

AB INVL BALTIC REAL ESTATE

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

AB INVL BALTIC REAL ESTATE

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

Mr. Alvydas Banys (chairman of the Board)
Ms. Indrė Mišeikytė
Mr. Egidijus Damulis

Management

Mr. Egidijus Damulis (director)

Address and company code

Gynėjų Str. 14,
Vilnius,
Lithuania

Company code 152105644

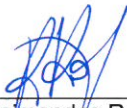
Banks

AB Šiaulių Bankas
AB SEB Bankas
ABLV Bank, AS
AB DNB Bankas
Nordea Bank AB Lithuania Branch
Nordea Bank AB Latvia Branch
AS "Citadele banka"
"Swedbank" AS
AS DNB banka

The financial statements were approved and signed by the Management and the Board of Directors on 12th August 2016.



Mr. Egidijus Damulis
Director



Mr. Raimondas Rajeckas
Authorized person according to the
agreement to conduct accounting

AB INVL BALTIC REAL ESTATE**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

Interim consolidated statement of comprehensive income

	Notes	<u>1st Half Year 2016</u>	<u>1st Half Year 2015</u>
Revenue	4	3,072	2,685
Interest income		-	101
Net gains (losses) from fair value adjustments on investment property		-	-
Other income		15	4
Premises rent costs	4	(698)	(803)
Utilities		(509)	(483)
Repair and maintenance cost of premises		(410)	(302)
Property management and brokerage costs		(175)	(168)
Taxes on property		(160)	(124)
Employee benefits expenses		(59)	(11)
Impairment of assets (reversal of impairment)		(5)	-
Depreciation and amortisation		(4)	(2)
Other expenses		(35)	(42)
Operating profit		1,032	855
Finance costs	5	(315)	(336)
Profit before income tax		717	519
Income tax expenses	6	(126)	(83)
NET PROFIT FOR THE PERIOD		591	436
Other comprehensive income for the period, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		591	436
Attributable to:			
Equity holders of the parent		591	436
Basic and diluted earnings per share (in EUR)		0.01	0.01

AB INVL BALTIC REAL ESTATE

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

Interim consolidated statement of financial position

	Notes	<u>As at 30 June 2016</u>	<u>As at 31 December 2015</u>
ASSETS			
Non-current assets			
Property, plant and equipment		23	27
Investment properties	7	51,810	51,747
Intangible assets		1	1
Operating lease pre-payments	4	825	825
Deferred income tax asset		4	2
Total non-current assets		52,663	52,602
Current assets			
Inventories, prepayments and deferred charges		45	16
Trade and other receivables		315	373
Deposits		150	150
Cash and cash equivalents		704	393
Total current assets		1,214	932
Non-current assets and assets of disposal group classified as held-for-sale	8	756	981
Total assets		54,633	54,515
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent			
Share capital		19,068	12,536
Share premium		2,478	-
Reserves		3,018	25
Retained earnings		2,593	6,026
Total equity		27,157	18,587
Liabilities			
Non-current liabilities			
Non-current borrowings	10	21,227	22,876
Provisions	4	21	88
Deferred income tax liability		4,159	4,037
Other non-current liabilities	4	230	290
Total non-current liabilities		25,637	27,291
Current liabilities			
Current portion of non-current borrowings	10	708	1,117
Current borrowings	10	4	623
Trade payables		136	5,759
Provisions	4	167	259
Advances received		741	505
Other current liabilities		83	374
Total current liabilities		1,839	8,637
Total liabilities		27,476	35,928
Total equity and liabilities		54,633	54,515

AB INVL BALTIC REAL ESTATE

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

Consolidated statements of changes in equity

Group	Reserves					Retained earnings (accumulated deficit)	Total
	Share capital	Share premium	Legal reserve	Reserve of purchase of own shares			
Balance as at 31 December 2015	12,536	-	25	-	-	6,026	18,587
Profit for the six months ended 30 June 2016	-	-	-	-	-	591	591
Other comprehensive income for the six months ended 30 June 2016	-	-	-	-	-	-	-
Total comprehensive income for the six months ended 30 June 2016	-	-	-	-	-	591	591
Increase of share capital	9 6,532	2,478	-	-	-	(242)	8,768
Dividends approved	11 -	-	-	-	-	(789)	(789)
Transfer to reserves	9 -	-	165	2,828	-	(2,993)	-
Total transactions with owners of the Company, recognised directly in equity	6,532	2,478	165	2,828	-	(4,024)	7,979
Balance as at 30 June 2016	19,068	2,478	190	2,828	-	2,593	27,157

