Closed-ended type investment company
(hereinafter - the Company)
INVL TECHNOLOGY

INTERIM CONDENSED UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Note: The Company was issued a closed-ended type investment company licence after the end of the reporting period. For the six months ended 30 June 2016 the name of the company was the public joint-stock company INVL Technology.

GENERAL INFORMATION

Management

After registration of Articles of Association on 17 May 2016 of closed-ended type investment company INVL Technology at State Enterprise Centre of Registers, the Company's managing bodies – CEO and management board were abolished.

On 14 July 2016 INVL Technology has been granted a closed-ended type investment company license by the Bank of Lithuania. Upon receipt of the license, the management of INVL Technology has been transferred to INVL Asset Management UAB, company code 126263073.

Address and company code

Registration address
Gyneju str. 16,
Vilnius,
Lithuania

Company code 300893533

Banks

SEB bank AB

These financial statements were approved and signed by the management company on 29 August 2016.

Darius Šulnis Director General of INVL Asset Management	Kazimieras Tonkūnas Chairman of the Investment Committee of INVL Technology	Kristupas Baranauskas Representative of accounting services company

(all amounts are in EUR thousand unless otherwise stated)

Interim statement of comprehensive income

	Note	2016 6 months	2015 6 months	2016 II quarter	2015 II quarter
		Unaudited	Unaudited	Unaudited	Unaudited
Net change in fair value of financial assets	4	(61)	(60)	(125)	(60)
Dividend income		-	-	-	-
Interest income		1	13	-	9
Other income		97	128	19	93
Total income		37	**81**	**(106)**	**32**
Employee benefits		(185)	(98)	(100)	(61)
Other expenses		(169)	(110)	(102)	(53)
Total operating expenses		**(354)**	**(208)**	**(202)**	**(114)**
Operating profit (loss)		**(317)**	**(127)**	**(308)**	**(82)**
Costs on financial activities	6	-	(155)	-	(93)
Profit (loss) for the reporting period before tax		**(317)**	**(282)**	**(308)**	**(175)**
Income tax benefit	7	(1)	25	(1)	-
Net profit (loss) for the reporting period		**(318)**	**(257)**	**(309)**	**(175)**
Other comprehensive income for the reporting period less the income tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD LESS INCOME TAX		**(318)**	**(257)**	**(309)**	**(175)**
Attributable to:					
- Shareholders of the parent company		(318)	(257)	(309)	(175)
Basic and diluted earnings (deficit) per share (in EUR)	8	(0.03)	(0.05)	(0.03)	(0.03)

(all amounts are in EUR thousand unless otherwise stated)

Interim statement of financial position

	Notes	30 June 2016	31 December 2015
ASSETS		Unaudited	
Non-current assets			
Tangible and intangible assets		-	5
Financial assets measured at fair value through profit or loss	4	20,582	16,955
Deferred income tax asset		-	1
Total non-current assets		**20,582**	**16,961**
Current assets			
Trade and other amounts receivable and loans granted		14	392
Prepayments and deferred charges		-	1
Cash and cash equivalents	5	3,355	6,994
Total current assets		**3,369**	**7,387**
Total assets		**23,951**	**24,348**
EQUITY AND LIABILITIES			
Equity			
Share capital		3,531	3,531
Share premium		8,268	8,268
Reserves		10,154	9,977
Retained earnings		1,972	2,467
Total equity		**23,925**	**24,243**
Liabilities			
Total non-current liabilities		**-**	**-**
Current liabilities			
Trade payables		2	44
Employment related liabilities		21	49
Other current liabilities		**3**	**12**
Total current liabilities		**26**	**105**
Total liabilities		**26**	**105**
Total equity and liabilities		**23,951**	**24,348**

(all amounts are in EUR thousand unless otherwise stated)

