stock Exchange after completion of the actions foreseen in the legal acts. It is estimated that the trading in companies shares will be available from March 2015. Trading in INVL Technology shares (a company which ceased its activities) was suspended from 29 January 2015 (inclusively). The initial capitalisation of the company operating after the merger reaches EUR 8.146 million. Recalculated price per share should reach EUR 1.33. The authorized capital of INVL Technology is divided into 6 114 714 ordinary registered shares. The nominal value per share is EUR 0.29. ISIN code - LT0000128860. The Board and manager of INVL Technology, AB has not changed. Kazimieras Tonkunas, a manager of a company, Gytis Umantas, Alvydas Banys, Vytautas Plunksnis and Nerijus Drobavicius continue operating as Members of the Board of the company.

Main shareholders of INVL Technology, AB are: A. Banys (5 percent) and LJB Investments, a company related to A. Banys, (20 percent), Irena Ona Mišeikienė (19 percent), Kazimieras Tonkunas (13.7 percent), Invalda LT (8.2 percent) and Lucrum Investicija (5 percent). The company has more than 3500 shareholders. The Company plans to apply for closed end investment company licence issued by the Bank of Lithuania and to raise at least EUR 10 million for the purpose of investing into other technology companies.

On 10 March 2015 the company informs that the Director of the Supervisory Authority of the Bank of Lithuania on 9 March 2015 decided to treat the information submitted in the publicly announced reorganization terms (together with annexes) of INVL Technology and BAIP Group, also, in the annual information of Invalda in 2011-2012 and Invalda LT in 2013, and in interim financial statements of INVL Technology for 12 months of 2014, and in the list of references related to INVL Technology, also, in the description of the securities (shares) and risk factors as well as in information displayed in the Articles of Association of the company as information equivalent to the information that is required to be disclosed in the prospectus of INVL Technology, AB. INVL Technology decided to apply to NASDAQ Vilnius stock exchange on 10 March 2015 to renew trading in companies shares since 12 March 2015.

On 19 March 2015 the meeting of shareholders was announced. During the meeting it is suggested to increase the Company's share capital with additional monetary contributions from EUR 1,773,267.06 to EUR 5,800,000 (the share capital is increased by amount of EUR 4,026,732.94), by issuing 13,885,286 shares with nominal value of EUR 0.29 each. Minimal price for one share issued – EUR 1.56, payment for shares in monetary contributions. Also it is suggested that due to the fact that the shares of the Company shall be offered according to the regulations prescribed in Lithuanian Republic law on securities, to terminate the priority rights to the Company shareholders to acquire new issued Company's shares. By additional question it is suggested to reorganise the Company's activities in such a way, that it would be operating as closed – end investment entity as regulated by Lithuanian Law on Collective Investment Undertakings.

25. Events after the reporting period (cont'd)

On 24 March 2015 it was announced that Norway Registers Development which owns 30 per cent of Infobank Uganda Limited shares signed Infobank Uganda Limited shareholders agreement on 23 March 2015.

On 7 April, 2015 it was announced that Norway Registers Development (NRD AS), a company controlled by INVL Technology, on the 3rd of April, 2015 signed an agreement regarding investment into Etronika, UAB, which develops electronic banking, mobile signature, electronic transport tickets, and retail software solutions. NRD AS plans to invest into new share issue of Etronika, UAB and acquire 80 per cent of Etronika, UAB shares. Total investments, including loans to Etronika, UAB, will amount up to EUR 400 thousand. Revenues of Etronika, UAB, amounted to EUR 1.9 million in 2014, company employs more than 40 people

AB BAIP GRUPĒ
CONSOLIDATED ANNUAL
REPORT FOR 2014

Overview of activities

AB BAIP group – a group of *specialised companies, working in the field of IT and legal informatics*. After the merger of asset management and information technology businesses INVL Technology, AB and BAIP group, AB, on the 9th February 2015, the later, having taken over all the rights and duties, continues operating under the name INVL Technology, AB.