Group	Reserves					Retained earnings (accumulated deficit)	Total
	Share capital	Share premium	Legal reserve	Reserve of purchase of own shares			
Balance as at 31 December 2014	2,040	2,966	281	6,602	-	2,602	14,491
Profit for the six months ended 30 June 2015	-	-	-	-	-	436	436
Other comprehensive income for the six months ended 30 June 2015	-	-	-	-	-	-	-
Total comprehensive income for the six months ended 30 June 2015	-	-	-	-	-	436	436
The adjustment of the par value of the shares due to conversion to euro	9 3	-	-	-	-	(3)	-
Transfer to reserves	-	-	87	-	-	(87)	-
Total transactions with owners of the Company, recognised directly in equity	3	-	87	-	-	(90)	-
Balance as at 30 June 2015	2,043	2,966	368	6,602	-	2,948	14,927

AB INVL BALTIC REAL ESTATE

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

Consolidated statement of cash flows

	Notes	<u>1st Half Year 2016</u>	<u>1st Half Year 2015</u>
Cash flows from (to) operating activities			
Net profit for the period		591	436
Adjustments for non-cash items and non-operating activities:			
Net gains (losses) from fair value adjustments on investment property		-	-
Depreciation and amortization		4	2
Interest income		-	(101)
Interest expenses	5	315	336
Deferred taxes	6	126	74
Current income tax expenses	6	-	9
Provisions		(161)	(57)
Loss on settlement of pre-existing relationships		(2)	-
Impairment of assets (reversal of impairment)		5	-
		<u>909</u>	<u>565</u>
Changes in working capital:			
Decrease (increase) in inventories		-	(50)
Decrease (increase) in trade and other receivables		89	(78)
Decrease (increase) in other current assets		(29)	5
(Decrease) increase in trade payables		(177)	(98)
(Decrease) increase in other current liabilities		148	87
		<u>909</u>	<u>565</u>
Cash flows from(to) operating activities		909	565
Income tax paid		-	-
Net cash flows from (to) operating activities		909	565
Cash flows from (to) investing activities			
Acquisition of non-current assets (except investment properties)		-	(11)
Proceeds from sale of non-current assets (except for investment properties)	8	100	-
Acquisition of investment properties	7	(5,881)	-
Acquisition of loans		-	(300)
Loans granted		-	-
Repayment of granted loans	8	176	61
Interest received		-	-
		<u>(5,605)</u>	<u>(250)</u>
Net cash flows from (to) investing activities		(5,605)	(250)

(cont'd on the next page)

AB INVL BALTIC REAL ESTATE**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated statement of cash flows (cont'd)

	Notes	<u>1st Half Year 2016</u>	<u>1st Half Year 2015</u>
Cash flows from (to) financing activities			
Cash flows related to Group owners			
Issue of new shares	9	2,791	-
Costs of distribution of new shares	9	(248)	-
Dividends paid to equity holders of the parents		(767)	-
		<u>1,776</u>	<u>-</u>
Cash flows related to other sources of financing			
Proceeds from loans	7, 9	5,300	105
(Repayment) of loans		(1,774)	(186)
Interest paid		(295)	(180)
		<u>3,231</u>	<u>(261)</u>
Net cash flows from (to) financing activities		<u>5,007</u>	<u>(261)</u>
Net increase(decrease) in cash and cash equivalents		<u>311</u>	<u>54</u>
Cash and cash equivalents at the beginning of the period		<u>393</u>	<u>358</u>
Cash and cash equivalents at the end of the period		<u>704</u>	<u>412</u>

AB INVL BALTIC REAL ESTATE

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

Notes to the interim condensed financial statements

1 General information

AB INVL Baltic Real Estate (hereinafter the Company, previous name AB Invaldos Nekilnojamojo Turto Fondas, code 152105644) is a joint stock company registered in the Republic of Lithuania. It was established on 28 January 1997. On 17 August 2015 the parent entity AB INVL Baltic Real Estate (hereinafter the Former Parent Company, code 30329973) was merged to the Company, which continues its operations under the name INVL Baltic Real Estate.

The Group consists of the Company and its directly and indirectly owned subsidiaries and the Former Parent Company (hereinafter the Group, Note 5 of annual financial statements for year ended 31 December 2015).