Interim statement of cash flows

	Note	2016 6 months	2015 6 months
		Unaudited	unaudited
Cash flows from operating activities			
Net profit (loss) for the reporting period		(318)	(257)
Non-cash flows:			
Interest (income)		(1)	(13)
Interest expenses		-	155
Depreciation and amortisation		1	1
Change in fair value of financial assets	4	61	60
Income tax (benefit) expenses	7	1	(25)
		256	**(79)**
Changes in working capital			
(Acquisition) sale of investments		(3,688)	-
Decrease (increase) in trade and other receivables		295	29
Decrease (increase) in other current assets		1	(18)
Increase (decrease) in trade payables		(42)	6
Increase (decrease) in other current liabilities		(37)	12
Cash flows from operating activities		**(3,727)**	**(50)**
Income tax (paid)		-	-
Net cash flows from operating activities		**(3,727)**	**(50)**
Cash flows from investing activities			
Sale (acquisition) of non-current assets		5	(3)
Loans granted		(155)	-
Repayment of loans granted		238	-
Net cash flows from investing activities		**88**	**(3)**
Cash flows from financing activities			
Cash flows related to owners			
Proceeds from the offering		-	1,494
Cash received under terms of split-off		-	-
Cash in the company merged during reorganisation		-	41
		-	1,535
Cash flows related to other sources of financing			
Repayment of loans received		-	(10)
		-	(10)
Net cash flows from financing activities		**-**	**1,525**
Impact of currency exchange on cash and cash equivalents		-	**-**
Net increase (decrease) in cash and cash equivalents		**(3,639)**	**1,472**
Cash and cash equivalents at the beginning of the period		**6,994**	**25**
Cash and cash equivalents at the end of the period		**3,355**	**1,497**

(all amounts are in EUR thousand unless otherwise stated)

Interim statement of changes in equity

	Share capital	Share premiums	Legal reserve	Reserve of purchase of own shares	Retained earnings	Total
Balance at 31 December 2014	**172**	**250**	**23**	**556**	**6,845**	**7,846**
The effect of the reorganisation	1,601	(71)	(23)	(556)	3,085	4,036
Total transactions with owners of the Company, recognized directly in equity	**1,601**	**(71)**	**(23)**	**(556)**	**3,085**	**4,036**
Net profit (loss) during I half 2015	**-**	**-**	**-**	**-**	(257)	(257)
Total comprehensive income	**-**	**-**	**-**	**-**	**(257)**	**(257)**
Balance at 30 June 2015	**1,773**	**179**	**-**	**-**	**9.673**	**11.625**
Net profit reallocation to reserves	-	-	177	9,800	(9,977)	-
Proceeds from new offering less costs of issue	1,758	8,089	-	-	-	9,847
Net profit (loss) during II half 2015	-	-	-	-	2,771	2,771
Total comprehensive income	**1,758**	**8,089**	**177**	**9,800**	**(7,206)**	**12,618**
Balance at 31 December 2015	**3,531**	**8,268**	**177**	**9,800**	**2,467**	**24,243**
Net profit reallocation to reserves	-	-	177	-	(177)	**-**
Total transactions with owners of the Company, recognized directly in equity	**3,531**	**8,268**	**354**	**9,800**	**2,290**	**24,243**
Net profit (loss) during I half 2015	-	-	-	-	(318)	(318)
Balance at 30 June 2016	**3,531**	**8,268**	**354**	**9,800**	**1,972**	**23,925**

(all amounts are in EUR thousand unless otherwise stated)

Notes to the interim condensed financial statements

1 General information

INVL Technology UTIB (hereinafter the Company) is a closed-ended type investment company (UTIB) registered in the Republic of Lithuania. It was created during the merger of BAIP grupė AB and INVL Technology AB (Note 3),

The registration address is as follows:

Gyneju str, 16,
Vilnius,
Lithuania

On 29 April 2014 the Company had a stake of 80% in BAIP grupe UAB, which invests into IT companies, and a stake of 100% in dormant Inventio UAB. After the increase in share capital of BAIP grupe UAB in December, 2014 in which participated only minority shareholders, the company held 65.65 percent of shares. In December 2014 BAIP grupe UAB was reorganized to BAIP grupe AB as a group of specialized entities, working in the field of IT which specialises in the field of business climate improvement, development integrated national information systems, critical IT infrastructure resilience, national cyber security and cyber defence. Becoming INVL Technology AB after reorganisation (Note 3) Company continues its activities as strategic-financial investor, conforming to the definition of investment subject as defined under IFRS under and, together with the managers of IT companies, seeks to increase value of investments through acquisition, development and sale of businesses.

After registration of bylaws on 17 May 2016 of closed-end investment company INVL Technology at State Enterprise Centre of Registers, the Company's managing bodies – CEO and management board were abolished.

