TERMS OF REORGANIZATION

OF

PUBLIC JOINT-STOCK COMPANY INVL TECHNOLOGY AND

PUBLIC JOINT-STOCK COMPANY BAIP GRUPĖ

Vilnius

December 23, 2014

According to these Terms of Reorganization public joint-stock company INVL Technology which ceases to operate without liquidation process, is merged to public joint-stock company BAIP grupė, which continues its operations under a new name as a public joint-stock company INVL Technology and all the rights and duties of public joint-stock company INVL Technology are transferred to the company that continues to operate after the merger.

These Terms of Reorganization have been drawn up in accordance with provisions of the Civil Code of the Republic of Lithuania, Law on Companies of the Republic of Lithuania and other applicable legal acts of the Republic of Lithuania.

Preparation of the Terms of Reorganization was approved on 5 December 2014 by the decision of shareholders of private limited company BAIP grupė and on 19 December 2014 by the decision of general meeting of the shareholders of public joint-stock company “INVL Technology”.

Terms of Reorganization are prepared by the board of public joint-stock company INVL Technology and public joint-stock company BAIP grupė.

Alvydas Banys, the Chairman of the Board of public joint-stock company INVL Technology, Darius Šulnis, the Director of public joint-stock company INVL Technology and Raimondas Rajeckas, person authorized to keep records of public joint-stock company INVL Technology, also the Chairman of the Board and the Director of public joint-stock company BAIP grupė Kazimieras Tonkūnas and the Director of Finance Ramutė Ribinskienė, hereby confirm, that to the best of their knowledge, information provided in the Terms of Reorganization (including all Annexes) coincides with the data as of 30 September 2014, and there are no missing data, which may have substantial impact on the meaning of such information and assessment of the Company participating in the Reorganization and Company being Reorganized and responsible persons put all their efforts in order to ensure it.

Publication of the Terms of Reorganization does not give ground for presumption that no changes shall occur in the public joint – stock company INVL Technology and public joint-stock company BAIP grupė from the moment of publication and that information provided in this document shows significant information in every aspect at any moment of validity of this document.

Investment decisions should be made based on the investors’ knowledge, valuation of situation of the public joint - stock company INVL Technology and public joint-stock company BAIP grupė also documents and information related to the Terms of Reorganization. The Terms of Reorganization (including Annexes) should not be treated as business, investment or legal recommendation. Every investor should contact its consultant for the legal, business or tax advice.

Chairman of the Board of
public joint - stock company INVL Technology
Alvydas Banys

Chairman of the Board of public joint -
stock company BAIP grupė
Kazimieras Tonkūnas

Director Darius Šulnis	Director Kazimieras Tonkūnas
Person authorized to keep records	Director of Finance
Raimondas Rajeckas	Ramutė Ribinskienė

1. DEFINITIONS

In these Terms of Reorganization all capitalized terms will have the meaning indicated below:

Day of Exchange of Shares	means the day on which (i) the amended Articles of Association of the public joint - stock company BAIP grupė stating change of the name of the public joint - stock company BAIP grupė and increased authorized capital is registered in the Register of Legal Entities and (ii) the public joint - stock company INVL Technology is deregistered from the Register of Legal Entities. Except if otherwise is provided by legal acts, the moment of registration of amended Articles of Association of the public joint - stock company BAIP grupė and deregistration of the public joint - stock company INVL Technology will be deemed concurrent, i.e. both indicated events shall be deemed as occurred at the same moment if they take place (i) on the same day – at the end of such day, (ii) on different days - at the end of the day of the latest event took place. Any reference to the Day of Exchange of Shares will mean the reference to end of the Day of Exchange of Shares, except otherwise is provided in the Terms of Reorganization or other related documents.
Reorganization	means the process during which (i) public joint - stock company INVL Technology which ceases to operate without liquidation is merged to public joint-stock company BAIP grupė which continues to operate under a new name of public joint - stock company INVL Technology, (ii) all rights and duties of public joint-stock company INVL Technology (including the name INVL Technology) are transferred to the company that continues to operate, (iii) shareholders of public joint company INVL Technology in exchange of the ordinary registered shares held in public joint-stock company INVL Technology, receive ordinary registered shares of public joint – stock company BAIP grupė, which continues to operate under the name of public joint company INVL Technology, free of charge, (iv) the authorized capital of the public joint – stock company BAIP grupė is increased accordingly.
Terms of Reorganization	means these Terms of Reorganization of the public joint – stock company INVL Technology and public joint-stock company BAIP grupė drawn up in accordance with the provisions of the Civil Code of the Republic of Lithuania, the

	Law on Companies of the Republic of Lithuania and other related legal acts.
Day of preparation of the Terms of Reorganization	23 December 2014
Completion of the Reorganization	means the end of the day on which the last of the following events will take place: (i) the amended Articles of Association of the public joint – stock company BAIP grupė with changed name and increased authorized capital is registered in the Register of Legal Entities; (ii) the public joint – stock company INVL Technology is deregistered from the Register of Legal Entities; (iii) shareholders of the public joint - stock company INVL Technology receives ordinary registered shares in public joint-stock company BAIP grupė in exchange of the shares of the Company being Reorganized.
Company participating in the Reorganization	means public joint-stock company BAIP grupė, data on which, on the Day of preparation of the Terms of the Reorganization, is stated under the paragraph 4.2.1.
Meeting of the Company participating in the Reorganization	means the general meeting of shareholders of the Company participating in the Reorganization that shall make the decision regarding the Reorganization, approve the Terms of Reorganization and approve the amended Articles of Association of the Company participating in the Reorganization that continues to operate after the Reorganization.
Company being Reorganized	means public joint-stock company INVL Technology, data on which, on the Day of preparation of the Terms of the Reorganization, is stated under the paragraph 4.3.
Meeting of the Company being Reorganized	means the general meeting of shareholders of the Company being Reorganized that shall make the decision regarding the Reorganization, approve the Terms of Reorganization and approve the amended Articles of Association of the Company participating in the Reorganization that continues to operate after the Reorganization.
Manager of the Register of Legal Entities	means Vilnius Branch of the Register of Legal Entities of the State Enterprise Centre of Registers.

In case indicated otherwise, definitions in singular form shall also mean the plural, words importing one gender shall also mean the other, words importing person shall include legal and natural person.

Headings of the articles and definitions of the Terms of Reorganization, names of structural parts are used for convenience only and shall have no impact on interpretation of the Terms of Reorganization.

If not provided otherwise in these Terms of Reorganization, any reference to the laws, a particular law or other legal act shall mean a reference to the actual wording of the laws, particular law or other legal acts of the Republic Lithuania on the Day of preparation of the Terms of Reorganization.

2. GENERAL TERMS

2.1. The goal of the Reorganization is: on the basis of provisions of the Law on Companies of the Republic of Lithuania and the Civil Code of the Republic of Lithuania to merge public joint-stock company INVL Technology, which after the Reorganization ceases to operate without liquidation process, to public joint-stock company BAIP grupė, which after all the rights and duties (including the name) are transferred, continues its operations under the new name of public joint-stock company INVL Technology

2.2. Preparation of Terms of Reorganization was approved on 5 December 2014 by the decision of shareholders of private limited company BAIP grupė (decision attached as Annex 1) and by the general meeting of the shareholders of public joint-stock company INVL Technology that was held on 19 December 2014 (protocol attached as Annex 2).

2.3. Terms of Reorganization are prepared in accordance with Articles 61-69 of the Law on Companies of the Republic of Lithuania and Chapter VIII of Book Two of the Civil Code of the Republic of Lithuania, taking into account the requirements of other legal acts of the Republic of Lithuania.

2.4. Terms of Reorganization are prepared based on financial statements of public joint-stock company INVL Technology and private limited company BAIP grupė prepared as of 30 September 2014 and taking into account Articles of Association of the public joint - stock company BAIP grupė registered on 18 December 2014 (Annexes 3 and 4).

2.5. Together with these Terms of Reorganization a new project of Articles of Association is prepared (Annex 6).

2.6. Assessment of the Terms of Reorganization is performed and report is prepared by private limited company MOORE STEPHENS VILNIUS, code 123903963, registered address J. Kubiliaus st. 6, Vilnius (Report of Assessment of the Terms of Reorganization from the day it is submitted to the Company participating in the Reorganization and the Company being Reorganized becomes Annex 7 of the Terms of Reorganization).

2.7. In accordance with paragraph 8 of Article 63 of the Law on Companies of the Republic of Lithuania, the Terms of Reorganization will be submitted to the Manager of the Register of Legal Entities, not later than on the day of the public announcement in the source that is stated in the Articles of Association of the Company participating in the Reorganization and the Company being Reorganized - in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities, also announced in the Central regulated information base as well as in the websites of the Company participating in the Reorganization www.baipgrupe.lt and the Company being Reorganized www.invltechology.lt.

2.8. The Company participating in the Reorganization and the Company being Reorganized during all the period starting from the first day of public announcement about preparation of the Terms of Reorganization in the electronic publication for public announcements which is issued by the Manager of the Register of Legal and finishing no earlier than the day of Completion of Reorganization, publicly and free of charge publish the Terms of Reorganization in their web-sites and indicate publication in these websites day.

2.9. In accordance with paragraph 2 of Article 62 of the Law on Companies of the Republic of Lithuania, meetings of the Company participating in the Reorganization and the Company being Reorganized shall make decisions no earlier than 30 days after the Manager of the Register of Legal Entities announces about the Terms of Reorganization received. Protocols of aforementioned meetings shall be submitted to the Manager of the Register of Legal Entities no later than 5 days after the meeting.

2.10. Each action of the Reorganization shall be performed taking into consideration general principal and goal - ensure smoothness, transparency, efficiency, economy and rapidity of the Reorganization process despite if the said principle is mentioned or not while describing particular steps of the Reorganization.

2.11. The principle mentioned in paragraph 2.10 above shall mean that the time - periods stated by these Terms of Reorganization and legal acts for the particular actions of the Reorganization have to be treated as the maximum time - periods. Therefore, all efforts have to be used, when there is real and reasonable opportunity, in order to complete the said actions immediately, except when it is prohibited by mandatory provisions of the laws or other legal acts. The time - periods stated in these Terms of Reorganization may be missed (or performance of some action delayed) only in cases when those time – periods cannot be kept due to the following reasons: the Reorganization has been suspended and (or) mandatory provisions of the laws prohibit conduction of the particular steps in time – periods stated in the Terms of Reorganization.

2.12. Additionally, the principle mentioned in paragraph 2.10 above shall also mean that if in particular situation any action related with the Reorganization may be completed more smoothly, transparently, efficiently and rapidly by another body of the Company participating in the Reorganization or the Company being Reorganized or another person which has a right to act on behalf of the mentioned above companies, this action has to be completed by the said body or person which has the right to act on behalf of the company, except the cases when it is prohibited by mandatory provisions of the laws.

3. THE MODE, LEGAL ASSUMPTIONS, EXECUTION AND COMPLETION OF THE REORGANIZATION

3.1. The mode of the Reorganization:

3.1.1. The Reorganization is performed in the manner indicated in paragraph 3 of Article 2.97 of the Civil Code of the Republic of Lithuania, when one legal entity is merged to the other and all the rights and duties of the first subject are transferred to the later.

3.1.2. The Reorganization corresponds with paragraph 1 of part 2 of Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania according to which "entities are reorganised by means of a merger by acquisition, i.e. one or more entities, on being dissolved without going into liquidation, (hereinafter referred to as the "acquired entities") are merged with another existing entity (hereinafter referred to as the "acquiring entity") and, at the time of the merger, all the assets, rights and obligations of the acquired entity are transferred to the acquiring entity and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive shares (interests, member shares) issued by the acquiring entity, to which all the assets, rights and obligations of the acquired entity are transferred“.

3.1.3. As the Reorganization corresponds with cases of reorganization and transfer provided in Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania, according to part 1 of Article 42 of the Law on Corporate Income Tax of the Republic of Lithuania, when the shareholders of the Company being Reorganized receive shares in the Company participating in the Reorganization in exchange for those held in the Company being Reorganized, the increase of the value of shares shall not be treated as income of such shareholders. In this case, the acquisition price of the shares received in the Company participating in the Reorganization in exchange for the shares of the Company being Reorganized is the acquisition price of the shares exchanged before the transfer was effected.

3.1.4. As the Reorganization corresponds with cases of reorganization and transfer intended in Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania, according to part 2 of Article 42 of the Law on Corporate Income Tax of the Republic of Lithuania, when the Company being Reorganized transfers assets to the Company participating in the Reorganization, the increase in the value of assets shall not be treated as income of the Company being Reorganized. In this case, the acquisition price of such assets shall be the acquisition price of the assets before the transfer was effected.

3.2. Legal assumptions of the Reorganization are the following:

3.2.1. the authorized capital of the Company participating in the Reorganization and the Company being Reorganized have been fully paid up (shares emission price of the last share issue);

3.2.2. the Company participating in the Reorganization and the Company being Reorganized have not acquired the status of the company being reorganized or involved into the reorganization, or the company being transformed, or the company in liquidation, bankruptcy or restructuring;

3.2.3. preparation of the Terms of Reorganization was approved by the decision of shareholders of private limited company BAIP grupė on 5 December 2014 (Annex 1) and by the general meeting of shareholders of the Company being Reorganized on 19 December 2014 (Annex 2);

3.2.4. the Terms of Reorganization have been drawn up by the Board of the Company participating in the Reorganization and the Board of the Company being Reorganized;

3.2.5. the Terms of Reorganization are assessed and the report is prepared by private limited company MOORE STEPHENS VILNIUS;

3.2.6. the Board of the Company Participating in the Reorganization and the Board of the Company being Reorganized are preparing reports about the intended Reorganization.

3.3. Implementation and Completion of the Reorganization:

3.3.1. not later than 30 days before the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized, the information about the prepared Terms of Reorganization shall be one time published in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities and provided to all creditors of the Company participating in the Reorganization and the Company being Reorganized in writing (by registered mail or in person). The announcement shall contain further mentioned data and information where the documents listed under the paragraph 3.2.2. of the Terms of Reorganization can be found:

3.3.1.1. information indicated in Article 2.44 of the Civil Code of the Republic of Lithuania about the Company participating in the Reorganization and the Company being Reorganized;

3.3.1.2. mode of the Reorganization;

3.3.1.3. the companies that will continue to operate after the Reorganization;

3.3.1.4. the moment when all the rights and duties of the Company being Reorganized are transferred to the Company participating in the Reorganization.

3.3.2. not later than 30 days before the Meeting of the Company Participating in the Reorganization and the Meeting of the Company being Reorganized, both the Company being Reorganized and the Company participating in the Reorganization will offer a possibility for their shareholders and creditors to access further mentioned documents in their web-sites www.baipgrupe.lt and www.invltechnology.lt:

3.3.2.1. Terms of Reorganization;

3.3.2.2. new wording of the Articles of Association of the Company participating in the Reorganization;

3.3.2.3. the sets of annual financial statements, annual reports for the last three years and a set of interim financial statements as of 30 September 2014 of the Company participating in the Reorganization;

3.3.2.4. the sets of annual financial statements, annual reports for the last three years and a set of interim financial statements as of 30 September 2014 of the Company being Reorganized;

3.3.2.5. the report of the assessment of the Terms of Reorganization;

3.3.2.6. the report about the intended Reorganization prepared by the Board of the Company participating in the Reorganization;

3.3.2.7. the report about the intended Reorganization prepared by the Board of the Company being Reorganized.

3.3.3. The documents listed in paragraph 3.3.2. of the Terms of Reorganization will be available at no charge for the shareholders on the website of the Company participating in the Reorganization www.baipgrupe.lt as well as on the website of the Company being Reorganized www.invltechnology.lt and print or receive copies of these documents at no charge in the offices of the Company participating in the Reorganization and/or the Company being Reorganized during all period indicated in paragraph 2.8.

3.3.4. If there are any substantial changes in assets, rights and liabilities from the Day of preparation of the Terms of Reorganization, the manager of the corresponding company will immediately draw up written announcements regarding such changes and will attach to the documents listed in paragraph 3.3.2. of the Terms of Reorganization. If there are any substantial changes in assets, rights and liabilities from the Day of preparation of the Terms of Reorganization till the day of the Meeting of the Company participating in the Reorganization and the day of the Meeting of the Company being Reorganized, the manager of the corresponding company will verbally announce the changes in the meeting of a corresponding company and inform the manager of the other company so he is able to inform shareholders.

3.3.5. Proposals regarding the Terms of Reorganization may be submitted by the Board, manager and shareholders of the Company participating in the Reorganization and the Company being Reorganized, holding the shares with their nominal value not less than 1/3 of the authorized capital of corresponding company.

3.3.6. The Terms of Reorganization, the report about the intended Reorganization drawn up by the board of the Company participating in the Reorganization, the report about the intended Reorganization drawn up by the board of the Company being Reorganized and the report of the assessment of Terms of Reorganization shall be submitted to the Manager of the Register of Legal Entities no later than on the day information about their preparation is published in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities.

3.3.7. From the day of publication about preparation of the Terms of Reorganization, the public joint - stock company BAIP grupė shall acquire the legal status of the Company participating in the Reorganization and public joint-stock company INVL Technology shall acquire the legal status of the Company being Reorganized.

3.3.8. Creditors of the Company participating in the Reorganization and the Company being Reorganized may submit their claims from the first day of publication of the Terms of Reorganization until the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized.

3.3.9. The decision regarding the Reorganization, approval of the Terms of Reorganization and approval of the Articles of Association of the Company participating in the Reorganization, that will continue its operations after the Reorganization, will be adopted by the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized not earlier than 30 days from the day on which the Manager of the Register of Legal Entities announces about Terms of Reorganization received.

3.3.10. Documents confirming the decisions regarding the Reorganization taken by the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized will be submitted to the Manager of the Register of Legal Entities within 5 (five) days of the corresponding meeting.

3.3.11. The Reorganization will be completed after the fulfilment of all below stated conditions:

- the Register of Legal Entities will register new wording of Articles of Association of the Company participating in the Reorganization amending the authorized capital of the company and the name herein;
- the Register of Legal Entities will deregister the Company being Reorganized;
- the shareholders of the Company participating in the Reorganization will receive shares of the Company being Reorganized in exchange of the shares held in the Company Participating in the Reorganization.