The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The Group was established on 29 April 2014 by spinning-off from AB Invalda INVL (code 121304349) the investments into entities, which business is investment into investment properties held for future development, into commercial real estate and renting thereof. On 17 August 2015 the Former Parent Company was merged to the Company. As a result of the Merger the Former Parent Company ceased to exist and the Company changed its name to AB INVL Baltic Real Estate and became the parent of the Group. The reorganisation, being the legal merger only, had no impact on the consolidated financial statements of the Group, except for reclassification within shareholders' equity lines to reflect the change of the parent entity that consolidates the Group. Accordingly, it had no impact on the Group's assets, liabilities and performance measurement. Financial information that is and will be prepared by the Group for the periods after 17 August 2015 represents the continuation of the financial information prepared by the Group until 17 August 2015.

The Group has invested in commercial real estate: business centres and manufacturing and warehouse properties in Lithuania and Latvia. All the properties generate leasing income and most of them offer prospects for further development.

The Group seeks to earn profit from investments in commercial real estate by ensuring the growth of leasing income. When it makes business sense, the Company also considers investments in the reorganisation of its existing portfolio of properties, taking advantage of their good location.

As at 30 June 2016 the Company's share capital is divided into 65,750,000 ordinary registered shares with the nominal value of EUR 0.29 each. As at 31 December 2015 the Company's share capital was divided into 43,226,252 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. Subsidiaries did not hold any shares of the Company. As at 30 June 2016 and 31 December 2015 the shareholders of the Company were (by votes)*:

	As at 30 June 2016		As at 31 December 2015	
	Number of votes held	Percentage	Number of votes held	Percentage
AB Invalda INVL	21,089,449	32.08	5,512,324	12.75
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	13,158,474	20.01	13,158,474	30.44
Mrs. Irena Ona Mišeikienė	12,492,979	19.00	12,492,979	28.90
Mr. Alvydas Banys	3,318,198	5.05	3,318,198	7.68
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	2,087,244	3.17	4,387,244	10.15
Ms. Indrė Mišeikytė	862,873	1.31	862,873	2.00
Other minor shareholders	12,740,783	19.38	3,494,160	8.08
Total	<u>65,750,000</u>	<u>100.00</u>	<u>43,226,252</u>	<u>100.00</u>

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

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 16 September 2015. Before the merger the shares of the Former Parent Company were traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014 until 17 August 2015.

2 Accounting policies

Basis of preparation

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 Group's annual financial statements as at 31 December 2015.

Significant accounting policies

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

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).

However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The amendments had no impact on the Group's financial statements for the six months ended 30 June 2016.

AB INVL BALTIC REAL ESTATE**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

3 Segment information

Management of the Company has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors analyses performance of the Group on property-by-property basis of owned premises, while leased premises are reported on a combined basis. Performance is evaluated based on net operating income. Net operating income is calculated by deducting from revenue premises rent costs (excluding provision for onerous contract), utilities expenses, repair and maintenance expenses, property management and brokerage costs, taxes on property and insurance costs. Segment assets and liabilities are not reported to the Board of Directors. Management of the Company has determined following reportable segments:

- Owned property in Lithuania. All owned premises are located in Vilnius, Lithuania. These are office buildings with some warehouse premises. Most of them have further development opportunities.
- Leasehold property. They are located in Vilnius and Kaunas, Lithuania. These are office buildings and warehouses.
- Owned property in Latvia. Revenue is earned from warehouse located in Riga, Latvia. The segment was acquired in 2015.

The following table presents performance of reportable segments of the Group for the six months ended 30 June 2016:

	Owned property in Lithuania	Leasehold property	Owned property in Latvia	Total
Six months ended 30 June 2016				
Revenue	2,035	858	178	3,071
Expenses				
Premises rent costs	(9)	(850)	-	(859)
Utilities	(417)	(85)	(7)	(509)
Repair and maintenance of premises	(355)	(38)	(17)	(410)
Property management and brokerage costs	(91)	(84)	-	(175)
Taxes on property	(151)	-	(9)	(160)
Insurance costs	(4)	-	(2)	(6)
Net operating income for the period	1,008	(199)	143	952

The following table presents performance of reportable segments of the Group for the six months ended 30 June 2015:

	Owned premises in Lithuania	Leasehold property	Owned premises in Latvia	Total
Six months ended 30 June 2015				
Revenue	1,742	930	-	2,672
Expenses				
Premises rent costs	(9)	(851)	-	(860)
Utilities	(389)	(94)	-	(483)
Repair and maintenance of premises	(265)	(37)	-	(302)
Property management and brokerage costs	(79)	(89)	-	(168)
Taxes on property	(124)	-	-	(124)
Insurance costs	(2)	-	-	(2)
Net operating income for the period	874	(141)	-	733

AB INVL BALTIC REAL ESTATE

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

3 Segment information (cont'd)

The following table presents reconciliation of the Group's operating profits from net operating income, rent costs and revenue.