On 14 July 2016 INVL Technology has been granted a closed-end investment company (UTIB) license by the Bank of Lithuania. Upon receipt of the license, the management of INVL Technology has been transferred to INVL Asset Management UAB.

The Company's share capital is divided into 12,175,321 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. Portfolio companies did not hold any shares of the Company. As at 30 June 2015 the shareholders of the Company were *:

	Number of shares held	Percentage of share capital held
LJB INVESTMENTS UAB	2,424,152	19.91%
INVALDA INVL AB	1,910,812	15.69%
Mrs. Irena Ona Mišeikienė	1,466,421	12.04%
Lietuvos draudimas AB	909,090	7.47%
Mr. Kazimieras Tonkūnas	675,452	5.55%
Mr. Alvydas Banys	618,745	5.08%
Others	4,170,649	34.26%
Total	**12,175,321**	**100%**

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014.

2 Basis of preparation and accounting policies

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

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

2.1 Significant accounting policies

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

A number of new or amended standards became applicable for the current reporting period:

- *Annual Improvements to IFRSs 2010-2012 Cycle* (effective for annual periods beginning on or after 1 February 2015);
- *Annual Improvements to IFRSs 2012-2014 Cycle* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 – *Defined benefit plans: Employee contributions* (effective for annual periods beginning on or after 1 February 2015);
- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer plants* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1: *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016).

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

2.2 Accounting estimates

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next financial year. These estimates and judgements are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates not always reflect actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

Fair value of investments not quoted in an active market

The fair values of securities that are not quoted in an active market are determined by using valuation techniques, primarily of which are earnings multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability.

Details of the inputs and valuation methods used to determine Level 3 fair value, are provided in Note 4.

Investment entity status

The management of the Company periodically reviews whether the Company meets all the defining criteria of an investment entity. In addition, the management assesses the Company's operation objective (Note 1), investment strategy, origin of income and fair value models. Based on the assessment of the management, the Company met all the defining criteria of an investment entity throughout the period from its establishment to the financial reporting date.

(all amounts are in EUR thousand unless otherwise stated)

3 Merger of BAIP group AB and INVL Technology AB

On 9 February 2015 reorganization of joint-stock company INVL Technology and BAIP group AB was completed, INVL Technology AB was merged to BAIP group AB. BAIP group AB took over all the rights and obligations and continued operations in 2015 under the new name of the public joint-stock company INVL Technology. The company's shares are quoted on the NASDAQ Vilnius Stock Exchange after completion of the actions foreseen in the legal acts. The trading in company' shares are available from March 2015. The share capital of INVL Technology AB (previously BAIP group AB) is divided into 6,114,714 ordinary registered shares. The nominal value per share is EUR 0.29.

The table below presents the merger effect on the balance sheet:

	BAIP group AB	INVL Technology AB	Eliminations and reorganisation adjustment	Merged entity (INVL technology)
Property, plant and equipment	5	-	-	5
Investments into portfolio companies	14,900	7,828	(7,826) *	14,902
Deferred tax assets	3	-	-	3
Not current trade receivables	196	-	-	196
Loans	44	-	-	44
Prepayments and deferred charges	4	-	-	4
Trade and other amounts receivable	266	-	-	266
Cash and cash equivalents	41	22	-	63
Total assets	**15,459**	**7,850**	**(7,826)**	**15,483**
Share capital	1,767	172	(165)	1,774
Share premium	179	250	(250)	179
Reserves	-	579	(579)	-
Retained earnings	9,916	6,844	(6,832)	9,928
Liabilities	3,597	5	-	3,602
Total equity and liabilities	**15,459**	**7,850**	**(7,826)**	**15,483**

* Elimination of BAIP group AB shares, held by INVL Technology AB.

(all amounts are in EUR thousand unless otherwise stated)

4 Financial assets at fair value through profit or loss

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Non-current assets of the Company at fair value through profit or loss comprise of assets which are Level 3 instruments by valuation technique. The Company has no Level 1 or Level 2 instruments.