4. THE INFORMATION ABOUT THE COMPANY PARTICIPATING IN THE REORGANIZATION AND THE COMPANY BEING REORGANIZED

4.1. The Company participating in the Reorganization after the Company being Reorganized is merged and ceases to operate as legal person as indicated in these Terms of Reorganization, on the day of Completion of the Reorganization shall take over all assets, rights and liabilities of the Company being Reorganized, including assets, rights and liabilities not indicated in financial statements of the Company being Reorganized, without signing any deeds of transfer – acceptance and shall continue its operations.

4.2. The Company participating in the Reorganization:

4.2.1. The data on the Company participating in the Reorganization as of the Day of preparation of the Terms of Reorganization:

	Description
Name of the legal entity	Public join-stock company BAIP grupė
Legal form of the legal entity	Public joint-stock company
Registered address	A. Juozapavičiaus str. 6, Vilnius
Company code	300893533
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
VAT payer's code	LT100003300019
Authorized capital	6 092 685 LTL
Fully paid authorized capital	6 092 685 LTL
Number of shares	6 092 685 units
Nominal value per one share	1 LTL

Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128860
Regulated market on which the shares are traded	Not traded
Share account manager	Public joint-stock company brokerage house Finasta

4.2.2. The data on the Company participating in the Reorganization after the Completion of the Reorganization:

	Description
Name of the legal entity	Public joint-stock company INVL Technology
Legal form of the legal entity	Public joint-stock company
Registered address	Gynėjų str. 16, Vilnius
Company code	300893533
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
VAT payer's code	LT100003300019
Authorized capital	6 114 714 LTL
	1 773 267.06 EUR
Fully paid authorized capital	6 114 714 LTL
	1 773 267.06 EUR
Number of shares	6 114 714 units
Nominal value per one share	1 LTL
	0.29 EUR
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128860
Regulated market on which the shares are traded	NASDAQ OMX Vilnius, Baltic Secondary List. The aim is to include the shares in the market within minimal required time indicated in legal acts.

Share account manager	Public joint-stock company brokerage house Finasta

4.3. The data on the Company being Reorganized:

	Description
Name of the legal entity	Public joint-stock company INVL Technology
Legal form of the legal entity	Public joint-stock company
Registered address	Kalvarijų str. 11A-20, Vilnius
Company code	303299817
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
VAT payer's code	Not VAT payer
Authorized capital	592 730 LTL
Fully paid authorized capital	592 730 LTL
Number of shares	592 730 units
Nominal value per one share	1 LTL
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128738
Regulated market on which the shares are traded	NASDAQ OMX Vilnius.
Share account manager	Public joint-stock company brokerage house Finasta

5. EXCHANGE RATIO OF THE SHARES OF THE COMPANY PARTICIPATING IN THE REORGANIZATION FOR THE SHARES OF THE COMPANY BEING REORGANIZED, AND THE SUBSTANTIATION THEREOF.

THE NUMBER OF SHARES OF THE COMPANY PARTICIPATING IN THE REORGANIZATION AND OPERATING AFTER THE REORGANIZATION ACCORDING TO THEIR CLASSES AND NOMINAL VALUE.

THE RULES OF SHARE ALLOCATION TO THE SHAREHOLDERS

5.1. As of the Day of preparation of the Terms of Reorganization:

- the authorized fully paid up capital of the Company being Reorganized is 592 730 (five hundred ninety two thousand seven hundred and thirty) litas. It is divided into 592 730 (five hundred ninety two thousand seven hundred and thirty) ordinary registered shares with nominal value of 1 (one) litas each. As of the Day of preparation of the Terms of Reorganization the Company being Reorganized has not acquired its own shares;

- the authorized fully paid capital of the Company participating in the Reorganization is 6 092 685 (six million ninety two thousand six hundred and eighty five) litas. It is divided into 6 092 685 (six million ninety two thousand six hundred and eighty five) ordinary registered shares with nominal value of 1 (one) litas each. As of the Day of preparation of the Terms of Reorganization the Company participating in the Reorganization has not acquired its own shares.

5.2. The exchange ratio at which the shares of the Company being Reorganized are exchanged to the shares of the Company participating in – 6.7856, i.e. for every share of the Company being Reorganized shareholder of the Company being Reorganized shall get 6.7856 ordinary registered shares with nominal value of 1 (one) litas (which is equal to 0.29 euro) each of the Company participating in the Reorganization.

5.3. Substantation of the shares exchange ratio:

5.3.1. Major assets of the Company being Reorganized as of 30 September 2014:

Asset	**Book value 30 September 2014**	**Description**
Shares of the Company participating in the Reorganization	16 996 189	4 000 000 ordinary registered shares with nominal value of 1 (one) litas of the Company participating in the Reorganization
Shares of private limited company Inventio	7 555	10 000 ordinary registered shares with nominal value of 1 (one) litas. Due to the fact that the company is not operating, shares are valued at book value (authorised capital (cash)).
Cash	112 035	Cash in the account
Liabilities	-11 846	Total liabilities
Equity capital	17 103 933	

5.3.2. As of the Day of preparation of the Terms of Reorganization, the Company being Reorganized owns 4 000 000 ordinary registered shares with nominal value of 1 (one) litas of the Company participating in the Reorganization, which is 65.65 percent of total shares of the Company participating in the Reorganization. These shares are not exchanged for the shares of the Company participating in the Reorganization.

5.3.3. Shares of the Company being Reorganized are traded on NASDAQ OMX Vilnius Stock Exchange. Weighted average price of these shares from 18 June 2014 to 18 December 2014 was EUR 9.612830 (LTL 33.1912). Statistics on the trading activity on NASDAQ OMX Vilnius Stock Exchange of the shares of the Company being Reorganized is provided in Annex 10.

5.3.4. Determining exchange ratio, shares of the Company being Reorganized were valued according to the weighted average price of the last six months (as stated in paragraph 5.3.3.), while the value of the shares of the Company participating in the Reorganization is determined by deducting net assets non-related to the shares of the Company participating in the Reorganization from its market capitalization (market value of the shares):

The number of shares of the Company being Reorganized, units	592 730
Weighted average price of the Company being Reorganized, LTL	**33,1912**
Market capitalization of the Company being Reorganized, LTL	19 673 420
Other net assets of the Company being Reorganized (excluding the shares of the Company participating in the Reorganization), LTL	107 744
Value of the shares of the Company participating in the Reorganization owned by the Company being Reorganized, LTL	19 565 676
Number of shares of the Company participating in the Reorganization owned by the Company being Reorganized, units	4 000 000
Value of one share of the Company participating in the Reorganization	**4,8914**
Exchange ratio (the number of shares of the Company participating in the Reorganization exchanged for one share of the Company being Reorganized)	**6,7856**

5.3.5. After assessing exchange ratio sensitivity analysis, depending on different share prices of the Company being Reorganized, price movements between the boundaries of 28 and 37 litas, the deviation of the exchange ratio is negligible and less than 0.1 percent:

Share price of the Company being Reorganized, LTL	28	29	30	31	32	33	34	35	36	37
Share value of the Company participating in the Reorganization, LTL	4,1222	4,2704	4,4185	4,5667	4,7149	4,8631	5,0113	5,1595	5,3076	5,4558
Exchange ratio	6,7925	6,791	6,7896	6,7882	6,787	6,7858	6,7847	6,7837	6,7827	6,7818
Deviation from the determined exchange ratio, %	0,10%	0,08%	0,06%	0,04%	0,02%	0,00%	-0,01%	-0,03%	-0,04%	-0,06%

5.4. According to the determined exchange ratio and applying arithmetic rounding rules:

Number of shares of the Company participating in the Reorganization entitled to the shareholders of the Company being Reorganized, units	4 022 029
Number of shares entitled to the shareholders of the Company participating in the Reorganization (excluding the Company being Reorganized), units	2 092 685

Authorised capital of the Company participating in the Reorganization after the Reorganization	6 114 714 (which is equal to 1 773 267.06 EUR)

5.5. In order to ensure smooth implementation of the share exchange procedure stated in the Terms of Reorganization, the trading on NASDAQ OMX Vilnius Stock Exchange of the shares of the Company participating in the Reorganization will be suspended not later than 2 (two) days until the Meeting of the Company participating in the Reorganization. Shares of the Company participating in the Reorganization will be included in the list of NASDAQ OMX Vilnius Stock Exchange within the minimal time limits indicated in legal acts.

5.6. If a fractional amount occurs while calculating a size of a new authorized capital and/or exchanging the shares of the Company participating in the Reorganization for the shares in the Company being Reorganized as indicated in the Terms of Reorganization, the fraction will be rounded to a whole number using arithmetic rounding rules: (i) if the first digit of decimal fractional part is figure 5 or bigger, 1 is added to the last digit of the whole number; (ii) if the first digit of the decimal fractional part is less than 5, the last digit of the whole number will remain unchanged.

5.7. If due to arithmetic rounding the total sum of shares of the Company participating in the Reorganization is larger or smaller than the number of shares indicated in paragraph 4.2.2., the number of shares held by the largest shareholder will be adjusted accordingly up or down.

6. THE PROCEDURE AND TIME LIMITS OF THE ISSUE OF SHARES OF THE COMPANY OPERATING AFTER THE REORGANIZATION

6.1. At the end of the Day of Exchange of Shares the shareholders of the Company being Reorganized on the basis of these Terms of Reorganization shall dispose shares of the Company being Reorganized and obtain 6.7856 shares of the Company Participating in the Reorganization.

6.2. The share account managers of the Company participating in the Reorganization and the Company being Reorganized in accordance with the Terms of Reorganization shall make the necessary records confirming the disposal of the ownership of the shares in the Company being Reorganized and acquisition of the ownership of the shares in the Company participating in the Reorganization.

6.3. The shares of the Company participating in the Reorganization after the Completion of the Reorganization will be included in NASDAQ OMX Vilnius Stock Exchange Secondary list on the basis of legal acts.

6.4. All rights granted by the shares of the Company being Reorganized that will continue its operations after the Reorganization will be obtained on the day the ownership rights are obtained.

7. THE PRICE DIFFERENCE, PAID OUT IN CASH, BETWEEN THE SHARES HELD BY THE SHAREHOLDERS AND THE SHARES TO BE RECEIVED IN THE COMPANY PARTICIPATING IN REORGANIZATION THAT WILL CONTINUE ITS OPERATIONS AFTER THE REORGANIZATION

7.1. There will be no price difference between the shares exchanged, therefore there will be no payments in cash.

8. THE MOMENT FROM WHICH THE SHAREHOLDERS OF THE COMPANY BEING REORGANIZED SHALL BE ENTITLED TO PARTICIPATE IN THE PROFITS OF THE COMPANY PARTICIPATING IN THE REORGANIZATION AND ALL TERMS RELATED TO THE GRANTING OF THIS RIGHT

8.1. The shareholders of the Company being Reorganized shall be entitled to participate in the profit of the Company participating in the Reorganization from the Day of Exchange of Shares, i.e. the shareholders shall be entitled to receive dividends from the Company participating in the Reorganization from the day mentioned before.

9. THE MOMENT FROM WHICH THE ASSETS, RIGHTS AND LIABILITIES OF THE COMPANY BEING REORGANIZED SHALL BE ASSUMED TRANSFERRED TO THE COMPANY PARTICIPATING IN THE REORGANIZATION.

THE MOMENT FROM WHICH THE CONTRACTUAL RIGHTS AND LIABILITIES OF THE COMPANY BEING REORGANIZED SHALL BE ASSUMED TRANSFERRED TO THE COMPANY PARTICIPATING IN THE REORGANIZATION AND THE TRANSACTIONS SHALL BE INCLUDED INTO ITS ACCOUNTING

9.1. All the assets, rights and liabilities of the Company being Reorganized, all the contractual rights and liabilities of the Company being Reorganized shall be assumed transferred to the Company participating in the Reorganization and the transactions shall be included into its accounting on the basis of these Terms of Reorganization without additionally signing of transfer – acceptance deeds at the end of the day the Company being Reorganized is deregistered from the Register of Legal Entities.

9.2. From the day the Company being Reorganized is deregistered from the Register of Legal Entities the rights to manage, use and dispose the funds available in the bank accounts of the Company being Reorganized shall be transferred to the Company participating in the Reorganization or these accounts shall be closed and the funds in them shall be transferred to the Company participating in the Reorganization.

9.3. Rights to the assets of the Company being Reorganized that shall be registered according to the legal acts, duties of the Company being Reorganized related to the assets that shall be registered as well as take-over of other duties that shall be registered according to the legal acts, shall be registered if registration is necessary according to mandatory legal norms. Limitations to the rights to the assets that shall be registered, duties related to the assets that shall be registered and other duties that shall be registered according to mandatory legal norms are transferred to the Company participating in the Reorganization from the moment these limitations of the rights and/or duties are registered/re-registrered according to the legal acts if this is needed according to mandatory legal acts of the Republic of Lithuania.

9.4. The Company participating in the Reorganization takes-over all the assets, rights and duties of the Company being Reorganized, including but not limited, assets, rights and duties not stated in the financial statements as well as all the tax rights and duties, including but not limited, rights and duties that might emerge after the tax administrator or other state institutions add on arrears or fines according to the legal acts for the operations of the Company being Reorganized until the day of deregistration from the Register of Legal Entities.

9.5. If any assets, rights or liabilities of the Company being Reorganized that are not mentioned earlier will come out after the day of deregistration of the Company being Reorganized from the Register of Legal Entities, they will be transferred to the Company participating in the Reorganization by the procedure provided in paragraph 9.1. of these Terms of Reorganization.

9.6. From the day the Company being Reorganized is deregistered from the Register of Legal Entities:

9.6.1. all the assets as well as the rights and liabilities assigned to those assets will be transferred to the Company participating in the Reorganization and included into the accounting of the Company participating in the Reorganization on the basis of these Terms of Reorganization, if otherwise is not provided by mandatory legal acts;

9.6.2. all rights and liabilities related to the assets transferred including contractual rights and liabilities of the Company being Reorganized will be transferred to the Company participating in the Reorganization and will be included into the accounting of the Company participating in the Reorganization if otherwise is not provided by mandatory legal acts or contracts of the Company being Reorganized. If according to mandatory legal acts of the Republic of Lithuania or contracts of the Company being Reorganized the approval of a creditor is required for the transfer of particular liabilities, such liabilities are assigned to the Company participating in the Reorganization from the moment of receiving of particular approval of the creditor, if such moment is subsequent to the moment of assignment of liabilities stated in the Terms of Reorganization. If such approval is not received the Company participating in the Reorganization will put all efforts in order to agree on a replacement of liabilities of the similar content and value;

9.6.3. the Company participating in the Reorganization will start fulfilment of the assigned contractual liabilities in line with the provisions of the contracts.

9.7. The drawing up and publication of the Terms of Reorganization will not restrict the right of the Company participating in the Reorganization and the Company being Reorganized to conduct their activity provided in the Articles of Association.

9.8. The Company participating in the Reorganization, within the period from publication of the Terms of Reorganization till the Completion of the Reorganization, while signing contracts, will inform another party of its legal status.

9.9. The Company being Reorganized, within the period from publication of the Terms of Reorganization till the Completion of the Reorganization, while signing contracts, will inform another party about its legal status and about the potential transfer of rights and/or liabilities under such contract on the basis of these Terms of Reorganization.

10. THE RIGHTS OF CREDITORS AT THE MOMENT OF REORGANIZATION

10.1. The rights of the creditors of the Company participating in the Reorganization and the Company being Reorganized are protected by Article 2.101 of the Civil Code of the

Republic of Lithuania and Article 66 of the Law on Companies of the Republic of Lithuania.

10.2. The information about the drawn up Terms of Reorganization will be published one time in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities and provided to all creditors of the Company participating in the Reorganization and the Company being Reorganized in writing (by registered post or in person).

10.3. Each creditor of the Company participating in the Reorganization and the Company being Reorganized will have a right to require to terminate or early discharge of liabilities according to the agreements, also indemnify losses if this is provided in the agreements or there is a ground for believing that the Reorganization will hinder the discharge of the liability and ,in case of the request of the creditors, the company will not be able to provide additional safeguards. The creditors may provide their requests from the first day of publication of the Terms of Reorganization until the meeting of the corresponding company will adopt the resolution of the approval of the Reorganization.

10.4. The Company participating in the Reorganization and the Company being Reorganized must provide additional safeguards for the discharge of liabilities to each creditor who so requests, where his rights arose and did not expire before the publication of the drawn up Terms of Reorganization and there is a ground for believing that the Reorganization will hinder the discharge of a liabilities.

10.5. The Company participating in the Reorganization and/or the Company being Reorganized may refrain from providing additional safeguards for the discharge of liabilities if the discharge of its liabilities to the creditor is adequately secured by pledge, mortgage, surety or guarantee.

10.6. The documents for the registration of the Articles of Association of the Company participating in the Reorganization and deregistration of the Company being Reorganized thereof may not be submitted to the Manager of the Register of Legal Entities if no additional safeguards for the discharge of liabilities have been provided to the creditor who so requested as laid down in these Terms of Reorganization as well as before a court’s decision becomes effective if the dispute over additional safeguards for the discharge of liabilities is being heard in court.

11. THE RIGHTS GRANTED BY THE COMPANY PARTICIPATING IN THE REORGANIZATION THAT WILL CONTINUE ITS OPERATIONS AFTER THE REORGANIZATION TO THE HOLDERS OF THE SHARES OF DIFFERENT CLASSES, DEBENTURES AND OTHER SECURITIES

11.1. There are no any other securities issued by the Company participating in the Reorganization than 6 092 685 ordinary registered shares with nominal value of 1 litas (which is equal to 0.29 euro) each. The proprietary and non-proprietary rights of the owners of those shares are described by legal acts and the Articles of Association of the company thereof.

11.2. From the Day of preparation of the Terms of Reorganization till the Completion of the Reorganization there are no plans to issue additional securities. If any additional securities are issued, these Terms of Reorganization will cease to be valid.