	01.01.2016 - 30.06.2016			01.01.2015 - 30.06.2015		
	Net operating income to operating profit	Premises rent costs	Revenue	Net operating income to operating profit	Premises rent costs	Revenue
From reportable segment	952	(859)	3,071	733	(860)	2,672
Provision for onerous contracts	161	161	-	57	57	-
Other revenue not included in reportable segments	1	-	1	13	-	13
Add back insurance costs (included within 'other expenses')	6	-	-	2	-	-
Impairment of assets (reversal of impairment)	(5)	-	-	-	-	-
Employee benefits expenses	(59)	-	-	(11)	-	-
Depreciation and amortisation	(4)	-	-	(2)	-	-
Other expenses	(35)	-	-	(42)	-	-
Interest income	-	-	-	101	-	-
Other income	15	-	-	4	-	-
Net gains from fair value adjustments on investment property	-	-	-	-	-	-
Total	1,032	(698)	3,072	855	(803)	2,685

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 30 June 2016 and 31 December 2015:

	Lithuania	Latvia	Total
As at 30 June 2016	44,628	8,031	52,659
As at 31 December 2015	44,568	8,032	52,600

4 Revenue, lease expenses and provision for onerous lease contract

Revenue

Analysis of revenue by category:

	1 st Half Year 2016	1 st Half Year 2015
Rent income	2,539	2,143
Utilities revenue	516	531
Other services revenue	17	11
Total revenue	3,072	2,685

AB INVL BALTIC REAL ESTATE**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

4 Revenue, lease expenses and provision for onerous lease contract (cont'd)

The Group has earned rent income from both owned and subleased premises. Breakdown of revenue by ownership of premises is presented below:

	<u>1st Half Year 2016</u>	<u>1st Half Year 2015</u>
Rent income from owned premises	1,772	1,316
Other revenue from owned premises	441	438
<i>Total revenue from owned premises</i>	<u>2,213</u>	<u>1,754</u>
Rent income from subleased premises	767	827
Other revenue from subleased premises	92	104
<i>Total revenue from subleased premises</i>	<u>859</u>	<u>931</u>
Total revenue	<u>3,072</u>	<u>2,685</u>

Expenses and provisions

The Company is leasing premises from external party until August 2017 under the lease agreement of 10 August 2007. The Company had paid a one off deposit in the amount of EUR 825 thousand corresponding to the 6 months rental fee amount which will be set-off against the last part of lease payment at the termination of the lease. During the 1st half year of 2016 and the 1st half year of 2015 the Group has incurred EUR 688 thousand and EUR 793 thousand, respectively, lease expenses under this agreement. Contingent rent constitutes EUR 134 thousand within this amount for each above mentioned periods. The lease expenses of the Group from other agreements amounted to EUR 10 thousand for each above mentioned periods. The lease agreement of 10 August 2007 is an onerous contract, therefore there is a provision of EUR 188 thousand to cover the loss anticipated in connection with this contract recognised in the statement of financial position as at 30 June 2016.

The changes in the provision for onerous contract during 1st Half Year 2016 are presented below:

	<u>1st Half Year 2016</u>
As of 31 December 2015	347
Re-estimation of provision at the end of the year	2
Amount used (recognised as a reduction of 'Premises rent costs')	(164)
The reversal of the discount effect and changes in the discount rate	3
As of 30 June 2016	<u>188</u>
Non-current	21
Current	167

The changes in the provision for onerous contract during 1st Half Year 2015 are presented below:

	<u>1st Half Year 2015</u>
As of 31 December 2014	365
Re-estimation of provision at the end of the year	36
Amount used (recognised as a reduction of 'Premises rent costs')	(94)
The reversal of the discount effect and changes in the discount rate	4
As of 30 June 2015	<u>311</u>

In addition to the above, a deferred liability of EUR 230 thousand arising from expense recognition on a straight-line basis is recognised in the statement of financial position within "Other non-current liabilities" as at 30 June 2016.