The list of unconsolidated subsidiaries and associates, hereinafter referred to as portfolio companies, which are owned by the Company as at 30 June 2016 directly or indirectly, is presented below:

Entity	Country of incorporation	Proportion of shares (voting rights) directly/indirectly held by the Company (%)	Nature of business
Informatikos pasaulis UAB	Lithuania	100	Dormant
Vitma UAB	Lithuania	100	Investments in IT companies
BAIP UAB *	Lithuania	100	Information technology solutions
Acena UAB*	Lithuania	100	Information technology solutions
Norway Registers Development AS	Norway	100	Information technology solutions
NRD UAB *	Lithuania	76.50	Information technology solutions
Norway Registers Development East Africa Ltd *	Tanzania	70	Information technology solutions
Etronika UAB	Lithuania	80	Information technology solutions
Norway Registers Development Rwanda Ltd*	Rwanda	100	Information technology solutions
Infobank Uganda Ltd *	Uganda	30	Information technology solutions
NRD CS UAB	Lithuania	100	Information technology solutions
Inventio UAB	Lithuania	100	Investments in IT companies
Algoritmų sistemos UAB*	Lithuania	100	Information technology solutions
„Andmevara“ AS	Estonia	100	Information technology solutions
„Andmevara“ SRL*	Moldova	100	Information technology solutions
UAB „FINtime“	Lithuania	100	Finance management and accounting

*These entities are owned indirectly by the Company as at 30 June 2016.

The Company conducts an independent valuation of its investments in portfolio companies when preparing the annual financial statements. As at 31 December 2015, the valuation was carried out by Deloitte Verslo Konsultacijos UAB using the income approach (31 December 2014: income and market approach). In the opinion of the management, the fair value of investments was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments. The fair value of investments was determined in compliance with the International Valuation Standards approved by the International Valuation Standards Council. For the income approach, the discounted cash flow method was used. It was based on free cash flow forecasts made by management for the period of 5 years. Free cash flows were calculated as net operating profit after tax plus depreciation and minus change in working capital and capital expenditure.

At the end of the first half of 2016, companies managed by INVL Technology were measured at their fair value using the same method that will be used after the Company becomes a closed-end investment entity. The fair value of the companies, controlled by INVL Technology, at the end of 2015 was estimated by an independent appraiser Deloitte verslo konsultacijos UAB. Market conditions and other preconditions used in the valuation did not change significantly during the first six months of 2016. Therefore, when preparing preliminary operating results for the 6 months of 2016, the Company measured fair value of investments using the end of 2015 value adjusted by the net profit or loss and payments to the Shareholders that occurred during the period, except for entities acquired/established during 2016 which are stated at cost.

(all amounts are in EUR thousand unless otherwise stated)

Under the existing loan agreements with banks, the Company' indirectly owned portfolio companies BAIP UAB, NRD UAB and Algoritmu sistemos UAB must obtain consent from the bank before announcing dividends or other payments to shareholders.

During year 2016 these companies declared dividends (dividends have not been paid to the Company): BAIP UAB – EUR 850 thousand, NRD UAB – EUR 255 thousand, Algoritmu sistemos UAB – EUR 248 thousand.

Based on above multiples and assumptions, the Company calculated following fair values:

Entity	**30 June 2016**	**31 December 2015**
Vitma UAB*	11,488	11,474
NRD Group**	3,951	3,708
NRD CS UAB	1,853	1,773
Informatikos pasaulis UAB	4	-
Inventio UAB***	2.392	-
FINtime UAB	229	-
Andmevara AS	665	-
Total	**20,582**	**16,955**

*Includes BAIP UAB and Acena UAB
**Includes all NRD group companies
***Includes Algoritmu sistemos UAB

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2016:

Opening balance	16,955
Investments in portfolio companies' capital	3,688
Gains and losses recognised in profit or loss	(61)
Closing balance	**20,582**
Change in unrealised gains or losses for the period recognised in profit or loss for assets held at the end of the reporting period	**(61)**

As at 31 December 2015

In 2015, Vitma UAB declared and paid out interim-period dividends of EUR 598 thousand.

Under the valid loan agreement with banks, portfolio companies indirectly controlled by the Company – BAIP UAB and NRD UAB are required to obtain the bank's prior approval when declaring the dividends or making other distributions to shareholders.

As at 31 December 2015, other portfolio companies of the Company had no significant restrictions on the payment of dividends to the Company or on the repayments of loans to the Company by the unconsolidated portfolio companies. The changes in the fair value of the Company's portfolio companies may expose the Company to potential losses.