11.3. After the Completion of the Reorganization the Company participating in the Reorganization will have issued 6 114 714 ordinary registered shares with nominal value of 1 litas (which is equal to 0.29 euro) each.

11.4. After the Completion of the Reorganization ordinary registered shares of the Company participating in the Reorganization will grant shareholders rights set up in the relevant legal acts and the Articles of Association.

12. THE SPECIAL RIGHTS GRANTED TO THE MEMBERS OF THE BODIES OF THE COMPANY PARTICIPATING IN THE REORGANIZATION AND THE COMPANY BEING REORGANIZED AND TO EXPERTS CARRYING OUT THE ASSESSMENT OF THE TERMS OF REORGANIZATION

12.1. The Terms of Reorganization are assessed and the report on assessment is prepared by private limited company MOORE STEPHENS VILNIUS. The report on assessment shall include:

12.1.1. findings on validity and fairness of the exchange ratio;

12.1.2. methods used to determine the exchange ratio and findings on validity of these methods and impact on the valuation of the shares;

12.1.3. description of assessment difficulties.

12.2. Rights granted to private limited company MOORE STEPHENS VILNIUS while assessing the Terms of Reorganization:

12.2.1. receive all the documents needed to assess and prepare the report on assessment of the Terms of Reorganization;

12.2.2. receive all the information needed to assess and prepare the report on assessment of the Terms of Reorganization as well as get the explanations of the managers and employees of the Company participating in the Reorganization and the Company being Reorganized;

12.2.3. all the other rights provided in the agreement with private limited company MOORE STEPHENS VILNIUS and the legal acts of the Republic of Lithuania

12.3. As provided in the Articles of Association of the Company being Reorganized the bodies of the company thereof are the following: the general meeting of shareholders, the Board (elected from 3 members) and the Manager (Director). Authorization of the Board and the Manager will cease to be valid from the day the Company being Reorganized is deregistered from the Register of Legal Entities.

12.4. As provided in the Articles of Association of the Company participating in the Reorganization the bodies of the company thereof are the following: the general meeting of shareholders, the Board (elected from 5 members) and the Manager (Director).

12.5. The structure of the managing bodies of the Company participating in the Reorganization that will continue its operations after the Reorganization will not change after Completion of the Reorganization and will be the following: (i) the Board appointed by the decision of shareholders on 5 December 2014 and (ii) the Manager appointed by the Board on 9 December 2014.

12.6. The shareholders of the Company participating in the Reorganization that will continue its operations after the Reorganization will have all rights stated by the Articles of Association of the company thereof and legal acts.

12.7. The Board members, Managers and employees of the Company participating in the Reorganization and the Company being Reorganized during the Reorganization will have all rights intended in agreements and the Articles of Association of the companies thereof and as well as legal acts.

12.8. The Boards of the Company participating in the Reorganization and the Company being Reorganized will:

12.8.1. prepare the report of the corresponding Board regarding the Reorganization;

12.8.2. make decisions and perform other actions related to the Reorganization and intended in these Terms of Reorganization, decisions of the general meetings of shareholders and corresponding legal acts;

12.8.3. manage the Reorganization and control its course of the corresponding company;

12.8.4. have all other duties and rights stated by legal acts and the Articles of Association the corresponding company.

12.9. The Managers of the Company participating in the Reorganization and the Company being Reorganized will:

12.9.1. within their competence take decisions and conduct all actions related with the Reorganization and provided in the Terms of Reorganization and resolutions of the Board of the corresponding company;

12.9.2. ensure publication of information and documentation if it is required by mandatory legal acts;

12.9.3. in accordance with the requirements of law ensure publication of the information about drawn up Terms of Reorganization as well as submission of the Terms of Reorganization and other related documents to the Managers of the Register of Legal Entities;

12.9.4. ensure the disclosure of decisions related with the Reorganization in accordance with the requirements provided by laws;

12.9.5. submit the information and documentation related with the Reorganization to the shareholders and creditors of the corresponding company;

12.9.6. makes decision on provision of additional safeguards for discharge of liabilities to each creditor of the corresponding company;

12.9.7. before the Completion of the Reorganization signs the agreements on behalf of the corresponding company;

12.9.8. at the time of the Reorganization managers of the Company being Reorganized and the Company participating in the Reorganization have all other liabilities and rights stated by legal acts and the Articles of Association of the corresponding company.

13. THE COMPLETION OF THE REORGANIZATION

13.1. The Reorganization shall be completed at the Completion of the Reorganization, i.e. from the moment when:

13.1.1. the amended Articles of Association of the Company participating in the Reorganization that continues its operations after the Reorganization will be registered in the Register of Legal Entities;

13.1.2. the Company being Reorganized will be deregistered from the Register of Legal Entities;

13.1.3. shares of the shareholders of the Company being Reorganized will be exchanged for the ordinary registered shares in the Company Participating in the Reorganization (except the Company being Reorganized).

14. ANNEXES TO THE TERMS OF REORGANIZATION

14.1. Annex 1 – The copy of the public joint-stock company BAIP grupė shareholders decision dated 5 December 2014.

14.2. Annex 2 – The copy of the Protocol of the general meeting of shareholders of the public joint - stock company INVL Technology dated 19 December 2014.

14.3. Annex 3 – The interim financial statements of the public joint-stock company BAIP grupė as of 30 September 2014.

14.4. Annex 4 - The interim financial statements of the public joint-stock company INVL Technology as of 30 September 2014.

14.5. Annex 5 – The extract of main data of the public joint-stock company BAIP grupė.

14.6. Annex 6 – The draft Articles of Association of the public joint-stock company INVL Technology.

14.7. Annex 7 – The Report on assessment of the Terms of Reorganization.

14.8. Annex 8 – The report on intended Reorganization of the Board of public joint-stock company BAIP grupė.

14.9. Annex 9 – The report on intended Reorganization of the Board of public joint-stock company INVL Technology.

14.10. Annex 10 – Statistics on the trade of the shares of the public joint-stock company INVL Technology on NASDAQ OMX Vilnius stock exchange.

PRIVATE JOINT-STOCK COMPANY BAIP GRUPĖ
Code 300893533
Registered office address A. Juozapavičiaus g. 6, Vilnius city, Vilnius city district
Data about the company is collected and stored in the Register of Legal Entities

SHAREHOLDERS DECISION

Vilnius, fifth of december year two thousand and fourteen

Private joint-stock company BAIP grupė, company code 300893533, registered address A. Juozapavičiaus g. 6, Vilnius city, Vilnius city district (hereinafter referred as the company), registered authorized capital – 5 000 000 (five million) litas. Authorized capital is divided to 5 000 000 (five million) ordinary registered shares with nominal value of 1 (one) litas each. All shares are fully paid up. Each fully paid up share with nominal values of 1 (one) litas grants one vote during the general meeting of shareholders.

All private joint-stock company BAIP grupė shares belong to:

1) Public joint-stock company “INVL Technology” – 4 000 000 (four million) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 80 per cent of all issued shares and voting rights of the company;
2) Kazimieras Tonkūnas – 401 614 (four hunderd one thousand six hunderd fourteen) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 8.03 per cent of all issued shares and voting rights of the company;
3) Rokas Ralys – 98 387 (ninety eight thousand three hundred seven) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 1.97 per cent of all issued shares and voting rights of the company;
4) Marius Leščinskas – 112 903 (one hundred twelwe thousand nine hundred three) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 2.26 per cent of all issued shares and voting rights of the company;
5) Artūras Milašauskas – 112 903 (one hundred twelwe thousand nine hundred three) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 2.26 per cent of all issued shares and voting rights of the company;
6) Gytis Umantas – 112 903 (one hundred twelwe thousand nine hundred three) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 2.26 per cent of all issued shares and voting rights of the company;
7) Tomas Šeikus – 48 387 (fourty eight thousand three hundred eighty seven) 112 903 (one hundred twelwe thousand nine hundred three) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 0.96 per cent of all issued shares and voting rights of the company;
8) Vida Juozapavičienė – 112 903 (one hundred twelwe thousand nine hundred three) ordinary registered private joint-stock company BAIP grupė shares, which amounts to 2.26 per cent of all issued shares and voting rights of the company.

Above mentioned shareholders jointly have 5 000 000 (five million) ordinary registered private joint-stock company BAIP grupė shares, providing 100 per cent of all votes during the general meeting of shareholders.

Taking into account paragraph 1 of Article 29 of the Law on Companies of the Republic of Lithuania, this shareholders decision signed by all the company shareholders equals to UAB BAIP grupė shareholders decision, and minutes of the general shareholders meeting are not taken.

Taking into account mentioned above and provisions of the Law on Companies of the Republic of Lithuania, **SHAREHOLDERS DECIDE:**

5. REGARDING APPROVAL OF PUBLIC JOINT-STOCK COMPANY BAIP GRUPĖ PARTICIPATION IN THE REORGANIZATION

To approve participation of the acting after transformation to a public-joint stock company BAIP grupė in the reorganization by way of merger, merging to the public joint stock company INVL Technology. To authorize the Board of public joint-stock company BAIP grupė to prepare and announce the reorganization terms according to the laws.

Private joint-stock company BAIP grupė shareholders:

____

Public joint-stock company "INVL Technology", represented by director Darius Šulnis

____

Kazimieras Tonkūnas

____

Rokas Ralys

____

Marius Leščinskas

____

Artūras Milašauskas

____

Gytis Umantas

____

Tomas Šeikus

____

Vida Juozapavičienė

PUBLIC JOINT-STOCK COMPANY INVL TECHNOLOGY
Code 303299817
Registered address municipality of Vilnius, Vilnius city, Kalvariju str. 11A-20
Data about the company is collected and stored in the Register of Legal Entities

MINUTES OF THE GENERAL MEETING OF SHAREHOLDERS NO 2014/02

Vilnius, nineteenth day of december year two thousand and fourteen

The authorized capital of public joint – stock company "INVL Technology" (hereinafter may be referred to as AB INVL Technology or the Company) is 592,730 (five hundred ninety two thousand and seven hundred thirty) litas. It is divided into 592,730 ((five hundred ninety two thousand and seven hundred thirty) ordinary registered shares with nominal value of 1 (one) litas each.

Each 592,730 ordinary registered share of AB INVL Technology with nominal value of 1 (one) litas, grants one vote in the meeting.

The accounting day of the general meeting of shareholders is 12 December 2014.

The general meeting of shareholders (hereinafter - the meeting) was held on 19 December 2014 at premises located Seimyniskiu str. 1, Vilnius.

The beginning of the meeting was at 8.30 a.m.

The date and venue, agenda and projects of decisions of the meeting were announced on 27 November 2014. The supplemented agenda and projects of decisions of the meeting were announced on 8 December 2014. Notifications about the meeting were pubished in accordance with the requirements of the Law on Securities of the Republic of Lithuania. The announcements of the meeting were placed in the web site of NASDAQ Vilnius and in the web site of AB INVL Technology. The internet addresses:
https://newsclient.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=634698&messageId=787949

https://newsclient.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=636289&messageId=790020

1. In total 6 (six) valid general voting bulletins (531,728 votes) have been provided to the Company. The said documents are attached hereto.
2. No agreements on the disposal of additional voting rights belonging to the shareholder participating in the meeting were submitted to the Company.
3. A total of 531,728 shares were represented at the meeting. 531,728 shares were entitled to vote at the meeting.

The meeting has a quorum. Since all of the shareholders participating in the meeting, voted in writing in advance, in accordance with paragraph 2 of Article 29 of the Law on Companies of the Republic of Lithuania, the director of the Company Darius Sulnis, has documented and signed the minutes according to the votes received.

The agenda of the meeting of AB INVL Technology announced in accordance with the laws:

1) Regarding approval of the public joint - stock company INVL Technology participation in reorganization;
2) Regarding approval of the public joint - stock company INVL Technology reorganization;
3) Regarding election of the audit company to audit financial statements of the financial year 2014 and setting the conditions of payment for the audit services;
4) Regarding replacement of the registered office of the public joint - stock company INVL Technology;
5) Regarding election of the Audit Committee members;

6) Regarding approval of the remuneration for the independent member of the Audit Committee;
7) Approval of the regulations of the formation and activity of the Audit Committee.

Considered:

1. **Regarding approval of the public joint - stock company INVL Technology participation in the reorganization**

To approve participation of the public joint-stock company INVL Technology in the reorganization by way of merger, merging UAB BAIP group (code 300893533) transformed into a public joint - stock company to the public joint-stock company INVL Technology. To authorize the Board of public joint-stock company INVL Technology to prepare and announce according to the laws the reorganization terms.

Voted: total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
"For" voted 0 votes.
"Against" – 531 728 votes, (out of them 531 728 votes voted in advance in writing). Decision was made by a solid vote.

Decided:
Not to approve participation of the public joint-stock company INVL Technology in the reorganization by way of merger, merging UAB BAIP group (code 300893533) transformed into a public joint - stock company to the public joint-stock company INVL Technology.

Considered:

2. **Regarding approval of the public joint - stock company INVL Technology reorganization**

The announced draft resolution: To approve the reorganization of the public joint-stock company INVL Technology by way of merger, merging the public joint-stock company INVL Technology to UAB BAIP group (code 300893533) transformed into a public joint - stock company. To authorize the Board of public joint – stock company INVL Technology to prepare and announce according to the laws the reorganization terms.

According to the fact that on 18 December 2014 UAB BAIP group was transformed into the public joint stock company, **the supplemented draft resolution** is: To approve the reorganization of the public joint-stock company INVL Technology by way of merger, merging the public joint-stock company INVL Technology to BAIP group, AB (code 300893533). To authorize the Board of public joint-stock company INVL Technology to prepare and announce according to the laws the reorganization terms.

Voted: total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
"For" voted 531 728 votes, (out of them 531 728 votes voted in advance in writing before 18 December 2014).
"Against" – 0 votes. Decision was made by a solid vote (shareholders who voted for the draft resolution in writing before 18 December 2014 (before UAB BAIP group transformation), the votes are counted as votes for a supplemented draft resolution).

Decided:
To approve the reorganization of the public joint-stock company INVL Technology by way of merger, merging the public joint-stock company INVL Technology to BAIP group, AB (code 300893533). To authorize the Board of public joint-stock company INVL Technology to prepare and announce according to the laws the reorganization terms.

Considered:

3. **Regarding election of the audit company to audit financial statements of the financial year 2014 and setting the conditions of payment for the audit services.**

To elect joint-stock company PricewaterhouseCoopers, code 111473315, to audit annual financial statements of the financial year 2014. To set the payment for the audit services not more than LT 8000 (eight thousand litas), VAT is not included in this amount.

Voted: total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
“For” voted 531 728 votes, (out of them 531 728 votes voted in advance in writing).
“Against” voted 0 votes. Decision was made by a solid vote.

Decided:
To elect joint-stock company PricewaterhouseCoopers, code 111473315, to audit annual financial statements the financial year 2014. To set the payment for the audit services not more than LT 8000 (eight thousand litas), VAT is not included in this amount.

Considered:

4. **Regarding replacement of the registered office of the public joint - stock company INVL Technology.**

To change the registered office of the public joint - stock company INVL Technology and to register the new address in the premises located at municipality of Vilnius, Vilnius city, Seimyniskiu str. 1A (unique No. 1399-8031-1015).

Voted: total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
“For” voted 531 728 votes, (out of them 531 728 votes voted in advance in writing).
“Against” voted 0 votes. Decision was made by a solid vote.

Decided:
To change the registered office of the public joint - stock company INVL Technology and to register the new address in the premises located at municipality of Vilnius, Vilnius city, Seimyniskiu str. 1A (unique No. 1399-8031-1015).

Considered:

5. **Regarding election of the Audit Committee members.**

To elect Danute Kadanaite and Tomas Bubinas (independent member) to the Audit Committee of AB INVL Technology for the 4 (four) year term of office.

Voted:total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
“For” voted 531 728 votes, (out of them 531 728 votes voted in advance in writing).
“Against” voted 0 votes. Decision was made by a solid vote.

Decided:
To elect Danute Kadanaite and Tomas Bubinas (independent member) to the Audit Committee of AB INVL Technology for the 4 (four) year term of office.

Considered:

6. **Regarding approval of the remuneration for the independent member of the Audit Committee.**

For a work in the Audit Committee of AB INVL Technology, to fix a rate not higher than 500 Litas per hour. To delegate to the Board of the Company to determine the remuneration payment procedure for the Audit Committee members.

Voted:total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
“For” voted 531 728 votes, (out of them 531 728 votes voted in advance in writing).
“Against” voted 0 votes. Decision was made by a solid vote.

Decided:
For a work in the Audit Committee of AB INVL Technology, to fix a rate not higher than 500 Litas per hour. To delegate to the Board of the Company to determine the remuneration payment procedure for the Audit Committee members.

Considered:

7. **Approval of the regulations of the formation and activity of the Audit Committee.**

To approve new wording of the regulations of the formation and activity of the Audit Committee of AB INVL Technology.

Voted: total – 531 728 votes, i.e. 89.7 percent a total number of votes given by shares.
"For" voted 531 728 votes, (out of them 531 728 votes voted in advance in writing).
"Against" voted 0 votes. Decision was made by a solid vote.

Decided:
To approve new wording of the regulations of the formation and activity of the Audit Committee of AB INVL Technology.

Director (signature) Darius Šulnis

BAIP GRUPĖ UAB

INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

CONTENT

GENERAL INFORMATION

Board of Directors

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

Director

Mr. Kazimieras Tonkūnas

Address of the head office and company code

A.Juozapavičiaus St 6
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 19 December 2014.