AB INVLT BALTIC REAL ESTATE**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

5 Finance costs

	<u>1st Half Year 2016</u>	<u>1st Half Year 2015</u>
Interest expenses of bank borrowings	(245)	(178)
Interest expenses of borrowings from related parties	(58)	(117)
Interest expenses from third parties	(10)	(38)
The reversal of the discount effect of provision for onerous contract	(2)	(3)
	<u>(315)</u>	<u>(336)</u>

6 Income tax

	<u>1st Half Year 2016</u>	<u>1st Half Year 2015</u>
Components of the income tax expenses		
Current year income tax	-	(9)
Deferred income tax expenses	(126)	(74)
Income tax expenses charged to profit or loss – total	<u>(126)</u>	<u>(83)</u>

Income tax credit related with issue costs of new shares are amounted to EUR 6 thousand and was recognised in the statement of changes in equity.

7 Investment properties

The movements of investment properties of the Group were:

Group	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
Fair value hierarchy	Level 2	Level 3	Level 3	
Balance as at 31 December 2015	3,735	46,292	1,720	51,747
Additions	-	-	-	-
Subsequent expenditure	-	63	-	63
Gain from fair value adjustment	-	-	-	-
Loss from fair value adjustment	-	-	-	-
Balance as at 30 June 2016	3,735	46,355	1,720	51,810
Balance as at 31 December 2014	-	31,375	2,473	33,848
Balance as at 30 June 2015	-	31,375	2,473	33,848

On 29 January 2016 the Company has completed the acquisition of investment properties located at Gynėjų str. 14, Vilnius, by settling outstanding payables. The final settlement was financed by additional borrowings from the related party AB Invalda INVLT (EUR 800 thousand) and from AB Šiaulių bankas (EUR 4,500 thousand). During 1st half year of 2016 a reconstruction of these investment properties was started.. The reconstructions costs of this period amounted to EUR 63 thousand.

Investment properties are stated at fair value. Properties leased out by the entity and investment properties held for future redevelopment in Lithuania were valued using income approach by accredited valuer UAB OBER-HAUS Nekilnojamosis Turtas on 23 October – 4 November 2015. Investment properties located in Latvia were valued using market approach for land and using income approach for warehouse by accredited valuer SIA OBER-HAUS Vertešanas serviss in October 2015 as of the date of business combination.

AB INVL BALTIC REAL ESTATE

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

7 Investment properties (cont'd)

As at 30 June 2016 investment properties (including assets classified as held-for-sale) with carrying amount of EUR 52,016 thousand were pledged to the banks as collateral for the loans (as at 31 December 2015 – EUR 41,622 thousand, respectively).

During 1st half year of 2015 the Group has not acquired, nor sold investment property.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during the 1st half year of 2016. No material contractual obligations to purchase, construct, repair or enhance investment properties existed at the end of the period.

8 Non-current assets and assets of disposal group classified as held-for-sale

	Group	
	As at 30 June 2016	As at 31 December 2015
Non-current assets and assets of disposal group classified as held-for-sale		
Investment properties held-for-sale	756	705
Intangible assets as part of disposal group	-	100
Loans granted as part of disposal group	-	176
	<u>756</u>	<u>981</u>

Assets related with enterprise in bankruptcy UAB Sago (disposal group)

On 17 December 2015 the Board of Directors has approved the sale of the technical development project and loans granted related with enterprise in bankruptcy UAB Sago. The sale agreements were signed on 31 December 2015. The sale was completed in January 2016 after settlement was made.

Investment property

The Company has signed preliminary agreement, according to which the constructed building foundation with attributed to it leased land would be sold for EUR 500 thousand plus construction cost of building foundation (as at 30 June 2016 – EUR 256 thousand and as at 31 December 2015 – EUR 205 thousand). The Company has received in advance EUR 650 thousand from the buyer until 30 June 2016. The deal will be completed in 2016. Therefore this part of investment property located at Žygio str. 97, Vilnius, is measured according to the disposal price and was classified as non-current assets held-for-sale as at 30 June 2016.