On 22 December 2015, Inventio UAB (an entity controlled by the Company) signed an agreement on the acquisition of a 100% stake in Algoritmų Sistemos UAB (engaged in information system development) for the total amount of EUR 2,385 thousand. The transaction was completed on 18 March 2016. The transaction was financed from additional contributions by the Company in the share capital of Inventio UAB up to EUR 2,395 thousand.

The table below presents movements in Level 3 financial instruments during 2015:

Opening balance at 31 December 2014	7,828
Effect of merger (Note 3)	7,074
Balance after merger as at 9 February 2015	14,902

Additional contributions to share capital	218
Disposals during the year	(412)
Gain (loss) recognised in the income statement	2,247
Closing balance at 31 December 2015	**16,955**
Unrealised gain or loss recognised in the income statement on assets controlled at the end of the reporting period	**2,247**

In 2015, additional contributions to share capital consisted of increase in the share capital of portfolio company Norway Registers Development AS. The increase in share capital was conducted to finance the acquisition of Etronika UAB.

In 2015, the Company sold its shareholding in Acena UAB to portfolio company BAIP UAB. The transaction was implemented in order to simplify the Company's investment portfolio structure and management through combining the businesses operating in the field of IT infrastructure.

The fair value of the Company's investments was determined by Deloitte Verslo Konsultacijos UAB. The table below presents the inputs and the fair value valuation techniques (Level 3) for investments in portfolio companies and the sensitivity analysis to changes in the inputs used:

Name	Fair value, EUR '000	Valuation technique	Inputs	Input value	Reasonable possible shift -/+	Change in valuation +/-
Vitma UAB	11,474	Discounted cash flow	Weighted average cost of capital	9.40%	-/+ 0.5 pp	811 / (703)
			5-year revenue growth	3-6%	-/+ 0.5 pp	(432) / 441
			EBITDA margin	11-12%	-/+ 0.5 pp	(773) / 772
			Long-term growth rate	2%	-/+ 0.5 pp	(535) / 617
			Discount for lack of marketability	10.31%	-/+ 2 pp	255 / (255)
NRD Group	3,708	Discounted cash flow	Weighted average cost of capital	11.60%	-/+ 0.5 pp	220 / (198)
			5-year revenue growth	4-7%	-/+ 0.5 pp	(123) / 120
			EBITDA margin	6-12%	-/+ 0.5 pp	(271) / 271
			Long-term growth rate	2%	-/+ 0.5 pp	(135) / 151
			Discount for lack of marketability	10.28%	-/+ 2 pp	82 / (82)
NRD CS UAB	1,773	Discounted cash flow	Weighted average cost of capital	15.30%	-/+ 0.5 pp	69 / (64)
			5-year revenue growth	5-8%	-/+ 1.0 pp	(82) / 85
			EBITDA margin	14-17%	-/+ 1.0 pp	(120) / 120
			Long-term growth rate	2%	-/+ 0.5 pp	(41) / 44
			Discount for lack of marketability	13.54%	-/+ 2 pp	41 / (41)
Total:	**16,955**					

The fair value was based on discounted cash flow method, which was selected by the external valuator as the best representation of the company specific development potential. Due to the limited number of comparable companies and transactions, lack of reliability of the market data and limited comparability of peers, the results of the guideline public companies and transaction methods were used as a supplementary analysis and were provided only for illustrative purposes in valuation report.

Cash flow projections made by management for the period of 5 years (2016-2020) were used as a basis in the income method. Free cash flows were calculated as operating profit after tax plus depreciation/amortisation of property, plant and equipment and intangible assets, plus or minus changes in working capital and minus capital expenditure. The resulting value was adjusted by discount for lack of marketability and the amount of surplus assets/liabilities. As part of the valuation process, valuator had analysed items presented on the balance sheet of each company and had identified assets and liabilities, which can be treated as surplus assets (e.g. net working capital above normalised level, non-operating cash balances, loans to related parties) and debt/debt like items; all of which were adjusted when arriving at equity value of the company.