Management:

Kazimieras Tonkūnas		Managing Director
Ramutė Ribinskienė		Finance Director

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

Statement of comprehensive income

	Notes	The Group January-September 2014	The Group January-September 2013	The Company January-September 2014	The Company January-September 2013
Continuing operations					
Sales revenue	4	40.302	31.084	694	444
Cost of sales	5	(29.093)	(21.630)	-	(3)
Gross profit		**11.209**	**9.454**	**694**	**441**
Operating costs	6	(9.113)	(7.948)	(996)	(705)
Other operating revenue/costs		282	(101)	2.526	146
Operating profit		**2.378**	**1.405**	**2.224**	**(118)**
Revenue from financial activities	7	76	-	86	304
Costs from financial activities	8	(1.062)	(1.087)	(1.105)	(1.110)
Profit for the reporting period before tax		**1.392**	**318**	**1.205**	**(924)**
Income tax (costs)	9	(201)	(6)	-	(1)
Net profit for the reporting period		**1.191**	**312**	**1.205**	**(925)**
Attributable to:					
Shareholders of the parent company		1.253	263	-	-
Non-controlling interests		(62)	49	-	-
		1.191	**312**	**1.205**	**(925)**
Other comprehensive income (loss)					
Other comprehensive income (loss) to be reclassified to profit or loss					
Exchange differences on translation of foreign operations		30	(83)	-	-
Other net comprehensive income (loss) to be reclassified to profit or loss		**30**	**(83)**	-	-
Other comprehensive income (loss) for the period, net of tax		**30**	**(83)**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1.221**	**229**	**1.205**	**(925)**
Attributable to:					
Shareholders of the parent company		1.287	207	-	-
Non-controlling interests		(66)	22	-	-
		1.221	**229**	**1.205**	**(925)**
Other information (non-IFRS indicators):					
Operating profit (above)		2.378	1.405		
To add: Depreciation and amortisation (Notes 5 and 6) amount		804	1.135		
To add: Other eliminating amounts		(167)	(47)		
EBITDA (excluding payment in shares)		**3.015**	**2.493**		

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

Statements of financial position

	Notes	The Group As at 30 September 2014	The Group As at 31 December 2013	The Company As at 30 September 2014	The Company As at 31 December 2013
ASSETS					
Non-current assets					
Property, plant and equipment	10	2.057	2.087	16	12
Goodwill	3	12.150	12.150	-	-
Non-current intangible assets	11	1.030	1.231	-	-
Investments into subsidiaries		-	-	14.948	14.948
Non-current financial assets	14	-	665	-	-
Deferred income tax asset	9	358	70	2	194
Total non-current assets		**15.595**	**16.203**	**14.966**	**15.154**
Current assets					
Inventories	13	1.290	809	-	-
Trade and other amounts receivable	14	18.318	11.733	3.079	709
Prepaid income tax		25	405	-	-
Prepayments and deferred charges		589	149	39	-
Other current assets	16	1.364	2.588	-	-
Cash and cash equivalents	17	309	1.117	1	50
Total current assets		**21.895**	**16.801**	**3.119**	**759**
Total assets		**37.490**	**33.004**	**18.085**	**15.913**

(cont'd on the next page)

Statements of financial position (cont'd)

		The Group		The Company	
	Notes	**As at 30 September 2014**	**As at 31 December 2013**	**As at 30 September 2014**	**As at 31 December 2013**
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital		5.000	5.000	5.000	5.000
Reserves	18	1.198	1.164	1.011	1.011
Retained earnings (loss)		2.377	1.124	(2.498)	(3.703)
		8.575	**7.288**	**3.513**	**2.308**
Non-controlling interest		544	610	-	-
Total equity		**9.119**	**7.898**	**3.513**	**2.308**
Liabilities					
Non-current liabilities					
Non-current borrowings	19	1.271	950	-	-
Financial lease liabilities	20	37	46	-	-
EU grants		167	46	-	-
Deferred income tax liability	9	41	74	-	-
Total non-current liabilities		**1.516**	**1.116**	**-**	**-**
Current liabilities					
Current portion of non-current borrowings	19	12.396	12.614	14.347	13.478
Current portion of financial lease liabilities	20	12	18	-	-
Trade payables	21	11.083	6.819	74	24
Income tax payable		574	46	-	-
Advances received		623	1.012	-	5
Liabilities related to employment relationships		1.790	1.570	100	88
Other non-current liabilities	22	377	1.911	51	10
Total non-current liabilities		**26.855**	**23.990**	**14.572**	**13.605**
Total liabilities		**28.371**	**25.106**	**14.572**	**13.605**
Total equity and liabilities		**37.490**	**33.004**	**18.085**	**15.913**

(the end)

The accompanying explanatory notes are an integral part of these financial statements.
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Statements of changes in equity

The Group	Notes	Equity attributable to equity holders of the parent							
		Share capital	Reserve for acquisition of own shares	Foreign currency translation reserve	Reserve of purchase of own shares	Retained earnings (loss)	Total	Non-controlling interest	Total equity
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		-	-	-	-	263	263	49	312
Currency translation differences		-	-	(56)	-	-	(56)	(27)	(83)
Total comprehensive income for the period		-	-	(56)	-	263	207	22	229
Dividends to non-controlling interests of subsidiaries								(311)	(311)
Total contributions by and distributions to owners of the Group		-	-	-	-	-	-	(311)	(311)
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 30 September 2013		5.000	200	(14)	1.109	5	6.300	607	6.907
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		-	-	-	-	1.253	1.253	(62)	1.191
Currency translation differences		-	-	34	-	-	34	(4)	30
Total comprehensive income during the period		-	-	34	-	1.253	1.287	(66)	1.221
Balance as at 30 September 2014		5.000	200	(13)	1.011	2.377	8.575	544	9.119

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Statements of changes in equity (cont'd)

The Company	**Notes**	**Share capital**	**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 (loss) during the period		-	-	(925)	(925)
Balance as at 30 September 2013		**5.000**	**1.108**	**(3.657)**	**2.451**
Balance as at 31 December 2013		**5.000**	**1.011**	**(3.703)**	**2.308**
Total comprehensive income during the period		-	-	1.205	1.205
Balance as at 30 September 2014		**5.000**	**1.011**	**(2.498)**	**3.513**

(the end)

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

Statements of cash flows

	Notes	The Group January-September 2014	The Group January-September 2013	The Company January-September 2014	The Company January-September 2013
Cash flows from operating activities					
Profit (loss) for the reporting period		1.191	312	1.205	(925)
Non-cash flows:					
Depreciation and amortisation		804	1.135	4	2
Loss (gain) on disposal of property, plant and equipment		-	-	-	-
Interest income		(70)	-	(86)	(297)
Interest expenses		1.004	1.045	1.105	1.110
Loss (profit) from currency Exchange differences		(6)	7	-	(7)
Income tax expenses	9	201	6	-	1
Other		(116)	(5)	(2.115)	134
		3.008	2.500	113	18
Working capital adjustments:					
Decrease (increase) in inventories		(481)	(259)	-	-
Decrease (increase) in trade and other receivables		(5.920)	(3.430)	(1.331)	(2.866)
Decrease (increase) in other current assets		784	530	(39)	-
Increase (decrease) in trade payables		4.264	(1.422)	50	37
Increase (decrease) in other current liabilities		(1.244)	(1.802)	48	(166)
Cash flows from operating activities		**411**	**(3.883)**	**(1.159)**	**(2.927)**
Income tax (paid)		-	(152)	-	(1)
Cash flows from operating activities		**411**	**(4.035)**	**(1.159)**	**(2.928)**
Cash flows from investing activities					
Acquisition of non-current assets (except investment properties)		(373)	(506)	(8)	(9)
Increase of share capital of subsidiaries		-	-	-	(10)
Money market fund units		-	18	-	-
Dividends received		-	-	1.268	-
Interest received		70	-	86	297
Acquisition and establishment of subsidiaries, less the balance of cash acquired	3	-	(5)	-	(11)
Net cash flows from investing activities		**(303)**	**(493)**	**1.346**	**267**
Cash flows from financing activities					
Proceeds from loans/ (Repayment) of loans and interest		(901)	2.757	(236)	2.571
Interest paid					
Finance lease payments		(15)	(107)	-	-
Dividends		-	(311)	-	-
Acquisition of non-controlling interest		-	(200)	-	-
Net cash flows from financing activities		**(916)**	**2.139**	**(236)**	**2.571**
Impact of currency exchange on cash and cash equivalents		-	-	-	-
Net increase (decrease) in cash and cash equivalents		**(808)**	**(2.389)**	**(49)**	**(90)**
Cash and cash equivalents at the beginning of the period	17	**1.117**	**3.548**	**50**	**91**
Cash and cash equivalents at the end of the period	17	**309**	**1.159**	**1**	**1**

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

Notes to the financial statements

1. General information

BAIP GRUPĖ UAB (hereinafter – the Company) is a public limited liability company registered in the Republic of Lithuania on 28
June 2007. The address of its registered office is: A.Juozapavičiaus St 6, 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.

As at 30 September 2014 and 31 December 2013 the shareholders of the Company were the following:

	30 September 2014		31 December 2013	
	Number of votes held	Votes (%)	Number of votes held	Votes (%)
Invalda LT AB	-	-	4.000.000	80
AB INVL Technology	4.000.000	80	-	-
Other shareholders	1.000.000	20	1.000.000	20
Total	5.000.000	100	5.000.000	100

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as at 30 September 2014 and 31 December 2013. Subsidiaries did not hold any shares of the Company as at 30 September 2014 and 31 December 2013. The Company did not hold own shares.

As at 30 September 2014 the number of employees of the Group was 150 (as at 31 December 2013 –148).

The financial statements were approved and signed by the Company's Management and the Board of Directors on 19 December 2014.

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

The Group consists of the Company and the following directly and indirectly owned subsidiaries (hereinafter – the Group):

		30 September 2014		31 December 2013		
Company (the year of acquisition)	Registration country	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Main activities
Informatikos pasaulis UAB (2007)	Lithuania	100	941	100	941	Information technology solutions
Vitma UAB (2007)	Lithuania	100	8.452	100	8.452	Information technology solutions
BAIP* UAB (2007)	Lithuania	100	4.971	100	4.971	Information technology solutions
Acena UAB (2008)	Lithuania	100	162	100	162	Information technology solutions
Norway Registers Development AS (2011)	Norway	100	4.298	100	4.298	Information technology solutions
NRD* UAB (2011)	Lithuania	76,50	1.046	76,50	1.046	Information technology solutions
Norway Registers Development East Africa Ltd (2011)	Tanzania	70	11	70	11	Information technology solutions
NRD CS UAB (2013)	Lithuania	100	10	100	10	Information technology solutions
Less: indirect ownership			(4.943)		(4.943)	
Investments into subsidiaries (Company)			14.948		14.948	

* – indirectly managed subsidiaries

2. Summary of significant accounting policies

The principal accounting policies applied in preparing the Group's and the Company's interim financial statements as at 30 September 2014 are as follows:

2.1. Basis of preparation

Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis. The financial statements are presented in thousands of Litas (LTL) and all values are rounded to the nearest thousand except when otherwise indicated.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group and the Company has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2014:

IFRS 10 *"Consolidated Financial Statements"*
This Standard replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. Definition of this concept is supplemented with various application guidelines. The adoption of this amendment did not lead to any changes in the Group's and the Company's interim financial statements as at 30 September 2014.

IFRS 11 *"Joint Arrangements"*
The Standard introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The adoption of this amendment did not lead to any changes in the Group's and the Company's interim financial statements as at 30 September 2014.

IFRS 12 *"Disclosures of Interests in Other Entities"*
The Standard will apply to companies with ownership interest in subsidiary, joint arrangement, associated company or unconsolidated structured entity. IFRS 12 provides mandatory disclosures for companies which apply two new standards: IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements". This Standard replaces requirements currently applied according to IAS 28 "Investments in Associates and Joint Ventures". The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities. In order to meet these objectives the new standard requires disclosures of information in several areas, including significant decisions and assumptions made while determining whether an entity controls, jointly controls or has significant effect on its interest in other entities, also to disclose additional information regarding the portion of non-controlling interest in the company's activities and cash flows, summarised information of subsidiaries with non-controlling interest and thorough information on the portion of unconsolidated structured entities. The Group and the Company is evaluating the impact of changes to the annual financial statements.

IAS 27 *"Separate Financial Statements"*
The amendments of this Standard reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements. Guidelines related to control and consolidated financial statements were replaced by IFRS 10 "Consolidated Financial Statements". The Group and Company is evaluating the impact of changes to the annual financial statements.

IAS 28 *"Investments in Associates and Joint Ventures"*
This amendment was made according to the Boards project regarding joint companies. When considering the project, the Board decided to include accounting of joint companies by applying equity method to IAS 28 as this method is applicable to both joint companies and associated companies. Except for this exception, other guidelines remained unchanged. The adoption of this amendment did not lead to any changes in the Group's and the Company's interim financial statements as at 30 September 2014.

IAS 32 *"Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities*
The amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements. The adoption of this amendment did not lead to any changes in the Group's and the Company's interim financial statements as at 30 September 2014.

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

2.1. Basis of preparation (cont'd)

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
The amendments are intended to provide additional transition relief provided in IFRS 10 "Consolidated Financial Statements". Entities which apply IFRS 10 should evaluate control as at the first day of the annual period during which IFRS 10 is applied if the conclusion related to consolidation under IFRS 10 differs from clarification of IAS 27 and SIC 12, data of the latest previous comparative period (i.e. the year 2012 for entities if the financial year corresponds to the calendar year and IFRS 10 is applied starting from 2013) is updated unless it would be impossible to due practical reasons. These amendments also provide an additional transition exemption related to IFRS 10, IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" with a limitation to provide adjusted comparative information only for the latest previous comparative period. Also, these amendments eliminated the requirement to provide comparative data for disclosed information related to unconsolidated structured entities for the periods until the first application of IFRS 12. The adoption of this amendment did not lead to any changes in the Group's and the Company's interim financial statements as at 30 September 2014.

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 will be 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 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 unconsolidated subsidiary. The Group and Company is evaluating the impact of changes to the annual financial statements.

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. The changes are not relevant to the Group and Company, as the Group and the Company does not have derivative financial instruments.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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.

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 the share of any consideration paid and net carrying value of the acquired assets by the subsidiary is recorded in equity. Gains (losses) on sales 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 ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

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

2.3. Functional and presentation currency

The consolidated 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.

2.4. 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

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. Summary of significant accounting policies (cont'd)

2.5. 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 recognised during information technology solutions entities acquisition.

Contracts and customer relationship acquired 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 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.

2.6. Business combinations and goodwill

The group applies 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 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.

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 fair value of any previous equity interest in the acquiree at the acquisition-date 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.

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

2.6. Business combinations and goodwill (cont'd)

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.

2.7. 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 Group 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:

<u>Goodwill</u>

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

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 performs its annual impairment test of goodwill as at 31 December.

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

2.8. 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 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 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 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 debt and equity securities, and derivatives, as financial assets or financial liabilities 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 Group's documented investment strategy. The Group'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.

Gains or losses on financial assets at fair value through profit or loss are recognized in profit and loss.

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.

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. Summary of significant accounting policies (cont'd)

2.9. Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether 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 and 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 and 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.

Available-for-sale financial investments

The Group and the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group and the Company uses the same criteria as financial assets carried at amortised cost. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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

2.10. 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 valued 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.

2.11. 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.

2.12. 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.

2.13. 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 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.

Borrowings

Borrowings 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 and the Company 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)

2.14. 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 and 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 and 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.

2.15. 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.

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 and the Company will obtain ownership by the end of the lease term.

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

2.15. Leases (cont'd)

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.

2.16. 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 activities as described below. The group 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.

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.

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

2.16. Revenue recognition (cont'd)

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 straightline 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.

2.17. 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 and 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.

2.18. 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.

2.19. 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.

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 30 September 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.

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

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

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.

By Lithuanian Income Tax Law shall be not taxed sale of shares of 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, 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 Company, 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 management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed 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 are 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.

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. Summary of significant accounting policies (cont'd)

2.20. 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.

2.21. Provisions

Provisions are recognised when the Group 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 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).

2.22. 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.

2.23. Employee benefits

<u>Social security contributions</u>

The Group and the Company pay 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 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.

<u>Termination benefits</u>

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to their present value.

<u>Bonus plans</u>

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. Summary of significant accounting policies (cont'd)

2.24. Share-based payments

The Group and the Company operates a number of equity-settled, share-based compensation plans, under which the entity receives 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.

2.25. 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.

2.26. Events after the reporting period

Events after the reporting period that provide additional information about the Group'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. Summary of significant accounting policies (cont'd)

2.27. 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 experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 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. 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.

Impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 3).

Impairment loss of trade receivables

The impairment loss of trade receivables and loans granted was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables and loans. These accounting estimates require significant judgement. Judgement is exercised based on net assets value of subsidiaries, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments. If there is objective evidence that an impairment loss on loans granted and trade receivables 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. The expected cash flows exclude future credit losses that have not been incurred and are discounted at the original effective interest rate (that is, the effective interest rate computed at initial recognition).

Other areas involving estimates include useful lives of property, plant and equipment and allowances for accounts receivable. According to the management, these estimates do not have significant risk of causing a material adjustment.

3. 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 in 2013

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.

Acquisition of non-controlling interest in 2013 and 2012

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	
	30 September 2014	**31 December 2013**
Acena	41	41
BAIP*	10.509	10.509
NRD subgroup	1.600	1.600
	12.150	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 is 11.35% (in 2013: 11.35%), cash flows within the 5-year period are extrapolated using 5% growth rate (in 2013: 5%) and cash flows beyond 5-year period are extrapolated using 2% growth rate (in 2013: 2%).

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.