9 Share capital and reserves

The new shares were offered through public offering from 4 January until 4 March 2016. During the public offering the investors have subscribed for 22,523,748 shares, the issue price of one share was EUR 0.40, the total issue proceeds – EUR 9,010 thousand. Share capital was increased by EUR 6,532 thousand within this amount and rest amount of EUR 2,478 thousand was attributed to share premium. The Company has received cash inflows of EUR 2,791 thousand from investors during the public offering. AB Invalda INVL has subscribed for 15,546,663 new shares. They were paid by offsetting the Company's liabilities of EUR 6,219 thousand arising from the borrowings provided by AB Invalda INVL. Issue costs of new shares' issue amounted to EUR 248 thousand. Income tax credit related with issue costs are amounted to EUR 6 thousand. Cash inflows were used to repay remaining borrowings of EUR 1,501 thousand to AB Invalda INVL including accrued interests during 2016. Remaining amount would be used in the operating activity of the Company.

On 8 March 2016 the new share capital was registered in the Register of Legal entities, and from that date the total authorised number of ordinary shares is 65,750,000 with the par value of EUR 0.29 per share, the Company's authorized share capital is equal to EUR 19,067,500.

On 27 April 2016 EUR the annual general meeting has decided to transfer from retained earnings EUR 165 thousand to the legal reserve and 2,828 thousand to the reserve for the acquisition of own shares.

As at 31 December 2015 the Company's and the Group's share capital is divided into 43,226,252 ordinary registered shares with the nominal value of EUR 0.29 each.

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9 Share capital and reserves (cont'd)

As at 31 December 2014 the Group's share capital represents the share capital of the Former Parent Company. Its share capital was divided into 7,044,365 ordinary registered shares with the nominal value of LTL 1 each. The changes in the currency of par value of one share of the Former Parent Company were registered in the Register of Legal entities on 14 May 2015 and share capital increased by EUR 3 thousand as a result.

Both the legal reserve and reserve for the acquisition of own shares presented in the consolidated financial statements represent the reserves of Former Parent Company until the merger, and the reserves of the Company from the merger onwards.

10 Borrowings

	<u>As at 30 June 2016</u>	<u>As at 31 December 2015</u>
Non-current:		
Non-current bank borrowings	21,227	16,631
Non-current borrowings from related parties	-	6,245
	<u>21,227</u>	<u>22,876</u>
Current:		
Current portion of non-current borrowings	708	1,117
Borrowings from related parties	-	617
Other borrowings	4	6
	<u>712</u>	<u>1,740</u>
Total borrowings	<u>21,939</u>	<u>24,616</u>

Borrowings are denominated in euro.

Borrowings with fixed or floating interest rate (with changes in 3 and 6 months period) were as follows:

Interest rate type:	<u>As at 30 June 2016</u>	<u>As at 31 December 2015</u>
Fixed	4	6,868
Floating	21,935	17,748
	<u>21,939</u>	<u>24,616</u>

On 26 January 2016 the Company has signed the amendment to the borrowing agreement with AB Šiaulių bankas. Therefore, the amount of borrowing was increased from EUR 14,754 thousand to EUR 19,254 thousand, the maturity of agreement was extended from 25 September 2019 until 5 January 2023, and the settlement schedule was changed. In 2016 the Company has to repay the amount of EUR 466 thousand instead of the amount of EUR 862 thousand. The investment properties located at Gynėjų str. 14, Vilnius, were pledged to the AB Šiaulių bankas and the pledge to the Seller's bank was removed accordingly. The Company has right to pay dividends without bank consent in the future, if the ratio of EBITDA divided by the sum of debt service payments (interest and principal repayments) and dividends would be higher than 1.1, to repay subordinated loans and pay dividends for the year 2015 (regardless of the above mentioned ratio) from cash inflows from the new shares' issue according to the amendments to the borrowing agreement. After issue of new shares the borrowings from related parties were offset and repaid (Note 9).

11 Dividends

On 15 January 2016 the General Shareholder Meeting of the Company has approved the dividend policy which stipulates the payment each year of dividends per share of no less than EUR 0.012, if the legal and contractual requirements did not restrict that. A dividend in respect of the year ended 31 December 2015 of EUR 0.012 per share, amounting to a total dividend of EUR 789 thousand, was approved at the annual general meeting on 27 April 2016.