In 2014 AB BAIP group companies achieved their financial goals, invested in targeted expansion in Lithuanian and foreign markets as well as growth of intellectual capital and development of services portfolio.

In 2014, the biggest projects of BAIP, UAB, managed by INVL Technology include: a cloud computing solution between Lithuania and Belarus (value of the project EUR 0.65 million (LTL 2.274 million)), magnetic tape libraries at the Bank of Lithuania, renewed for EUR 0.5 million (LTL 1.755 million), and National Open Access Research Data Archive MIDAS infrastructure design and implementation.

Specialized cyber security company NRD CS established the first commercial Cybersecurity Incident Response Team in the Baltics - NRD CIRT which became a full member of an international organisation FIRST (the Forum of Incident Response and Security Teams). NRD CIRT is also a listed member of Trusted Introducer.

In Africa, INVL Technology companies implemented the Burundi Central Bank data center modernization project as well as the development of Mozambique companies register and Mauritius registers development project. They also modernized IT infrastructure at the Central Bank of Zimbabwe, finished Viet Nam business Registers modernization project in Southeast Asia.

BAIP group company Norway Registers Development AS started activities in Uganda, where together with local partners established a company Infobank Uganda Ltd and manages 30 percent of its shares. Infobank Uganda intends to work with different registries which are currently largely paper based, and provide registries information to financial sector clients via electronic system. Innovative solutions will allow businesses to obtain the required information, use remote services to order and receive information, order official documents and use a spectrum of electronic services despite paper based registries being in operation.

On the 9th February, 2015 merger of INVL Technology and BAIP group, a company managed by INVL Technology was completed. The company continues operating in the market by the name of INVL Technology. Trading in INVL Technology shares in NASDAQ Vilnius Stock Exchange was renewed on the 12 March, 2015.

In 2015, INVL Technology intends to apply to the Bank of Lithuania for closed-end investment company license - this will make company similar to investment fund. It was also announced that INVL Technology plans to issue EUR 21.7 million of new shares. Attracted funds will be invested in IT companies, operating in Baltic countries, Eastern Europe, as well into current capacities building. It is planned to further develop sales channel in East Africa and Southeast Asia, and fund's companies will have access to new customers and human resources in these markets. In addition, INVL Technology will focus on current portfolio capacity building.

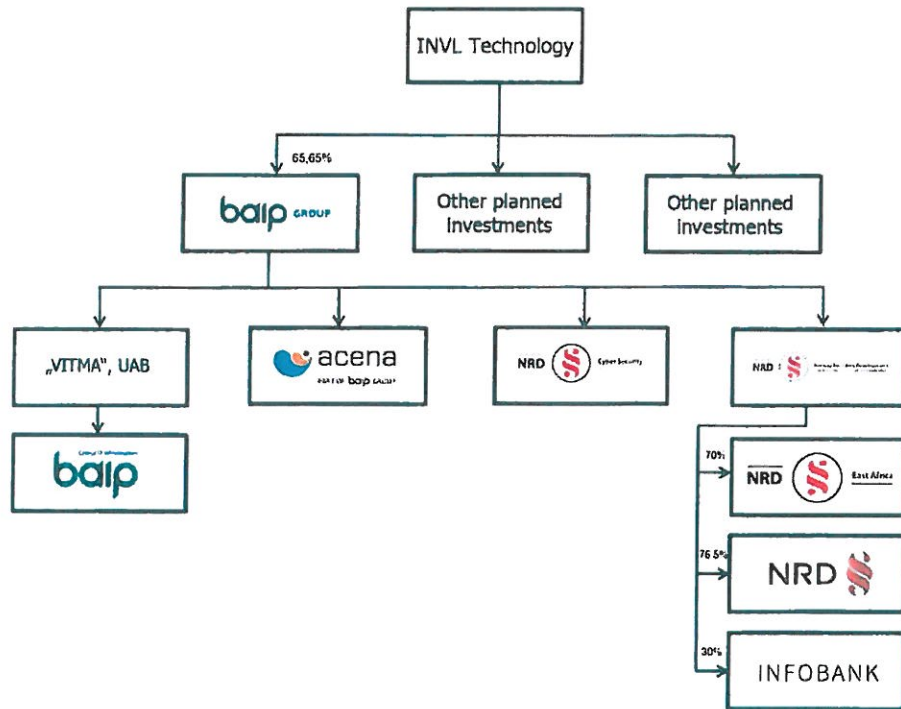
Managed companies will continue their policy to be closer to the customers and involve local business partners in their programs, as well as focus on strengthening cooperation with Lithuanian and European service providers, non-governmental professional organizations and academic sector.