4. Income

	The Group		The Company	
	3 quarters of 2014	**3 quarters of 2013**	**3 quarters of 2014**	**3 quarters of 2013**
Sales of technical and software equipment	22.776	15.678	-	2
Revenue from services provided	16.986	15.128	-	-
Marketing and partnership revenue	430	195	-	-
Management and accounting services	-	-	689	440
Other revenue from main activities	110	83	5	2
	40.302	31.084	694	444

5. Cost of sales

	The Group		The Company	
	3 quarters of 2014	3 quarters of 2013	3 quarters of 2014	3 quarters of 2013
Cost of goods sold	19.966	14.329	-	3
Materials and inventories used	4.917	21	-	-
Salaries expenses	1.813	1.788	-	-
Social insurance	565	543	-	-
Work of subcontractors	1.259	3.756	-	-
Depreciation and amortisation	467	531	-	-
Other costs	106	662	-	-
	29.093	21.630	-	3

6. Operating costs

	The Group		The Company	
	3 quarters of 2014	3 quarters of 2013	3 quarters of 2014	3 quarters of 2013
Salaries expenses	4.854	3.920	504	373
Social insurance	1.468	1.230	156	117
Other staff-related costs	95	113	1	4
Transportation costs	637	561	81	69
Lease and maintenance of premises	481	422	7	3
Bank and insurance services	82	45	(1)	1
Charity and support	40	20	-	-
Representation and public relations	144	146	24	14
Professional services (legal, accounting)	701	606	31	34
Communications costs	89	99	29	9
Depreciation and amortisation	338	604	4	2
Other costs	184	182	160	79
	9.113	7.948	996	705

7. Finance income

	The Group		The Company	
	3 quarters of 2014	3 quarters of 2013	3 quarters of 2014	3 quarters of 2013
Interest income	70	-	86	297
Positive currency rate differences	6	-	-	7
	76	-	86	304

8. Finance costs

	The Group		The Company	
	3 quarters of 2014	3 quarters of 2013	3 quarters of 2014	3 quarters of 2013
Interest expenses	1.004	1.045	1.105	1.110
Other finance costs	58	35	-	-
Negative Currency rate differences	-	7	-	-
	1.062	1.087	1.105	1.110

9. Income tax

	The Group		The Company	
	3 quarters of 2014	3 quarters of 2013	3 quarters of 2014	3 quarters of 2013
Components of the income tax credit (expenses)				
Current year income tax	522	10	-	1
Deferred income tax expenses (revenue)	(321)	(4)	-	-
Income tax expenses stated in the income statement	201	6	-	1

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

	The Group		The Company	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	358	70	2	194
Deferred tax assets to be recovered within 12 months	-	-	-	-
	358	70	2	194
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months	41	74	-	-
Deferred tax liability to be recovered within 12 months	-	-	-	-
	41	74	-	-

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	
	3 quarters of 2014	3 quarters of 2013	3 quarters of 2014	3 quarters of 2013
Profit (loss) before tax	**1.392**	**318**	**1.205**	**(924)**
Income tax calculated at the tax rate of 15%	209	48	181	(139)
Other (expenses) without effect on profit / non-taxable income	(8)	(42)	(181)	140
Income tax gain (loss) stated in the income statement	**201**	**6**	**-**	**1**

9. Income tax (cont'd)

The movement in deferred income tax assets and liabilities of the Group on 30 September 2014 and 31 December 2013 were as follows:

	Balance as at 31 December 2012	Recognised in the income statement	Currency translation	Transferable tax loss	Balance as at 31 December 2013	Recognised in the income statement	Balance as at 30 September 2014
Deferred tax asset							
Tax loss	214	-	-	(196)	18	321	339
Property, plant and equipment	63	(4)	-	-	59	-	59
Amounts receivable	3	23	3	-	29	-	29
Deferred revenue	52	3	-	-	55	-	55
Accruals	69	(10)	-	-	59	-	59
Intangible assets	-	22	(3)	-	19	-	19
Other	10	5	-	-	15	-	15
Deferred tax asset available for recognition	411	39	-	(196)	254	321	575
Less: unrecognised deferred tax asset	-	-	-	-	-	-	-
Recognised deferred income tax asset	411	39	-	(196)	254	321	575
Asset netted with liability of the same legal entities	-	(184)	-	-	(184)	(33)	(217)
Deferred income tax asset, net	**411**	**(145)**	**-**	**-**	**70**	**288**	**358**
Deferred tax liability							
Intangible assets	237	(71)	(2)	-	164	-	164
Amounts receivable	-	94	-	-	94	-	94
Deferred income tax liability	237	23	(2)	-	258	-	258
Liability netted with asset of the same legal entities	-	(184)	-	-	(184)	(33)	(217)
Deferred income tax liability, net	**237**	**(161)**	**(2)**	**-**	**74**	**(33)**	**41**
Deferred income tax liability (asset), net	**174**	**16**	**2**	**(196)**	**(4)**	**321**	**317**

The movement in deferred income tax assets and liabilities of the Company on 30 September 2014 and 31 December 2013 were as follows:

	Balance as at 31 December 2012	Recognised in the income statement	Transferable tax loss	Balance as at 31 December 2013	Recognised in the income statement	Balance as at 30 September 2014
Deferred tax asset						
Tax loss	135	(133)	192	194	(192)	2
Recognised deferred income tax asset, net	**135**	**(133)**	**192**	**194**	**(192)**	**2**

10. Property, plant and equipment

The Group	Buildings and construc-tions	Vehicles	Computer and office equipment	Computer and Office equipment (lease)	Other property, plant and equipment	Total
Acquisition cost:						
Balance as at 31 December 2012	745	90	1.336	2.780	164	5.115
Disposals and write-offs	-	-	(125)	(70)	-	(195)
Transfers between groups	-	-	(99)	-	99	-
Acquisition of subsidiary	-	-	6	-	-	6
Acquisitions	-	-	154	547	-	700
Balance as at 31 December 2013	745	90	1.272	3.257	269	5.632
Disposals and write-offs	-	-	-	(84)	-	(84)
Acquisitions	-	-	-	562	-	562
Balance as at 30 September 2014	745	90	1.272	3.735	269	5.632
Accumulated depreciation:						
Balance as at 31 December 2012	20	18	829	1.882	100	2.849
Depreciation during the period	16	15	106	697	40	874
Transfers between groups			(25)	-	25	-
Disposals and write-offs	-	-	(177)	(57)	-	(177)
Balance as at 31 December 2013	36	33	733	2.522	165	3.546
Depreciation during the period	12	14	482	-	-	508
Balance as at 30 September 2014	48	47	1.272	2.522	165	4.054
Net book value as at 30 September 2014	**697**	**43**	**-**	**1.213**	**104**	**2.057**
Net book value as at 31 December 2013	709	57	481	735	104	2.087

The depreciation charge of the Group's property, plant and equipment for three quarters of 2014 amounts to LTL 508 thousand (during 2013: LTL 874 thousand). An amount of LTL 467 thousand is included in cost of sales of respective period (during the same period in 2013: LTL 531 thousand), the remaining part is included in operating expenses.

Property, plant and equipment of the Group with a net book value of LTL 697 thousand as at 30 September 2014 (LTL 709 thousand as at 31 December 2013) was pledged to the banks as a collateral for the loans (Note 19).

As at 30 September 2014 and 31 December 2013, no borrowing costs were incurred by the Group and capitalised to the acquisition, construction or production of a qualifying asset.

11. Intangible assets

The Group

	Contracts, customer relationships	**Software**	**Internally created intangible assets**	**Other intangible assets**	**Total**
Acquisition cost:					
Balance as at 31 December 2012	2.044	742	111	104	3.001
Acquisitions	-	62	-	-	62
Effect of changes in currency rates	-	-	-	-	-
Transfers between groups	-	4	-	(4)	-
Balance as at 31 December 2013	2.044	808	111	100	3.063
Acquisitions	-	-	16	-	16
Balance as at 30 September 2014	2.044	808	127	100	3.079
Accumulated amortisation:					
Balance as at 31 December 2012	593	485	37	32	1.147
Amortisation during the period	411	190	47	29	677
Disposals and write-offs	-	-	-	-	-
Effect of changes in currency rates	8	-	-	-	8
Balance as at 31 December 2013	1.012	675	84	61	1.832
Amortisation during the period	107	71	16	22	217
Balance as at 30 September 2014	1.119	746	100	83	2.049
Net book value as at 31 December 2013	**925**	**62**	**27**	**16**	**1.030**
Net book value as at 30 September 2014	**1.032**	**133**	**27**	**39**	**1.231**

The amortisation charge of the Group's intangible assets during nine months of 2014 amounts to LTL 217 thousand (during year 2013: LTL 677 thousand) and they are included in operating costs. Internally created other intangible assets include costs incurred for improvement and adjustment of software used. Amortisation period of 3 years is applied for these assets.

12. Financial instruments by category

All financial assets of the Group and the Company are attributed to the category of Loans and amounts receivable.

Loans and amounts receivable	**The Group**		**The Company**	
	As at 30 September 2014	**As at 31 December 2013**	**As at 30 September 2014**	**As at 31 December 2013**
Other financial non-current assets	-	665	-	-
Trade and other amounts receivable	18.318	11.733	-	-
Amounts receivable from Group companies	-	-	3.079	709
Other current assets	1.364	2.588	-	-
Cash and cash equivalents	309	1.117	1	50
	19.991	**16.103**	**3.080**	**759**

12. Financial instruments by category (cont.)

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

Amortised cost of financial liabilities	The Group		The Company	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Long-term loans	1.271	950	-	-
Other non-current liabilities	51	-	51	-
Long-term loans for the current year and short-term loans	12.396	12.614	14.347	13.478
Trade payables	11.083	6.819	74	24
Other current liabilities	326	1.911	-	10
	25.127	**22.294**	**14.472**	**13.512**

13. Inventories

	The Group		The Company	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Consumables	232	265	-	-
Goods for resale	1.058	541	-	-
Other inventories	-	3	-	-
	1.290	**809**	**-**	**-**

14. Trade and other receivables

	The Group		The Company	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Trade and other receivables, gross	17.653	12.432	-	-
Amounts receivable from Group companies		-	-	-
Taxes receivable, gross	-	-	-	-
Other amounts receivable, gross	856	157	-	-
Loans granted to Group companies	-		3.079	709
Impairment of doubtful amount receivable (-)	(191)	(191)	-	-
Non-current trade debtors (-) – Disclosed in Other non-current assets	-	(665)	-	-
	18.318	**11.733**	**3.079**	**709**

Changes in impairment of doubtful amounts receivable for the year 2014 and 2013 is included under Impairment in the income 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.

14. Trade and other receivables (cont'd)

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

Individually determined impairment

	The Group
Balance as at 31 December 2012	12
Impairment calculated during 9 months	-
Balance as at 30 September 2013	12
Balance as at 31 December 2013	191
Impairment calculated during the period	-
Balance as at 30 September 2014	**191**

The ageing analysis of trade and other receivables of the Group as at 30 September 2014 and 31 December 2013 is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	Less than 30 days	30–90 days	90–180 days	More than 180 days	Impaired amounts receivable	Total
As at 30 September	13.785	783	1.360	646	1.079	-	17.653
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 30 September 2014 and 31 December 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 Group 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 Group does not hold any collateral as security, except as mentioned above.

15. Contracts in progress

The Group	As at 30 September 2014	As at 31 December 2013
Costs incurred on long-term contracts in progress and profit earned*	23.940	20.621
Less: Progress billings	(17.522)	(18.820)
Revenue from long-term contracts	15.425	12.042
Amounts due from customers for long-term contract work	7.250	1.914
Amounts due to customers for long-term contract work	833	209

* Costs incurred on long-term contracts in progress and profit earned includes all contracts that were not finished at the end of the reporting period, but were ongoing during the current and earlier financial periods.

15. Contracts in progress (cont'd)

Amounts due from customers for long-term contracts work are included in the statement of financial position line Trade and other receivables. Amounts due to customers for long-term contract work are included in the statement of financial position line Other current liabilities.

16. Other current assets

The Group	As at 30 September 2014	As at 31 December 2013
Accumulated revenue of long-term contracts	-	37
Cash pledges and deposits	1.364	2.551
	1.364	**2.588**

17. Cash and cash equivalents

	The Group		The Company	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Cash at bank	309	1.113	1	50
Cash on hand	-	4	-	-
	309	**1.117**	**1**	**50**

The fair value of the Group's cash amounted to LTL 309 thousand as at 30 September 2014 (as at 31 December 2013 – LTL 1,117 thousand).

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

	The Group		The Company	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Moody's ratings				
Prime-1	309	1.113	1	50
Not rated	-	-	-	-
	309	**1.113**	**1**	**50**

18. Reserves

Reserve for the acquisition of own shares

An additional reserve of LTL 200 thousand is formed for NRD UAB for acquisition of own shares.

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. During the reporting period of the first nine months of 2014 and the corresponding previous period of 2013 the Group and the Company did not recognise expenses of share based payments as achievement of targets was not evaluated for this period.

18. Reserves (cont'd)

The Group specified the number of planned options according to approved terms. During the reporting period, based on Group results, the number of planned options decreased.

19. Borrowings

	The Group		The Company	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Non-current				
Non-current bank borrowings	1.271	950	-	-
Borrowings from related parties	-	-	-	-
	1.271	950	-	-
Current				
Current portion of non-current borrowings	2.051	2.836	-	-
Borrowings from related parties	10.345	9.778	14.347	13.478
	12.396	12.164	14.347	13.478
Total borrowings	**13.667**	**13.564**	**14.347**	**13.478**

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

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

	The Group		The Company	
Borrowings denominated in:	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
EUR	-	399	-	-
LTL	13.667	13.165	14.347	13.478
	13.667	**13.564**	**14.347**	**13.478**

The amounts pledged to the banks are as follows:

	The Group	
	As at 30 September 2014	As at 31 December 2013
Property, plant and equipment	697	709
Trade receivables	1.033	1.104

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

	The Group	
	As at 30 September 2014	As at 31 December 2013
Borrowings	6,74%	9,12%

As at 30 September 2014, the Group had LTL 307 thousand of unused credit lines or account surplus limit (as at 31 December 2013 – LTL 703 thousand).

20. Leasing (finance lease)

The assets leased by the Group under finance lease contracts consist of computer and office equipment and vehicles. Apart from the lease payments, the most significant liabilities under lease contracts are property maintenance and insurance. The remaining terms of financial lease are from 36 to 60 months. The net carrying amounts of the assets acquired under financial lease specified by categories are as follows:

	The Group	
	As at 30 September 2014	**As at 31 December 2013**
Other fixtures, fittings, tools and equipment	-	5
Vehicles	36	51
	36	56

As at 30 September 2014 and 31 December 2013, the Group's financial lease payables were denominated as follows:

	The Group	
	As at 30 September 2014	**As at 31 December 2013**
EUR	-	6
LTL	49	58
	49	**64**

As at 30 September 2014 and 31 December 2013 the interest rate on the financial lease liabilities denominated in EUR is fixed and amounts to 8%. As at 30 September 2014 and 31 December 2013 the interest rates on the financial lease liabilities denominated in LTL are 6-month VILIBOR with the margin of 1.5%.

Future minimal lease payments and their present value under the above mentioned financial lease contracts are as follows:

	The Group			
	As at 30 September 2014		**As at 31 December 2013**	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	14	12	18	18
From one to five years	38	37	48	46
Total financial lease obligations	**52**	**49**	**66**	**64**
Interest	(3)		(2)	
Present value of financial lease obligations	49		64	
Financial lease obligations are accounted for as:				
- current		12		18
- non-current		37		46

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	
	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Financial liabilities				
Accrued expenses	313	722	-	-
Other amounts payable	64	645	-	10
	377	1.367	-	10
Non-financial liabilities				
Tax payable	-	544	-	-
	-	544	-	-
Total other current and non-current liabilities	**377**	**1.911**	**-**	**10**
Non-current liabilities	-	-	-	-
Current liabilities	377	1.911	-	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, market, currency, liquidity 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 Group's principal financial liabilities comprise loans and overdrafts, finance leases, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's and the Company's operations. The Group has various financial assets such as trade and other receivables, loans granted, investments in equity and debt securities, deposits held in banks and cash which arise directly from its operations.

The Group also enters or 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 Group has not used any of derivative instruments so far, as management considered that there is no necessity for them.

The Group 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 Group.

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

Credit risk

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

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 by the Group of receivable balances.

The Group trade only with recognised, creditworthy third parties. It is the Group's policy, that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances of subsidiary companies are monitored on a monthly basis. There are no significant transactions of the Group or 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 Group, which comprise deposits at banks and cash and cash equivalents, restricted cash and debt securities, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

23. Financial risk management (cont'd)

23.1. Financial risk factors (cont'd)

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

Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the non-current debt obligations with floating interest rates. Current environment is not attractive to seek for fixed interest rates (fixed interest rate is significantly higher than the float, and due to the volatility in the market fixed interest rates are offered for short period of time only). The Group is exposed to fair value interest rate risk due to loans received with fixed interest rate.

Cash flow and fair value interest rate risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity, other than current year profit impact.

	Increase/decrease, % of annual interest	Effect on profit before tax
2014		
EUR	1	18
EUR	-0,5	(9)

	Increase/decrease, % of annual interest	Effect on profit before tax
2013		
EUR	1	4
LTL	1	23
EUR	-0,5	(2)
LTL	-0,5	(11)

As at 31 December 2013, the majority of the Group's borrowings were with fixed interest rates, therefore the Group was not exposed to the risk of changes in interest rate.

Liquidity risk

The Group'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 Group is controlled on an overall Group level. The Group'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 business segment is independently planning 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 according to the Group's and the Company's business segments.

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 Group evaluates the possibilities to attract needed funds. On a monthly basis the business segments report to the Group the forecasted cash inflows and outflows for a future one year period which allows planning the Group's financing effectively. The general rule is to finance the Group companies or to take loans from them through the Company in order to minimise the presence of direct borrowings between the subsidiaries.

23. Financial risk management (cont'd)

23.1. Financial risk factors (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at 30 September 2014 and 31 December 2013 based on contractual undiscounted payments.

The Group	**Less than 3 months**	**4 to 12 months**	**2 to 5 months**	**Total**
Borrowings with interest	11.637	1.314	1.919	14.870
Finance lease obligations	3	10	38	51
Trade and other payables	11.083	-	-	11.083
Other current liabilities	377	-	-	377
Balance as at 30 September 2014	**23.100**	**1.324**	**1.957**	**26.381**

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**

Liquidity risk (cont'd)

The Group's liquidity ratio ((total current assets plus assets of disposal group classified as held-for-sale) / total current liabilities plus liabilities of disposal group directly associated with the assets classified as held-for-sale) as at 30 September 2014 was approximately 0.82 (as at 31 December 2013 – 0.70), the quick ratio ((total current assets – inventories) / total current liabilities) – 0.77 (as at 31 December 2013 – 0.67). The Group's management considers the liquidity position of the Group and the Company based on the current market conditions and takes actions to keep the favourable situation.