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12 Earnings per share

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

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

Calculation of weighted average for the six months ended 30 June 2016	Number of shares (thousand)	Par value (EUR)	Issued/182 (days)	Weighted average (thousand)
Shares issued as at 31 December 2015	43,226	0.29	182/182	43,226
Issued new shares as at 8 March 2016	22,524	0.29	114/182	14,108
Shares issued as at 30 June 2016	65,750	0.29		57,334

There were new shares issued of the Company after merger in 2015. Before the merger the Former Parent Company had 7,044 thousand of shares in issue. The issue of the shares during the merger process is considered as shares' split, therefore for basic earnings per share calculation 43,226 thousand of shares are used for 1st Half Year of 2015.

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

	1st Half Year 2016	1st Half Year 2015
Net profit (loss), attributable to the equity holders of the parent	591	436
Weighted average number of ordinary shares (thousand)	57,334	43,226
Basic earnings (deficit) per share (EUR)	0.01	0.01

13 Liquidity risk

The Group's liquidity ratio (total current assets including assets held for sale / total current liabilities) as at 30 June 2016 and 31 December 2015 was approximately 1.07 and 0.2, respectively. Liquidity ratio was improved due to attraction of funds during new shares' issue.

The table below summarises the maturity profile of the Group's financial liabilities as at 30 June 2016 and 31 December 2015 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	290	866	8,219	15,150	24,525
Trade and other payables	-	136	-	-	-	136
Provision for onerous contract	-	52	115	21	-	188
Other liabilities	22	1	-	-	-	23
Balance as at 30 June 2016	22	479	981	8,240	15,150	24,872
Interest bearing borrowings	-	321	1,795	24,830	-	26,946
Trade and other payables	-	5,759	-	-	-	5,759
Provision for onerous contract	-	87	175	89	-	351
Other liabilities	-	286	-	-	-	286
Balance as at 31 December 2015	-	6,543	1,970	24,919	-	33,342

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14 Related party transactions

The related parties of the Group were the shareholders of the Company, who have significance influence (note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence, and joint ventures.

The Group's transactions with related parties during six months ended 30 June 2016 and related half year-end balances were as follows:

1st Half Year 2016 Group	Revenue and other income from related parties	Purchases and interest from related parties	Receivables from related parties	Payables to related parties
AB Invalda INVL (accounting services)	-	5	-	1
AB Invalda INVL (borrowings)	-	58	-	-
Subsidiaries of AB Invalda INVL (maintenance and repair services)	-	211	-	12
Subsidiaries of AB Invalda INVL (rent, utilities and other)	108	3	2	-
Subsidiaries of AB Invalda INVL (distribution of new shares)	-	187	-	-
	<u>108</u>	<u>464</u>	<u>2</u>	<u>13</u>

During 1st half year of 2016 the Group has received EUR 800 thousand of loans from AB "Invalda INVL". During 1st half year of 2016 the Group has repaid the loans with accrued interest (amount of EUR 1,501 thousand was repaid in cash and amount of EUR 6,219 thousand was offset against the new shares subscribed during the public offering).

During 1st half year of 2016 to the Board members, which are shareholders of the Company, were paid EUR 43 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 203 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 127 thousand of dividends, net of tax. To AB Invalda INVL the Company paid EUR 253 thousand of dividends, net of tax.

The Group's transactions with related parties during six months ended 30 June 2015 and related half year-end balances were as follows:

1st Half Year 2015 Group	Revenue and other income from related parties	Purchases and interest from related parties	Receivables from related parties	Payables to related parties
AB Invalda INVL (accounting services)	-	5	-	1
AB Invalda INVL (borrowings)	-	117	-	5,434
Subsidiaries of AB Invalda INVL (maintenance and repair services)	-	180	-	45
Subsidiaries of AB Invalda INVL (rent and utilities)	17	-	1	-
Subsidiaries of AB Invalda INVL (purchase of inventories)	-	50	-	-
Subsidiaries of AB Invalda INVL (services to issuer)		3		
	<u>17</u>	<u>355</u>	<u>1</u>	<u>5,480</u>

During 1st half year of 2015 the Group has received EUR 105 thousand of loans from AB "Invalda INVL".

Latvian entities were joint ventures of the Group as at 31 December 2014 and became subsidiary from 1 July 2015. The carrying amount of loans granted to them as at 30 June 2015 was EUR 7,217 thousand. From 1 January till 30 June 2015 the Group has received EUR 49 thousand as repayment of these loans granted. Interest income of loans granted to joint ventures for 1st half year of 2015 was EUR 101 thousand.