(all amounts are in EUR thousand unless otherwise stated)

The significant fair value increase of NRD Group is a result of acquisition of Etronika UAB, changes in expected development of Norway Registers Development East Africa Ltd., as well as changes in valuation inputs of Norway Registers Development AS and NRD UAB (decrease of WACC and increase in EBITDA margin).

In the opinion of the management, the fair value was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments.

30 June 2015

Financial assets of the company INVL Technology AB measured at fair value through profit or loss comprised of directly and indirectly controlled portfolio companies: BAIP UAB, Acena UAB, Informatikos pasaulis UAB, Inventio UAB, NRD AS and NRD CS UAB. These assets are non-current assets and belong to Level 3 valuation technique. Main assets of Inventio UAB and Informatikos pasaulis UAB are cash at banks, thus entities were valued based on their net assets. EBITDA of NRD CS UAB was negative for the last 12 months, thus valuation was performed based on a previous value adjusted by the change in equity, because estimates of the management of the Company future cash flows did not decrease. Vitma UAB, controlling 100 percent of BAIP UAB, was valued by adding total current assets less current liabilities of Vitma UAB to the value of BAIP UAB. Other entities, including aforementioned BAIP UAB, were valued using EBITDA (earnings before depreciation, amortisation, interest and taxes) multiple. Consolidated EBITDA for the last 12 months was used. Value derived using EBITDA multiple was adjusted by deducting difference between consolidated liabilities and current assets, subtracting calculated value of non-controlling share. Resulting amount was adjusted by 10.7 premium (used by appraisers during valuation as of 31 December 2014 as the difference between control premium and marketability discount). EBITDA multiple used is equal to 6.0. It was set as EV/EBITDA (ratio between enterprise value and EBITDA) average of comparative Scandinavian and Eastern Europe technology companies as listed below (adjusted by debt calculation method as described above):

Entity name	**EBITDA multiple**
4IG	3.9
Asseco Poland	3.9
Comarch SA	4.9
Affecto	5.8
Atea	9.2
Data Respons ASA	8.2
Innofactor Oyj	10.2
Know It AB	6.7
Sygnity SA	3.2
ATM	10.7
SMT	4.8
Qumak	5.4
Atende	3.6
Simple	4.2
Average	**6.0**

(all amounts are in EUR thousand unless otherwise stated)

Based on above multiples and assumptions, the Company calculated following fair values:

Entity	30 June 2015	31 December 2014
Vitma UAB	11,626	12,800
NRD Group	1,956	700
NRD CS UAB	844	1,000
Acena UAB	412	400
Informatikos pasaulis UAB	3	-
Inventio UAB	1	2
Total	**14,842**	**14,902**

If EBITDA multiple would be lower or higher by 1, respectively total value of BAIP UAB together with Vitma UAB would be lower or higher by EUR 1,326 thousand as of 30 June 2015, value of Acena UAB would be lower or higher by EUR 49 thousand as of 30 June 2015, value of NRD Group would be lower or higher by EUR 252 thousand as of 30 June 2015.

According to the current loan agreement with DNB bank the Company's indirectly controlled portfolio company BAIP UAB had restrictions to repay the loan granted by the Company, which amounted EUR 159 thousand as of 30 June 2015 (EUR 159 thousand as of 31 December 2014), also cannot announce the dividends without prior consent of the Bank.

Other portfolio companies of the Company as of did not have significant restrictions for the payment of the dividends to the Company from not consolidated portfolio companies or the restrictions on repayment of loans granted by the Company to the not consolidated portfolio companies.

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2015:

Opening balance	14,902
Gains and losses recognised in profit or loss	(60)
Closing balance	**14,842**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	**(60)**

5 Cash and cash equivalents

All company's cash and cash equivalents consisted of funds on settlement accounts.

6 Finance costs

	2016 6 months	2015 6 months
Interest expenses of borrowings from related parties	-	(155)
	-	**(155)**

7 Income tax

	2016 6 months	2015 6 months
Components of the income tax benefit (expenses)		
Deferred income tax expenses (benefit)	1	(25)
Income tax expenses (benefit) stated in the income statement	**1**	**(25)**

8 Earnings per share

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

The weighted average number of shares for the period ended 30 June 2016 was as follows:

Calculation of weighted average for the period ended 30 June 2015	**Number of shares (thousand)**	**Par value (EUR)**	**Issued/180 (days)**	**Weighted average (thousand)**
Shares issued as at 31 December 2015	12,175	0.29	180/180	12,175
Shares issued as at 30 June 2016	**12,175**	**0.29**		**12,175**

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

	2016 6 months
Net loss, attributable to the equity holders of the parent	(318)
Weighted average number of ordinary shares (thousand)	12,175
Basic and diluted earnings (deficit) per share (EUR)	**(0,03)**

For the 1st half of 2016 diluted earnings per share of the Company are the same as basic earnings per share.