Foreign exchange risk

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

The foreign currency risk at the Group and 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

The Group's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, deposits at banks, restricted cash, trade and other receivables, loans granted, trade and other payables, non-current and current borrowings.

The fair value is defined as the price that would be received for exchange of assets or services or that would be used in order to settle liabilities between third parties, intending to buy (sell) assets or to settle liabilities. Fair value of financial assets or liabilities is based on quoted market prices, models using discounted cash flows or other valuation models, depending on circumstances.

As at 30 September 2014 and 31 December 2013, the carrying value of the Group's financial assets and liabilities approximates their fair value.

Methods and assumptions used for fair value measurement of financial instruments are described below:

a) The carrying amount of short-term trade and other receivables, short- term trade and other payables and borrowings is close to their fair value;
b) The fair value of long term borrowings is estimated using same or similar market price of the borrowings or interest rate, which is applied for the same term borrowings at the moment. The carrying value of long term borrowings, with variable and fixed interest rate approximates their fair value.

Fair value hierarchy

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

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

23.3. Capital management

The primary objective of the capital management is to ensure that the Group maintains a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Group's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts and credit agreements, as well as provide the Group's management with necessary information.

The Group's capital comprises share capital, share premium, reserves and retained earnings. The Group 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. If subsidiaries, based on the current year results, violate requirements of the laws, according to the order and terms provided for in laws the Company shall apply the appropriate means so that the aforementioned requirements on the capital would be met. If needed, the appropriate measures will be taken in order to increase share capitals of the above mentioned companies capitalising the loans granted by the Company to the equity of subsidiaries.

Besides, some Group subsidiaries have obligations arising out of credit agreements concluded with banks, including capital. For the purpose of ensuring of bank credits it is required that the ratio of equity plus subordinated borrowings divided by total assets would be not less than specified in the appropriate agreements. Depending on risks related to projects and activities under development the ratio required by banks is 0.3–0.4. The Company, when subordinating credits, seeks to ensure that the subsidiaries comply with this ratio.

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 Group in 2014 and 2013 were 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).

Transactions of the Group with associates in January - September 2014 and balances as at 30 September 2014 were as follows:

The Group	**Revenue from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Other shareholders and the Company's management				
Borrowings	137	185	-	937
Property lease	-	184	-	-
	-	250	-	990
AB Invalda LT group companies				
Borrowings	2.336	2.425	-	8.670
Operating activities	361	-	108	-
Property lease	-	-	-	-
	2.697	1.239	108	8.670

The maturity of loans granted is in 2014, effective interest rate is fixed at 11%. Loans hold no collateral.

Transactions of the Group with associates in January - September 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**
Other shareholders and the Company's management				
Borrowings	-	88	-	990
Property lease	-	162	-	-
	-	250	-	990
AB Invalda LT group companies	-	250	-	990
Borrowings	-	1.054		8.789
Operating activities	409	-	16	-
Property lease	-	185	-	-
	409	1.239	16	8.789

24. Related party transactions (cont'd)

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.

Key management compensation and other payments

The management remuneration contains short-term employees' benefits and share-based payments. Key management of the Group includes Board members of the Company and Chief accountant and the General Managers, which manage the Group's segment, (excluding associates and joint ventures) and managers of subsidiary BAIP UAB structured departments (9 people total).

	The Group	
	January-September 2014	**January-September 2013**
Wages, salaries and bonuses	1.299	1.086
Social security contributions	381	285
Total key management compensation	**1.680**	**1.371**

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

25. Events after the reporting period

On 26 November 2014 the shareholders of INVL Technology AB and BAIP grupė UAB signed the agreement, which provides that INVL Technology AB and BAIP grupė will merge, in order to issue new shares in 2015 and to attract not less than 10 mio Eur of new capital. New entity will approach Lithuanian bank to get the license of closed –end Investment Company.

On 26 November 2014 the shareholder decision has been taken to increase share capital of the Company from LTL 5 000 000 (five million LTL) up to LTL 6 092 685 (six millions ninety two thousands six hundred eighty five LTL) by additional cash contributions, issuing additionally 1 092 685 (one million ninety two thousands six hundred eighty five) common shares by par value of LTL 1 each. On 10 December and 11 December 2014 the agreements were signed with minority shareholders, shares were paid by additional contributions.

On 5 December 2014 the shareholders took decision to re-organize BAIP grupė UAB into public limited liability company BAIP grupė AB. The conversion of BAIP grupė conversion into a public limited company will not affect neither the rights and legitimate interests of the Company itself or its shareholders', creditors' and other parties', neither the Company's business and results of operations, as the conditions and grounds of the activities does not change.

On 8 December 2014 the by-laws of BAIP grupė AB has been registered.

AB INVL TECHNOLOGY

INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN
UNION

GENERAL INFORMATION

Board of Directors

Mr. Alvydas Banys (chairman of the Board)
Ms. Indrė Mišeikytė
Mr. Darius Šulnis

Management

Mr. Darius Šulnis (director)

Address and company code

Registration address
Kalvarijų Str. 11A-20,
Vilnius,
Lithuania

Office address
Šeimyniškių Str. 1A,
Vilnius,
Lithuania

Company code 303299817

Banks

AB DNB Bankas
AB Šiaulių Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 11th November 2014.

Mr. Darius Šulnis
Director

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

Management report

INVL Technology has a stake of 80% in BAIP Group, which invests into IT companies. Later it is intended to apply for a closed-end investment company licence. INVL Technology would become similar to investment fund and would invest into another IT companies in the Baltic countries, Europe and Africa. INVL Technology intends to be strategic-financial investor and, together with the managers of IT companies, to seek the growth of investments value.

During 9 months of 2014 consolidated revenue of BAIP group according to preliminary data reached LTL 40.302 million, which is 30 percent more compared to the same period last year – LTL 31.084 million. BAIP group EBITDA (earnings before interest, taxes, depreciation and amortization) increased by 21 percent and reached LTL 3.015 million. In the same period last year EBITDA amounted to LTL 2.493 million.

In Lithuania during the third quarter of this year BAIP group company BAIP successfully implemented a cloud computing solution between Lithuania and Belarus. Value of the project – LTL 2.247 million. The company also implemented several projects in the financial sector: for LTL 1.755 million, BAIP has renewed magnetic tape libraries at the Bank of Lithuania, completed the migration of workplaces at SEB bank and migrated Mokilizingas data from centralized data centre to virtual servers. Furthermore, BAIP implemented separate, highly reliable data centre for Lithuanian electricity transmission system operator Litgrid. The project value is – LTL 0.551 million.

The company also implemented projects with DPD, Intermedix Lietuva and signed new contracts: LTL 1.22 million worth contract with National Courts Administration for archival data separation and storage solutions, LTL 0.314 million worth equipment sales and installation contract with Euro Vaistine.

NRD, UAB signed a contract with the Police Department and started implementing the Register of Foreigners asylum module and other related modules software development project. The company also signed and started implementing the preparation for the introduction of the euro project in Central Mortgage Office.

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, BAIP group companies continue to implement the Burundi Central Bank data center modernization project as well as the development of Mozambique companies register, created by Norway Registers Development AS seven years ago. In Tanzania and Norway the participants of the first round of Norwegian Peace Corps (Fredskorpset Norway) funded staff exchange program have started their internships.

BAIP group company Norway Registers Development East Africa Ltd., established in Tanzania, organized its annual conference Cyber Defence East Africa 2014. The conference took place in September in Arusha and was attended by nearly 100 IT professionals from Tanzania, Uganda and Burundi. The event was opened by the Deputy Minister of Internal Affairs of Tanzania Pereira Ame Silima, presentations were made by the Tanzania Police Force Cyber Crime Unit, Tanzania national Computer Emergency Response Team (TZ-CERT) representatives, ISACA Tanzania and ISACA Uganda chapters presidents and cyber security experts from Lithuania, Croatia, Tanzania and Uganda. The conference was also attended by the representatives from the East African Community, the American and Russian embassies, Tanzanian public institutions, banks and private sector organizations.

During the third quarter of 2014, BAIP group companies implemented projects in Mauritius, Zimbabwe and Uganda.

The results of INVL Technology presents only the five months of activity, as the company started to operate in the market at the end of April 2014, after the split-off from Invalda LT, AB an asset management company. INVL Technology has suffered a loss of LTL 3 thousand for the period. Investments into BAIP Group reduced LTL 2.727 million and reached LTL16.996 million compared with the end of first half of the year. The change in value was influenced by the last twelve months increase in earnings before interests, taxes, depreciation and amortization (EBITDA) from LTL 5.111 million (in June 2014) to LTL 4.805 million (in September 2014) as well as reduce in the average multiplier of the Central and Eastern Europe technology companies from 7.6 to 7.3

Interim income statement

		Nine months of 2014	III Quarter 2014
		Unaudited	
Income			
Net change in fair value of financial assets	5	57	(2,728)
Other income		-	-
Total net income		**57**	**(2,728)**
Expenses			
Employee benefits expenses		(7)	(4)
Exchange's, depository's and brokers' fees for securities	6	(42)	(13)
Other taxes		(7)	(1)
Other expenses		(4)	(4)
Total operating expenses		**(60)**	**(22)**
Operating profit (loss)		**(3)**	**(2,750)**
Finance costs		-	-
Profit (loss) before income tax		**(3)**	**(2,750)**
Income tax credit (expenses)		-	-
PROFIT (LOSS) FOR THE PERIOD		**(3)**	**(2,750)**
Basic and diluted earnings (deficit) per share (in LTL)		(0.01)	(4.64)

Interim statement of comprehensive income

	Nine months of 2014	III Quarter 2014
	Unaudited	
Profit (loss) for the year	**(3)**	**(2,750)**
Net other comprehensive income (loss) that may be subsequently reclassified to profit or loss subsequent periods	-	-
Net other comprehensive income (loss) not to be reclassified to profit or loss	-	-
Other comprehensive income (loss) for the period, net of tax	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(3)**	**(2,750)**

Interim statement of financial position

		As at 30 September 2014
		Unaudited
ASSETS		
Non-current assets		
Property, plant and equipment and intangible assets		-
Financial assets at fair value through profit or loss	5	17,004
Total non-current assets		**17,004**
Current assets		
Trade and other receivables		-
Cash and cash equivalents		112
Total current assets		**112**
Total assets		**17.116**
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent		
Share capital	4	593
Share premium	4	862
Reserves	4	1,999
Retained earnings		13,650
Total equity		**17,104**
Liabilities		
Non-current liabilities		
Deferred income tax liability		-
Other non-current liabilities		-
Total non-current liabilities		**-**
Current liabilities		
Current borrowings		-
Trade payables		8
Other current liabilities		4
Total current liabilities		**12**
Total liabilities		**12**
Total equity and liabilities		**17,116**

Statement of changes in equity

				Reserves			
The Company	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve of purchase of own shares**	**Retained earnings (accumulated deficit)**	**Total**
Balance as at 29 April 2014	**593**	**-**	**862**	**81**	**1,918**	**13,653**	**17,107**
Profit (loss) for the nine months of 2014	-	-	-	-	-	(3)	(3)
Other comprehensive income (loss) for the nine months of 2014	-	-	-	-	-	-	-
Total comprehensive income (loss) for the nine months of 2014	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Changes in reserves	-	-	-	-	-	-	-
Balance as at 30 September 2014 (unaudited)	**593**	**-**	**862**	**81**	**1,918**	**13,650**	**17,104**

Statement of cash flows

		Nine months of 2014
		Unaudited
Cash flows from (to) operating activities		
Net profit (loss) for the period		(3)
Adjustments for non-cash items and non-operating activities:		
Net change in fair value of financial assets	5	(57)
Interest (income)		-
Interest expenses		-
Deferred taxes		-
Current income tax expenses		-
		(60)
Changes in working capital:		
Decrease (increase) in trade and other receivables		-
(Decrease) increase in trade payables		8
(Decrease) increase in other current liabilities		4
Cash flows (to) from operating activities		**(48)**
Income tax (paid)		-
Net cash flows (to) from operating activities		**(48)**
Cash flows from (to) investing activities		
Loans (granted)		-
Repayment of granted loans		414
Interest received		-
Net cash flows (to) investing activities		**414**
Cash flows from (to) financing activities		
Cash flows related to owners		
(Acquisition) of own shares		-
Dividends (paid)		-
		-
Cash flows related to other sources of financing		
Cash received according to split-off terms	4	154
Proceeds from loans		-
(Repayment) of loans	4	(408)
Interest (paid)		-
		(254)
Net cash flows (to) from financial activities		**(254)**
Impact of currency exchange on cash and cash equivalents		**-**
Net (decrease) increase in cash and cash equivalents		**112**
Cash and cash equivalents at the beginning of the period	4	**-**
Cash and cash equivalents at the end of the period		**112**

Notes to the interim condensed financial statements

1 General information

AB INVL Technology (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania. It was established on 29 April 2014, following the split-off of 2.60 % assets, equity and liabilities from AB Invalda LT (code 121304349). A group of specialized information technologies (IT) entities was transferred to the Company (hereinafter the split-off). More details about the split-off are disclosed in Note 4.

The registration address is as follows:

Kalvarijų str. 11A-20,
Vilnius,
Lithuania.

The address of the office is as follows:

Šeimyniškių str. 1A,
Vilnius,
Lithuania.

These financial statements cover the interim financial period of the Company, starting from the Company's establishment date 29 April 2014 and ending on 30 September 2014.

The Company has a stake of 80% in UAB BAIP grupė, which invests into IT companies, and a stake of 100% in dormant UAB Inventio. BAIP Group is a group of specialized entities, working in the field of IT and legal informatics, and specialises in the field of business climate improvement reforms, integrated national information system design, critical IT infrastructure resilience, national cyber security and cyber defence. Currently BAIP group has companies in Lithuania, Norway and Tanzania and has implemented projects in more than 50 countries around the world.

The Company intends to be strategic-financial investor and, together with the managers of IT companies, to seek the growth of investments value through mergers, development and sale of businesses.

The Company's share capital is divided into 592,730 ordinary registered shares with the nominal value of LTL 1 each. All the shares of the Company were fully paid. Subsidiaries did not hold any shares of the Company. As at 30 September 2014 the shareholders of the Company were (by votes)*:

	Number of votes held	Percentage
UAB LJB Investments	180,419	30.44
Mrs. Irena Ona Mišeikiene	171,307	28.90
AB Invalda LT	73,751	12.44
UAB Lucrum Investicija	60,159	10.15
Mr. Alvydas Banys	45,500	7.68
Ms. Indrė Mišeikytė	11,832	2.00
Other minor shareholders	49,762	8.39
Total	592,730	100.00%

* Some shareholders have sold part of their shares under repo agreement (so did not hold the legal ownership title of shares), but they retained the voting rights of transferred shares.

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

2 Basis of preparation and accounting policies

The principal accounting policies applied in preparing the Company's financial statements for the nine months ended 30 September 2014 are as follows:

2.1. Basis of preparation

The interim condensed financial statements for the nine months ended 30 September 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Company has been deemed to meet the definition of an investment entity as per IFRS 10. The Company does not consolidate its subsidiaries, nor prepares the consolidated financial statements.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. Although these estimates are based on management's best knowledge of current circumstances, events or actions, actual results may ultimately differ from these estimates.

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

Adoption of new Standards and Interpretations, which are mandatory from 1 January 2014, is noted below.

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. This standard had no impact on the financial statements since the Company meets the definition of an investment entity and it does not prepare the consolidated financial statements. Investments in subsidiaries are carried at fair value through profit or loss.

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. This standard had no impact on the financial statements since the Company meets the definition of an investment entity and it does not prepare the consolidated financial statements.

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. None of these disclosure requirements are applicable for interim condensed consolidated financial statements. Accordingly, the Company has not made such disclosures.

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 nine months ended 30 September of 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 nine months ended 30 September of 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 nine months ended 30 September of 2014.

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

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 will remove 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 nine months ended 30 September of 2014.

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 will be 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 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. This amendment had significant impact on the financial statements since the Company meets the definition of an investment entity and it does not prepare the consolidated financial statements.

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 Company currently, because it has not recognised any hedging instrument.

2.2. Investment entity and consolidated financial statements

<u>Investment entity</u>

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 in 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.

<u>Subsidiaries</u>

The Company has no subsidiaries other than those determined to be controlled subsidiary investments. Controlled subsidiary investments are measured at fair value through profit or loss and 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 in the Fair Value estimation notes below.

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.

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

2.3. Functional and presentation currency

The 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 presentation currency. 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.

2.4. Impairment of non-financial assets

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 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 recognised 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.

2.5. Fair value estimation

The fair value of investments traded in active markets is based on quoted market prices at the close of trading, which is the date closest to the reporting date. The fair value of investments that are not traded in active markets is determined by using valuation techniques. Such valuation techniques may include the most recent transactions in the market, the market price for similar transactions, discounted cash flow analysis or any other valuation models.

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

2.6. 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. 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 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 Company classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities 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. This sub-category includes subsidiaries that are part of the Company's investment portfolio.

Gains or losses on financial assets at fair value through profit or loss are recognized in profit and loss within "Net change in fair value of financial assets". Interest on debt securities at fair value through profit or loss is recognized within "interest income" based on the effective interest rate. Dividends earned on investments are recognised in the income statement as "dividend income" when the right of payment has been established. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

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. The Company's loans and receivables comprise 'loans granted', 'trade and other receivables', 'cash and cash equivalents' in the statement of financial position.

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

2.7. Impairment of financial assets

Assets carried at amortised cost

The Company assesses at each reporting date whether 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 Company 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 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 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 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 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.

2.8. 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 Basis of preparation and accounting policies (cont'd)

2.9. 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 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.10. 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 derecognised when:

- the rights to receive cash flows from the asset have expired;
- 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 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 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 Company's continuing involvement in the asset. In that case, 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 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 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 Basis of preparation and accounting policies (cont'd)

2.11. Revenue recognition

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 Company's activities as described below. 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.

<u>Disposal of investments</u>

Gain (loss) from sale of investment is recognised when the significant risk and rewards of ownership of the investment have passed to the buyer.

<u>Interest income</u>

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).

<u>Dividends income</u>

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

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

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 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 Basis of preparation and accounting policies (cont'd)

2.13. 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.

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.