Largest INVL Technology investments currently are companies in Lithuania, Norway and Tanzania: 100 percent of BAIP, a critical IT infrastructure services company, Microsoft licensing company Acena, Norway Registers Development operating in Norway together with its Lithuanian information systems design and development company NRD as well as its daughter company in Tanzania Norway Registers Development East Africa Ltd, and specialized cyber security company NRD CS.

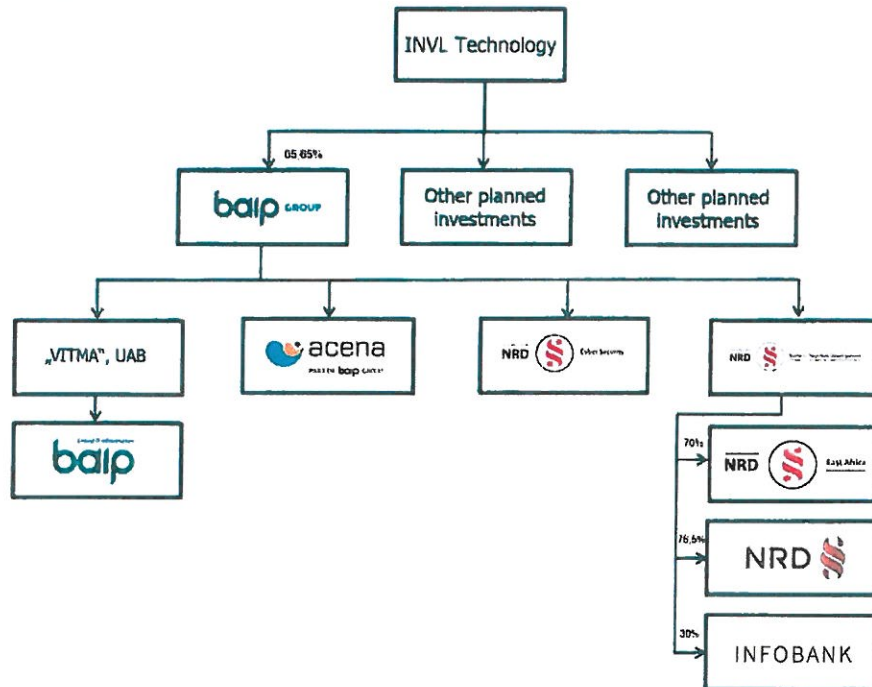
INVL Technology portfolio companies specialize in business climate improvement reforms, design of the integrated national information systems, resilience of critical IT infrastructure, national cyber security and cyber defense and implement projects in over 50 countries in Central and Eastern Europe, East Africa and other regions.

Risks and uncertainties which INVL Technology encounters in its work are further described in Year 2014 Consolidated Financial Statement explanatory document.