The weighted average number of shares for the period ended 30 June 2015 was as follows:

Calculation of weighted average for the period ended 30 June 2015	**Number of shares (thousand)**	**Par value (EUR)**	**Issued/180 (days)**	**Weighted average (thousand)**
Shares issued as at 31 December 2014	4,022	0.29	180/180	4,022
Merged/Acquired INVL Technology shares as at 9 February 2015	2,093	0.29	140/180	1,628
Shares issued as at 30 June 2015	**6,115**	**0.29**		**5,650**

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

	2015 6 months
Net loss, attributable to the equity holders of the parent	(257)
Weighted average number of ordinary shares (thousand)	5,650
Basic and diluted earnings (deficit) per share (EUR)	**(0.05)**

(all amounts are in EUR thousand unless otherwise stated)

9 Related party transactions

Transactions of the Company with related parties for the first half of 2016 and balances as at 30 June 2016 were as follows:

The Company	**Revenue from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Company's management				
Lease of assets	-	7	-	-
	-	**7**	**-**	**-**
INVL Technology AB portfolio companies				
Borrowings	1	-	-	-
Dividends	-	-	-	-
Management and accounting service	93	6	-	-
Other activities	6	11	-	2
	100	**17**	**-**	**2**

The Company's transactions with related parties during the first half of 2015 and related balances as at 30 June 2015 were as follows:

The Company	**Revenue from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Company's management				
Lease of assets	-	9	-	-
	-	**9**	**-**	**-**
INVL Technology AB subsidiaries				
Borrowings	13	70	423	1,138
Dividends	-	-	-	-
Management and accounting service	110	-	-	-
Other activities	18	3	120	618
	141	**73**	**543**	**1,756**
Invalda INVL AB Group companies				
Borrowings	-	85	-	2,107
Operating activities	-	-	2	-
	-	**85**	**2**	**2,107**

10 Segment information

The Company's management has defined its operating segments in a manner consistent with the internal reporting provided to the Company's Board of Directors that was responsible for making strategic decisions, active till May 17, 2016.

The Board of Directors was responsible for the Company's entire portfolio and considered the business to have a single operating segment. The Board of Directors' asset allocation decisions were based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

The internal reporting provided about the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in the reportable segments during the year.

11 Financial risk management

11.1 Financial risk factors

The risk management function within the Company is carried out in respect of financial risks (credit, liquidity, market, foreign exchange and interest rate risks), operational risk and legal risk. The primary objective of the financial risk management function is to establish the risk limits, and then make sure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of the internal policies and procedures necessary to mitigate the operational and legal risks.

The Company's financial liabilities consisted of trade and other payables. The Company has various categories of financial assets, however, the major items of its financial assets were financial assets at fair value through profit loss consisting of the investments in unconsolidated portfolio companies and cash and cash equivalents received on public offering.

The Company is being managed in a way that its portfolio companies are operating independently from each other. This helps to diversify the operational risk and to create conditions for selling any controlled business without exposing the Company to any risks.

The Company's business objective is to achieve medium to long-term return on investments in carefully selected unlisted private companies operating in information technology sector.

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

<u>Credit risk</u>

Credit risk arises from cash and cash equivalents, outstanding balances of trade and other receivables, and outstanding balances of loans granted.

With respect to trade and other receivables not past due and not impaired, there were no indications as at the reporting date that the debtors will fail to fulfil their liabilities in due time, since the Company constantly reviews the balances of receivables. The Company has no significant transactions in a country other than the countries of domicile of the portfolio companies and their investments. All receivables of the Company are from subsidiaries, and their settlement terms are set by the Company itself.