The standard income tax rate in Lithuania was 15 % in 2014. Starting from 2010, tax losses can be transferred at no consideration or in exchange for certain consideration between the Company's entities if certain conditions are met.

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.

By Lithuanian Income Tax Law shall be not taxed sale of shares of 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, 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 Company, 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 management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed 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 are 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. From 1 January 2014 current year taxable profit could be decreased by previous year tax losses only up to 70%.

2 Basis of preparation and accounting policies (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.

2.14. 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 Company's entities 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.

2.15. Employee benefits

Social security contributions

The Company pay 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 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.

Bonus plans

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.

2.16. 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.

2.17. Events after the reporting period

Events after the reporting period that provide additional information about 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.

3 Critical accounting estimates and judgements

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 continually evaluated 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 will, by definition, seldom equal the related 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.

3.1. 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 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 models used to determine Level 3 fair value, is provided in Note 5.

3.2. Investment entity status

The management periodically reviews whether the Company meets all the defining criteria of an investment entity referred to in Note 2.2. In addition, the management assesses the Company‘s operation objective (Note 1), investment strategy, origin of income and fair value models. According to the management, the Company met all the defining criteria of an investment entity throughout the period from its establishment to the financial reporting date.

4 Split-off

On 21 March 2014 the split-off terms of AB Invalda LT (code 121304349) were announced. The General Shareholders Meeting approved the terms of the Company's split-off on 28 April 2014. The Split-off was completed on 29 April 2014. According to the terms, three entities AB INVL Baltic Farmland, AB INVL Baltic Real Estate and AB INVL Technology, comprising 47.95% of AB Invalda LT assets calculated at carrying amounts, were split-off from AB Invalda LT. Following the split-off, 2.60% of the assets, equity and liabilities were transferred to the Company.

The Company's equity was formed in accordance with procedure set forth in the terms of the split-off, whereas assets received and liabilities assumed were estimated at fair values at the date of Split-off. The subsidiary UAB Inventio was estimated according to its equity, subsidiary UAB BAIP grupė was estimated by using earnings multiple technique (3 level, Note 5).

Below the starting statement of financial position of the Company is presented:

	As at 29 April 2014
Financial assets at fair value through profit or loss	16,947
Loans granted	414
Trade and other receivables	154
Cash and cash equivalents	-
Total assets	**17,515**
Share capital	593
Share premium	862
Reserves	1,999
Retained earnings	13,653
Total equity	*17,107*
Deferred income tax liability	-
Current borrowings	408
Total liabilities	*408*
Total equity and liabilities	**17,515**

During the split-off part of liability rising from credit agreement with Šiaulių bankas was transferred to the Company. The credit was fully repaid in the beginning of May 2014.

5 Financial assets at fair value through profit or loss

The Company's financial assets at fair value through profit or loss comprised subsidiaries UAB BAIP grupė and UAB Inventio. These assets ate non-current assets and are Level 3 instruments by valuation. The main assets of UAB Inventio is cash at the bank, therefore the entity are measured according to its equities. UAB BAIP grupė owns specialized information technology entities. Consolidated group financials were used for the valuation which was performed using EBITDA (earnings before interest, taxes, depreciation and amortization) multiple technique. 12 months trailing EBITDA was used and value after multiplication was corrected by:

- deducting difference between total liabilities and short-term assets increased by the amount of 4 months moving average of working capital,
- deducting non-controlling interest value, measured as its book value.

Performing the valuation, possible obligation to issue new shares of UAB BAIP grupė was taken into account. Model was built in a way that newly issued shares reduce the part of UAB BAIP grupė owned by the Company.

EBITDA multiple used in calculations is 7.3 representing average Central and Eastern Europe IT sector companies' EV/EBITDA ratio (Equity Value-to-EBITDA) according to these entities (source Bloomberg; 30 September 2014):

Name of the entity	EBITDA multiple
ACTION S.A.	8.7
ATEA ASA	9.0
SYGNITY S.A.	6.0
ASSECO POLAND S.A.	6.6
COMARCH S.A.	6.2
AB S.A.	7.1

If EBITDA multiple goes by 1 to either direction, correspondingly the value of shares of UAB BAIP grupė would move to the same direction by LTL 3,303 thousand as at 30 September 2014 (29 April 2014 – LTL 3,067 thousand; EBITDA multiple – 7.6).

The following table presents the changes in Level 3 instruments for the nine months ended September 2014.

	Total
Opening balance	16,947
Gains and losses recognised in profit or loss	57
Closing balance	17,004
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	57

The main indicators of the statements of the financial position of UAB BAIP grupė are presented below:

Non-current assets	15,767
Current assets	21,896
Total assets	**37,663**
Total equity	*9,290*
Non-current liabilities	1,577
Current liabilities	26,796
Total liabilities	*28,373*
Total equity and liabilities	**37,663**

6 Exchange's, depository's and brokers' fees for securities

The Company had suffered one-off expenses for admission of securities into exchange trading lists of LTL 24 thousand.

7 Related party transactions

The related parties of the Company were the shareholders of the Company (note 1) and the entities of the group of AB Invalda LT. The Company was established after the split-off from Invalda LT (transactions were with AB Invalda LT, UAB Cedus Invest).

The Company's transactions with related parties during the nine months of 2014 and related quarter-end balances were as follows:

	Amounts in LTL			
Nine months of 2014 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
AB Invalda LT (accounting services)	-	3,000	-	3,630
UAB Cedus Invest (loan)	307	-	-	-
	307	3,000	-	3,630
Liabilities to shareholders and management	-	-	-	-

8 Material events, which have announced during 2014

- On 20 May 2014, the company informed that the Supervisory Authority of the Bank of Lithuania on 20 May 2014 decided to treat the information submitted in the split-off terms of AB Invalda LT, in other related documentation, in the list of references related to AB INVL Technology, in the description of the risk factors as information equivalent to the information that is required to be disclosed in the prospectus of AB INVL Technology. The Board of AB INVL Technology decided to present a requisition for NASDAQ OMX Vilnius stock exchange for registering company's shares into the Secondary list from 4 June 2014.

- On 3 of June 2014, AB INVL Technology presented company's portfolio. UAB BAIP Grupe is the first portfolio investment of AB INVL Technology. AB INVL Technology has a stake of 80% in UAB BAIP Grupe. The audited revenue of UAB BAIP Grupe in 2013 grew 25.3 percent to LTL 50.752 million (EUR 14.7 million). The EBITDA of UAB BAIP Grupe grew 65.6 percent to LTL 4.45 million (EUR 1.3 million).

- On 29 of July 2014, AB INVL Technology portfolio company of UAB BAIP Grupe announced unaudited consolidated results. AB INVL Technology has a stake of 80% in UAB BAIP Grupe, which operates in information technology and legal informatics sector. Compared to the first half of 2013, UAB BAIP Grupe consolidated revenue in the first half of 2014 increased by 30 percent and reached LTL 24.82 million (EUR 7.188 million). In the same period last year it was LTL 19.101 million (EUR 5.532 million). Consolidated EBITDA increased by 58 percent and reached LTL 2.257 million (EUR 0.654 million EUR). In the same period last year EBITDA amounted to LTL 1.429 million (EUR 0.414 million). In the second quarter of 2014 consolidated revenue of UAB BAIP Grupe according to preliminary data reached LTL 14.698 million (EUR 4.257 million) - 41 percent increase, compared to the same period last year – LTL 10.409 million (EUR 3.015 million). UAB BAIP Grupe consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) also increased by 41 percent and reached LTL 1.168 million (EUR 0.338 million). In the same period last year EBITDA amounted to LTL 0.829 million (EUR 0.24 million).

- On 26 August 2014 AB INVL Technology announced unaudited results for 6 months of 2014. Unaudited net profit of AB INVL Technology amounted to LTL 2.747 million (EUR 0.796 million). The equity of AB INVL Technology amounted to LTL 19.854 million (EUR 5.75 million) or LTL 33.5 (EUR 9.7) per share at the end of June 2014.

CENTRE OF REGISTERS

Register of Legal Entities of the Republic of Lithuania
Main data extract

Name:	**AB BAIP grupė**
Legal persons code:	**300893533**
Legal form:	**Public joint-stock company**
Legal status:	**Legal status not registered**
Office address:	**A.Juozapavičiaus str. 6, Vilnius city, Vilnius city district**
Registration date:	**2007-06-27**
The rule accordingg to which persons are acting on behalf of a legal person:	**Sole representation** **On behalf of a legal person acts manager**
Manager:	**KAZIMIERAS TONKŪNAS, Director**
The Board:	**ALVYDAS BANYS, Member** **NERIJUS DROBAVIČIUS, Member** **VYTAUTAS PLUNKSNIS, Member** **GYTIS UMANTAS, Member** **KAZIMIERAS TONKŪNAS, Member**
Chairman of the Board:	**KAZIMIERAS TONKŪNAS**
Authorized capital amount:	**6092685 LTL**
Operating restrictions:	**Not registered**
Contact information:	
Mobile phone:	**862017820**
E-mail adress:	**info@baipgrupe.lt**
Version:	**37 (2014-12-18)**
Data status:	**Fully sorted data**
The Registrar:	**State company Centre of Registers Vilnius branch**

ARTICLES OF ASSOCIATION

of the public joint – stock company INVL Technology

I. GENERAL PROVISIONS

1. Public joint-stock company INVL Technology (hereinafter – the Company) is a limited civil liability private legal person with economic, financial and organizational independence.
2. The Company shall act in accordance with the present Articles of Association, Civil Code of the Republic of Lithuania, Law on Companies and Law on Securities of the Republic of Lithuania and other legal acts.
3. The Company's legal form - public joint-stock company.
4. The period of the Company's activity is unlimited.
5. The Company's financial year is the calendar year.
6. The Company's name is the public joint-stock company INVL Technology.

II. TARGETS AND SUBJECT OF THE COMPANY'S ACTIVITY

7. The Company's activity target is satisfaction of the Company's shareholders' interests, ensuring a constant increase in value of shares owned by the Company's shareholders. For this purpose the Company shall:

7.1. improve the structure of the investment portfolio;

7.2. carry out an active investing and re-investing activity;

7.3. supervise economic-financial activity of companies controlled by the Company.

8. The subjects of the Company's activity are the following: investment activity, services, construction, manufacturing, sales. The Company has a right also to be involved into other activities which do not contradict with the targets of the Company and/or the laws of the Republic of Lithuania. Licensed activity and activity to be performed according to established procedure shall be performed by the Company provided that all appropriate licenses or permits have been obtained.

III. AUTHORIZED CAPITAL OF THE COMPANY

9. The authorized capital of the Company is EUR 1 773 267.06 (one million seven hundred seventy three thousand two hundred sixty seven EUR and 6 cents).
10. The authorized capital can be increased upon resolution of the General Meeting of Shareholders according to the order established in the Law on Companies of the Republic of Lithuania.
11. The authorized capital can be decreased upon resolution of the General Meeting of Shareholders according to the order established in the Law on Companies of the Republic of Lithuania or upon a court decision in cases provided in the Law on Companies of the Republic of Lithuania.

IV. NUMBER OF SHARES, THEIR NOMINAL VALUE AND RIGHTS PROVIDED BY THEM TO SHAREHOLDERS

12. The Company's authorized capital is divided into 6 114 714 (six million one hundred fourteen thousand seven hundred fourteen) ordinary registered shares.

13. Nominal value per share is EUR 0.29.

14. The Company's shares are uncertificated. They shall be documented by appropriate records made on personal securities accounts of shareholders. These accounts are managed according to the procedure laid down in the legal acts regulating the securities market.

15. The Company may issue ordinary shares having the status of employee shares.

16. The rights and duties of the shareholders are prescribed by the Law on Companies of the Republic of Lithuania and other legal acts of the Republic of Lithuania.

V. COMPANY'S GOVERNING BODIES

17. The governing bodies of the Company are the General Meeting of Shareholders, the Board and the Company manager. The Supervisory Board is not formed in the Company.

18. The Board is a collegial management body of the Company. The Board shall consist of 5 (five) members and function for the 4 (four) year period. The Board members shall elect the Chairman of the Board.

19. The Company has a sole managing body – the manager of the Company.

20. The scope of competence of the General Meeting of Shareholders, its convocation order as well as other issues related to the activity and decisions to the General Meeting of Shareholders, the scope of competence of the Board and the manager of Company, the order of election (appointment) and recall as well as other issues related to the activity of the Board and the manager of the Company are prescribed in chapter V of the Law on Companies of the Republic of Lithuania.

21. A decision to issue the bonds is taken by the Board of the Company.

22. The manager of the Company has the right to issue a procuration the Company's employees according to the order established in the Civil Code of the Republic of Lithuania.

VI. PROCEDURE OF ANNOUNCEMENT OF THE COMPANY'S NOTIFICATIONS

23. Notices about convocation of the General Meeting of Shareholders as well as the documents related to it shall be publicly announced to the shareholders according to the rules established in the Law on Companies and Law on Securities of the Republic of Lithuania.

24. All notices (except for notices referred to in Article 23 of the provided Articles of Association), that have to be announced publicly according to the Law on Companies of the Republic of Lithuania and other laws, shall be announced in the electronic publication for public announcements which is issued by the register of legal entities in accordance with the terms established by the Government of the Republic of Lithuania.

VII. PROCEDURE REGARDING DOCUMENTS AND OTHER INFORMATION SUBMISSION TO SHAREHOLDERS

25. Upon a shareholder’s written demand, the Company not later than within 7 days from the date of receipt of the written demand will make available to this shareholder the requested documents at the registered office of the Company during working hours or at the other place indicated by the manager of the Company in which such documents are kept provided these documents do not contain Company’s commercial (industrial) secrets and confidential information. Copies of the requested documents may be sent to the shareholder by registered post or submitted in person.

26. A shareholder or a group of shareholders holding or managing 1/2 and more shares after having provided the Company with its set form of a written commitment not to disclose the Company’s commercial (industrial) secrets and confidential information, shall have the right to inspect all the Company’s documents. The form of commitment is set by the manager of the Company.

27. In case a shareholder requires providing the copies of the Company documents, a certain fee can be imposed in regard with the Company’s expenses related to copying, submission and employees’ time spent and other expenses, however the amount of this fee cannot exceed the documents and other information submission expenses fixed and approved by the manager of the Company. The copies will be submitted to the shareholder after the appropriate shareholder’s written demand is received and remuneration to the Company is paid as indicated in this article.

VIII. PROCEDURE REGARDING ESTABLISHMENT OF THE COMPANY’S BRANCHES AND REPRESENTATIVE OFFICES AND TERMINATION OF THEIR ACTIVITY

28. A decision regarding establishment of the Company’s branch and representative offices and its activity termination as well as regarding approval of their Articles of Association shall be adopted by the Company’s Board according to the present Articles of Association and existing laws.

29. The Company’s Board shall appoint and recall the heads of the Company’s branches and representative offices.

IX. PROCEDURE OF AMENDMENT OF ARTICLES OF ASSOCIATION

30. The procedure of amendment of the Company‘s Articles of Association is the same as indicated in the Law on Companies of the Republic of Lithuania.

All the other issues not being agreed in the present Articles of Association shall be governed by the Civil Code of the Republic of Lithuania, the Law on Companies and Law on Securities of the Republic of Lithuania and other legal acts of the Republic of Lithuania..

The present Articles of Association were signed on _________________________, 2015.

Authorized person

AB "INVL TECHNOLOGY"
ir
AB „BAIP Grupė"
REORGANIZAVIMO (PRIJUNGIMO) SĄLYGŲ
VERTINIMO ATASKAITA
2014 m. gruodžio 23 d.

MOORE STEPHENS
VILNIUS

J. Kubiliaus g. 6
LT - 08234 Vilnius
Lietuva

Tel.: +370 (5) 268 5929
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AB „INVL TECHNOLOGY“

Kalvarijų g. 11A-20, Vilnius

AB „BAIP Grupė“

A. Juozapavičiaus g. 6, Vilnius

2014 m. gruodžio 23 d.

Gerbiamieji,

Mes atlikome akcinės bendrovės "INVL Technology“ ir akcinės bendrovės „BAIP Grupė“ reorganizavimo sąlygų, patvirtintų akcinės bendrovės "INVL Technology" valdybos 2014 m. gruodžio 23 d., vertinimą, vadovaujantis Lietuvos Respublikos akcinių bendrovių įstatymo 63 straipsnio 2 ir 3 dalimis bei Civilinio kodekso reikalavimais.

Prijungimo sąlygų vertinimas buvo atliktas vadovaujantis prielaida, kad visi mums pateikti dokumentai ir juose nurodyta informacija yra teisinga ir atspindi esamą situaciją, taip pat, kad visi parašai ir antspaudai yra tikri, kopijos atitinka originalus, dokumentai nebuvo pakeisti ar pataisyti po to, kai buvo mums pateikti. Mes netikrinome, ar visa mums pateikta informacija yra teisinga ir išsami, išskyrus atvejus paminėtus ataskaitoje. Mūsų vertinimas neapima jokių kitų akcinės bendrovės "INVL Technology“ ir akcinės bendrovės „BAIP Grupė“ dokumentų, išskyrus išvardintus ataskaitoje, ir apsiriboja informacija ir dokumentais, kurie mums buvo pateikti vertinimo tikslais. Užklausos dėl papildomos informacijos trečiosioms šalims siunčiamos nebuvo. Mes taip pat neprisiimame įsipareigojimo atnaujinti vertinimo ataskaitą, jei atsirastų pasikeitimų po ataskaitos paruošimo datos.

Iki prijungimo veikusių akcinių bendrovių „INVL Technology“ ir „BAIP Grupė“ vadovybės yra atsakingos už teisingą šių Prijungimo sąlygų parengimą pagal Lietuvos Respublikos Akcinių bendrovių įstatymą ir kitų teisės aktų reikalavimus.

Prijungimo sąlygų vertinimo apimtis apsiribojo tik vertinimu, ar akcijų keitimo santykis yra teisingas ir pagrįstas, o metodai taikyti nustatant akcijų keitimo santykį ir jų įtaka akcijų vertės nustatymui yra tinkami. Jokie kiti prijungimo aspektai vertinti nebuvo. Šios procedūros buvo atliktos vien tik akcinės bendrovės „INVL Technology“ numatomo prijungimo prie akcinės bendrovės „BAIP Grupė“ tikslais, todėl Reorganizavimo (Prijungimo) sąlygų vertinimo ataskaita negali būti naudojama jokiems kitiems tikslams.