BAIP group, AB structure on the 31st December 2014



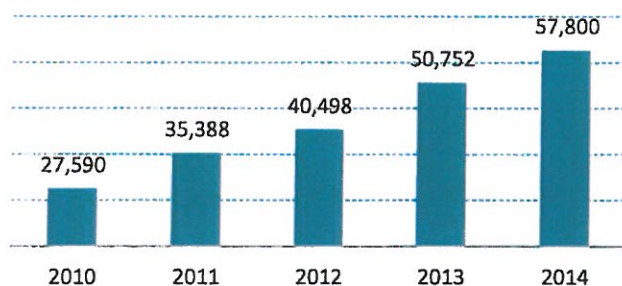
INVL Technology, AB structure since the 12th March 2015



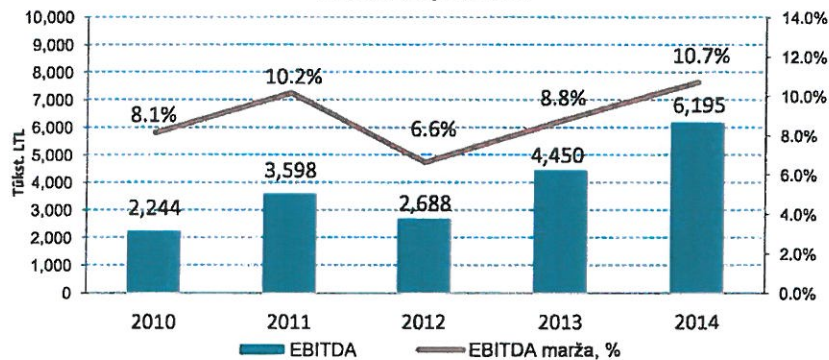
Financial results

Thousand LTL	2010	2011	2012	2013	2014
Sales	27 590	35.388	40.498	50.752	57.800
EBITDA	2.244	3.598	2.688	4.450	6.195
EBITDA margin, %	8,1%	10,2%	6,6%	8,8%	10,7%
Number of Employees	75	80	131	136	151

Revenue Dynamics

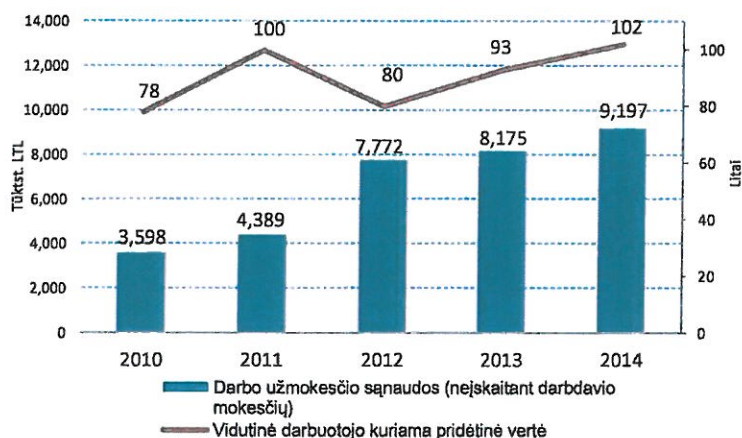


EBITDA dynamics



Human resources

Thousand LTL	2010	2011	2012	2013	2014
Payroll costs (excluding employer taxes)	3,598	4,389	7,772	8,175	9,197
EBITDA per employee	29,92	44,98	20,52	32,72	41,03
Average added value created by an employee	78	100	80	93	102



Own shares

Group companies do not have acquired the parent company's shares during the period and there were no transactions with the parent company's shares.

Information about R&D activities of BAIP group

In 2014, group companies did not execute any R&D activities.

Significant events after the end of the reporting period

On 2 February 2015 the resolutions of the General Shareholders Meeting of INV L Technology, AB that was held on 2 February 2015 were announced. It was decided to approve the reorganization terms of the public joint - stock company INV L Technology and the public joint - stock company BAIP grupe (the drawn - up reorganization terms of the public joint - stock company INV L Technology and the public joint - stock company BAIP grupe (dated on 23 December 2014) was publicly announced on 30 December 2014. The new wording of the Articles of Association of the public joint-stock company BAIP grupe, which continues to operate after the reorganization under the new name INV L Technology were approved, an Audit Committee was formed.

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Mr. Kazimieras Tonkūnas



Director

8 April, 2015