With respect to credit risk arising from other financial assets of the Company (consisting of cash and cash equivalents), the Company's exposure to credit risk arises from default of the counterparty. The maximum exposure to credit risk was equal to the carrying amount of these instruments:

(all amounts are in EUR thousand unless otherwise stated)

Unrated assets	**At 30 June 2016**	**At 31 December 2015**
Trade and other receivables	14	309
Loans granted	-	83
Cash and cash equivalents	3,355	6,994
Total current assets	**3,369**	**7,386**

The Company uses the services from the banks and the financial institutions which (or the controlling financial institutions of which) have been assigned a high credit rating by an independent rating agency. As at 30 June 2016 and 31 December 2015, the Company‘s cash balances were mostly held in the financial institutions which have not been assigned individual credit ratings, but the controlling financial institutions of which have been assigned “Prime-1“ rating by Moody’s agency.

Interest rate risk

The Company had no significant borrowings or loans granted, therefore has not been exposed to significant interest rate risk.

Price risk

The Company’s investments are sensitive to price risk arising from uncertainties about future values of the investments that are not traded in an active market. To manage the price risk, the Company reviews the performance of the portfolio companies at least on a quarterly basis, and keep regular contact with the management of the portfolio companies for business development and day-to-day operation matters.

As at 30 June 2016, the fair value of the Company’s investments exposed to price risk was EUR 20,582 thousand (31 December 2015: EUR 16,955 thousand).

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 its commitments at a given date in accordance with the strategic plans.

Liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity risk management is to meet the day-to-day needs for funds. Each portfolio company is independently planning its internal cash flows. Short-term liquidity of the Company is managed through monthly monitoring of the liquidity status at the Company.

Long-term liquidity risk is managed by analysing the cash flow projections by taking into account the potential sources of financing. Before approving a new investment project, the Company evaluates the possibilities to attract the required funding. Based on monthly reports, the Company makes projections of monetary income and expenses over the next one year, thereby ensuring an effective planning of the Company’s funding.

As at 30 June 2016, the Company’s financial liabilities (grouped by maturity based on undiscounted contractual payments) consisted of trade and other payables and other current liabilities amounting to EUR 5 thousand (31 December 2015: EUR 54 thousand) to be settled within 3 months after the reporting date.

Foreign exchange risk

The Company has no material exposures or transactions in currencies other than euro, therefore it is not exposed to foreign currency risk.

11.2 Fair value estimates

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company carries investments in portfolio companies at fair value, please refer to Note 4 for more details.

The Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, loans granted to portfolio companies, as well as trade and other payables.

The carrying amount of the cash and cash equivalents, trade and other receivables, as well as trade and other payables of the Company as at 30 June 2016 and 31 December 2015 approximated their fair value because they are short-term and the impact of discounting is immaterial.

11.3 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 it's capital supervising the activities of each portfolio company, 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 first half of 2015.

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.

12 Events after the reporting period

- **14 July 2016 -** The Central Bank of the Republic of Lithuania granted special closed-ended type private capital investment company INVL Technology license of closed-ended investment company providing a right to carry–out activities of the closed-ended type investment company according to the Law on Collective Investment Undertakings.

- **18 July 2016 -** Director of the Supervision Service of the Bank of Lithuania by the decision No. 241-153 approved the prospectus of special closed-ended type private capital investment company INVL Technology (hereinafter, the "Company") ordinary registered shares (hereinafter, the "Prospectus", please see the attached documents).The approved Prospectus is designated for admission of all the issued ordinary registered shares of the Company to trading on Nasdaq Vilnius AB taking into account fact that Central Bank of the Republic of Lithuania on 14 July 2016 granted the Company license of closed-closed-ended type investment company. Before the issuance of the closed-ended type investment company licence all the shares of the Company were listed and traded on the Secondary List of Nasdaq Vilnius AB. Following the issuance of the licence, no new shares of the Company were issued. However, taking into consideration the changed status of the Company and aim to have the shares of the Company listed on the regulated market, the Company drafted this document.

- **05 August 2016 - I**NVL Technology, a company investing in information and communication technology businesses, has signed the market-making agreement with Siauliu Bankas, which has undertaken to act as market maker for the company‘s shares to increase their liquidity. Under the agreement, Siauliu Bankas will provide liquidity on both bid and ask sides around the INVL Technology spread at least 85 percent of the trading time on the stock exchange, increasing market depth in this way.