Mūsų darbo apimtis yra gerokai mažesnė nei auditas ar peržvalga, kurie atliekami siekiant išreikšti nuomonę apie finansinę ir kitokią Reorganizavime dalyvaujančių ir Reorganizuojamų bendrovių informaciją vadovaujantis Tarptautiniais audito standartais ar kitais taikomais profesiniais standartais. Jei būtume atlikę auditą ar peržvalgą, mūsų vertinimas būtų turėjęs kitus tikslus bei būtų pateiktos kitos išvados, komentarai ar rekomendacijos.

Dangutė Pranckėnienė
Auditoriaus pažymėjimo Nr. 000345
UAB "Moore Stephens Vilnius", audito įmonės pažymėjimo Nr. 001226

Nepriklausomas Moore Stephens International Limited tinklo narys -nariai pagrindiniuose pasaulio miestuose

1. Prijungimo sąlygų įvertinimo apimtis ir procedūros

Mes atlikome čia pridedamų akcinės bendrovės "INVL Technology" ir akcinės bendrovės „BAIP Grupė" reorganizavimo sąlygų, patvirtintų akcinės bendrovės "INVL Technology" valdybos sprendimu 2014 m. gruodžio 23 d. ir akcinės bendrovės „BAIP Grupė" valdybos sprendimu 2014 m. gruodžio 23 d., (toliau - Prijungimo sąlygos) vertinimą pagal Lietuvos Respublikos Akcinių bendrovių įstatymo 63 straipsnio ir Civilinio kodekso reikalavimus.

Reorganizavimą numatyta atlikti prijungimo būdu prie AB „BAIP Grupė" (toliau – Reorganizavime dalyvaujanti bendrovė), kuri tęs veiklą nauju pavadinimu – akcinė bendrovė „INVL Technology" (toliau –Bendrovė), prijungiant akcinę bendrovę „INVL Technology" (toliau – Reorganizuojama bendrovė), kuri baigs veiklą, o visos Reorganizuojamos bendrovės teisės ir pareigos pereina po reorganizavimo tęsiančiai veiklą Bendrovei.

Prijungimo sąlygų vertinimas buvo atliktas vadovaujantis prielaida, kad visi mums pateikti dokumentai ir juose nurodyta informacija yra teisinga ir atspindi esamą situaciją, taip pat, kad visi parašai ir antspaudai yra tikri, kopijos atitinka originalus, dokumentai nebuvo pakeisti ar pataisyti po to, kai buvo mums pateikti. Mes netikrinome, ar visa mums pateikta informacija yra teisinga ir išsami, išskyrus atvejus paminėtus ataskaitoje. Mūsų vertinimas neapima jokių kitų akcinės bendrovės "INVL Technology" ir akcinės bendrovės „BAIP Grupė" dokumentų, išskyrus išvardintus ataskaitoje, ir apsiriboja informacija ir dokumentais, kurie mums buvo pateikti vertinimo tikslais. Užklausos dėl papildomos informacijos trečiosioms šalims siunčiamos nebuvo. Mes taip pat neprisiimame įsipareigojimo atnaujinti vertinimo ataskaitą, jei atsirastų pasikeitimų po ataskaitos paruošimo datos.

Iki prijungimo veikusių akcinių bendrovių „INVL Technology" ir „BAIP Grupė" vadovybės yra atsakingos už teisingą šių Prijungimo sąlygų parengimą pagal Lietuvos Respublikos akcinių bendrovių įstatymą, Civilinį kodeksą ir kitų teisės aktų reikalavimus.

Prijungimo sąlygų vertinimą atlikome pagal TUUS 3000 "Užtikrinimo užduotys, išskyrus istorinės finansinės informacijos auditus ar peržvalgas", tikslu pateikti:

a) Išvadą dėl akcijų keitimo santykio teisingumo ir pagrįstumo;
b) Metodus, panaudotus akcijų keitimo santykiui nustatyti ir išvadas dėl šių metodų tinkamumo bei įtakos nustatant akcijų vertę;
c) Kilusių vertinimo sunkumų aprašymą.

Prijungimas vykdomas iki prijungimo veikusios akcinės bendrovės „BAIP Grupė" veiklą, susijusią su investavimu į Lietuvos informacinių technologijų rinką, prijungiant akcinę bendrovę „INVL Technology", kurios pagrindinis turtas yra AB „BAIP Grupė" akcijos.

Visiems akcinės bendrovės „INVL Technology" akcininkams po prijungimo prie akcinės bendrovės „BAIP Grupė", kuri tęsia veiklą nauju pavadinimu - „INVL Technology", akcijos skirstomos proporcingai keičiant turimas Reorganizuojamos bendrovės akcijas į Reorganizavime dalyvaujančios bendrovės akcijas.

Vertindami Prijungimo sąlygas, mes peržiūrėjome šiuos dokumentus:

- AB „INVL Technology" (Reorganizuojama bendrovė) 2014 m. 9 mėnesių neaudituotos tarpinės sutrumpintos finansinės ataskaitos, parengtos pagal tarptautinius finansinės atskaitomybės standartus, priimtus taikyti Europos Sąjungoje;
- UAB „BAIP Grupė" (Reorganizavime dalyvaujanti bendrovė) tarpinės konsoliduotos ir atskiros 2014 m. rugsėjo 30 d. finansinės ataskaitos, parengtos pagal tarptautinius finansinės atskaitomybės standartus, priimtus taikyti Europos Sąjungoje;

- UAB „BAIP Grupė“ 2013 m. konsoliduotasis metinis pranešimas ir konsoliduotosios 2013 metų finansinės ataskaitos, parengtos pagal tarptautinius finansinės atskaitomybės standartus, priimtus taikyti Europos Sąjungoje, pateikiamos kartu su nepriklausomo auditoriaus išvada;
- UAB „BAIP Grupė“ įstatai, patvirtinti 2014 m. lapkričio 26 d.;
- AB „BAIP Grupė“ įstatai, patvirtinti 2014 m. gruodžio 18 d.;
- AB „INVL Technology“ (Reorganizuojama Bendrovė) įstatai, patvirtinti 2014 m. balandžio 29 d.;
- UAB „BAIP Grupė“ akcininkų sprendimas 2014 m. gruodžio 5 d.;
- AB „INVL Technology“ (Reorganizuojama Bendrovė) visuotinio akcininkų susirinkimo protokolas Nr. 2014/02, 2014 m. gruodžio 19 d.;
- AB „INVL Technology“ (Bendrovė) įstatų projektas;
- AB „INVL Technology“ ir AB „BAIP Grupė“ Reorganizavimo sąlygos 2014 m. gruodžio 23 d.;

Vertindami Prijungimo sąlygas mes atlikome šias procedūras:

a. įvertinome Prijungimo sąlygų atitikimą Lietuvos Respublikos akcinių bendrovių įstatymo 63 straipsnio reikalavimams;
b. įvertinome metodų, panaudotų Prijungimo sąlygose akcijų keitimo santykiui nustatyti, tinkamumą bei jų įtaką nustatant akcijos vertę;
c. įvertinome Prijungimo sąlygose nurodyto akcijų keitimo santykio tikslumą ir pagrįstumą.

Šios procedūros buvo atliktos vien tik akcinės bendrovės „INVL Technology“ numatomo prijungimo prie akcinės bendrovės „BAIP Grupė“ tikslais, todėl Prijungimo sąlygų vertinimo ataskaita negali būti naudojama jokiems kitiems tikslams. Prijungimo sąlygų vertinimo ataskaita gali būti pateikta juridinių asmenų registro tvarkytojui.

2. Metodai, panaudoti akcijų keitimo santykiui nustatyti

Reorganizuojamos bendrovės įregistruotas ir apmokėtas įstatinis kapitalas yra 592 730 Lt, padalintas į 592 730 vnt. 1 Lt nominalo paprastąsias vardines akcijas. Reorganizavime dalyvaujančios bendrovės įregistruotas ir apmokėtas įstatinis kapitalas yra 6 092 685 Lt, padalintas į 6 092 685 vnt. 1 Lt nominalo paprastąsias vardines akcijas.

Reorganizuojamos bendrovės akcijomis yra prekiaujama NASDAQ OMW Vilniaus prekybinių popierių biržoje. Nustatant akcijų keitimo santykį Reorganizuojamos bendrovės akcijos buvo vertinamos pagal vidutinę svertinę šešių mėnesių kainą, imant periodą nuo 2014-06-18 iki 2014-12-18. Per tą laiką buvo akcijų apyvartą biržoje sudarė 1813 vnt. (0,31 proc. esamų akcijų) Reorganizuojamos bendrovės akcijų už 60175,61 Lt sumą, iš jų 593 vnt. (32,71 proc.) už 20542,57 Lt (34 proc.) vadovų atlikti akcijų pirkimo - pardavimo sandoriai. Mūsų manymu, reorganizuojamos bendrovės akcijos rinkoje yra mažai likvidžios. Mes perskaičiavome, kokią įtaką Reorganizuojamos bendrovės svertinei akcijų kainai turėjo vadovų akcijų pirkimo – pardavimo sandoriai, atlikti reguliuojamoje rinkoje, ir nustatėme, kad jie reikšmingos įtakos Reorganizuojamos bendrovės svertinei kainai neturėjo. Neatsižvelgiant į tai, kad Reorganizuojamos bendrovės akcijos likvidumas rinkoje yra žemas, Reorganizuojamos bendrovės 1 vnt. paprastosios akcijos vidutinė svertinė šešių mėnesių kaina sudarė 9,611788 euro (33,18758327 Lt).

Prijungimas vykdomas prie iki prijungimo veikusios akcinės bendrovės „BAIP Grupė“ veiklos, susijusios su investavimu į Lietuvos informacinių technologijų rinką, prijungiant akcinę bendrovę „INVL Technology“, kurios pagrindinis turtas yra AB „BAIP Grupė“ akcijos. Kaip jau buvo minėta, nustatyta Reorganizuojamos bendrovės akcijos vidutinė svertinė kaina yra 33,1912 Lt, o akcijų skaičius yra 592 730 vnt., taigi Reorganizuojamos bendrovės kapitalizacija sudaro 19 673 420 Lt (33,1912 Lt/vnt.*592 730 vnt.). Be Reorganizavime dalyvaujančios bendrovės akcijų, Reorganizuojama bendrovė 2014-09-30 dieną turi 10 000 vnt. UAB „Inventio“ akcijų, kurių vertė 7 555 Lt, pinigų sąskaitoje 112 035 Lt ir turi įsipareigojimų už 11 846 Lt sumą; taigi kitas grynasis turtas sudaro 107 744 Lt sumą. Iš Reorganizuojamos bendrovės kapitalizacijos sumos 19 673 420 Lt atėmę Reorganizuojamos bendrovės kitą grynąjį turtą 107 744 Lt gauname Reorganizuojamos bendrovės turtą 19 565 676 Lt, kuris priskiriamas turimoms 4 000 000 vnt. Reorganizavime dalyvaujančios bendrovės akcijoms ir iš to išskaičiuojama 1 vnt. akcijos vertė 4,8914 Lt.

3. Išvados dėl šių metodų tinkamumo ir įtakos nustatant akcijų vertę

Vienos paprastos akcijos iki prijungimo veikusioje Reorganizuojamoje bendrovėje apskaičiuotos remiantis vidutine svertine šios bendrovės akcijų kaina Vilniaus vertybinių popierių biržoje. Toks akcijų vertės nustatymo metodas yra tinkamas, tačiau reikėtų atsižvelgti į tai, kad akcijos aktyvumas per 6 mėnesius buvo žemas. Pakankamo aktyvumo nebuvimas gali turėti tam tikros įtakos akcijų tikrajai vertei: jos gali būti nepakankamai rinkoje įvertintos arba pervertintos. Mes peržiūrėjome, kaip Reorganizuojama bendrovė tarpinėse finansinėse ataskaitose įvertino investiciją į AB „BAIP Grupė" akcijas. Reikėtų atkreipti dėmesį, kad po tarpinių finansinių ataskaitų sudarymo 2014 m. rugsėjo mėn. 30 d., įvyko tokie įvykiai kaip: AB „BAIP Grupė" naujos akcijų emisijos išleidimas, dėl kurio Reorganizuojamos bendrovės akcijų dalis sumažėjo nuo 80 proc. iki 65,65 proc. Reorganizuojamos bendrovės akcijų rinkoje aktyvumas buvo žemas ir rinka į šį esminį įvykį nesureagavo, nors jis galėjo turėti tam tikros įtakos Reorganizuojamos bendrovės akcijų kainai. Nustatyta Reorganizuojamos vienos akcijos vertė 33,1912 Lt.

Reorganizavime dalyvaujančios bendrovės akcijos vertė buvo nustatyta kaip išvestinė iš patronuojančios įmonės akcijų vertės, nustatytos remiantis vidutine svertine akcijų kaina Vilniaus vertybinių popierių biržoje ir todėl turi tuos pačius trūkumus, kaip ir Reorganizuojamos bendrovės akcijų vertė. Tokiu būdu nustatyta vienos Reorganizacijoje dalyvaujančios įmonės akcijos vertė 4,8914 Lt.

Keičiant Reorganizuojamos bendrovės akcijas į Reorganizavime dalyvaujančios bendrovės akcijas, skaičiuojama, kad keitimo santykis bus 6,7856, kuris gautas iš akcijų vertės santykio 33,1912/4,8914. Tokiu būdu 592 730 vnt. Reorganizuojamos bendrovės akcijų bus pakeistos į 4 022 29 vnt. Reorganizavime dalyvaujančios bendrovės akcijų.

4. Kilusių vertinimo sunkumų aprašymas

Pagrindiniai sunkumai, su kuriais susidūrėme atlikdami vertinimą, buvo šie:

a) akcinės bendrovės „BAIP grupė" tarpinės konsoliduotosios ir atskiros finansinės ataskaitos 2014-09-30 dienai nebuvo audituotos;

b) akcinės bendrovės „„INVL Technology" tarpinės konsoliduotosios ir atskiros finansinės ataskaitos 2014-09-30 dienai nebuvo audituotos;

c) verslo vertintojų nebuvo nustatyta akcinės bendrovės „BAIP grupė" verslo vertė;

d) akcinės bendrovės „BAIP grupė" vidutinė akcijų vertė, naudota skaičiavimuose buvo 4,8914 Lt už akciją, tačiau ji galėjo sumažėti 2014-11-27 d. nusprendus išleisti akcijų emisiją, kurios emisijos kaina buvo 1,5652 Lt ir kuri buvo baigta platinti 2014 m. gruodžio 11 d.

5. Išvados dėl akcijų keitimo santykio teisingumo ir pagrįstumo

Mūsų nuomone, išskyrus ankstesnėse pastraipose nurodytų dalykų galimą poveikį, Prijungimo sąlygose nustatytas akcijų keitimo santykis yra teisingai ir pagrįstai apskaičiuotas naudojant tinkamą metodą.

Auditorė Dangutė Pranckėnienė

Auditoriaus pažymėjimo Nr. 000345

UAB "Moore Stephens Vilnius"

Audito įmonės pažymėjimo Nr. 001226

2014 m. gruodžio 23 d.

THE REPORT ABOUT THE INTENDED REORGANIZATION

PREPARED BY THE BOARD OF THE PUBLIC JOINT-STOCK COMPANY BAIP GRUPĖ

Vilnius
23 December 2014

1. DEFINITIONS

All capitalized terms used in this report about the intended reorganization prepared by the Board of the public-joint company BAIP grupė shall have the same meaning indicated in the Terms of Reorganization of public joint-stock company INVL Technology and public joint-stock company BAIP grupė (hereinafter referred to as the Terms of Reorganization).

2. THE GOAL OF THE REORGANIZATION

The goal of the Reorganization is: on the basis of provisions of the Law on Companies of the Republic of Lithuania and the Civil Code of the Republic of Lithuania to merge public joint-stock company INVL Technology, which after the Reorganization ceases to operate without liquidation process, to public joint-stock company BAIP grupė, which after all the rights and duties (including the name) are transferred, continues its operations under the new name of public joint-stock company INVL Technology.

3. ECONOMIC AND LEGAL GROUNDS FOR REORGANIZATION

3.1. The mode of the Reorganization:

3.1.1. The Reorganization is performed in the manner indicated in paragraph 3 of Article 2.97 of the Civil Code of the Republic of Lithuania, when one legal entity is merged to the other and all the rights and duties of the first subject are transferred to the later.

3.1.2. The Reorganization corresponds with paragraph 1 of part 2 of Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania according to which “entities are reorganised by means of a merger by acquisition, i.e. one or more entities, on being dissolved without going into liquidation, (hereinafter referred to as the “acquired entities”) are merged with another existing entity (hereinafter referred to as the “acquiring entity”) and, at the time of the merger, all the assets, rights and obligations of the acquired entity are transferred to the acquiring entity and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive shares (interests, member shares) issued by the acquiring entity, to which all the assets, rights and obligations of the acquired entity are transferred“.

3.1.3. As the Reorganization corresponds with cases of reorganization and transfer provided in Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania, according to part 1 of Article 42 of the Law on Corporate Income Tax of the Republic of Lithuania, when the shareholders of the Company being Reorganized receive shares in the Company participating in the Reorganization in exchange for those held in the Company being Reorganized, the increase of the value of shares shall not be treated as income of such shareholders. In this case, the acquisition price of the shares received in the Company participating in the Reorganization in exchange for the shares of the Company being Reorganized is the acquisition price of the shares exchanged before the transfer was effected.

3.1.4. As the Reorganization corresponds with cases of reorganization and transfer intended in Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania, according to part 2 of Article 42 of the Law on Corporate Income Tax of the Republic of Lithuania, when the Company being Reorganized transfers assets to the Company participating in the Reorganization, the increase in the value of assets shall not be treated as income of the Company being Reorganized. In this case, the acquisition price of such assets shall be the acquisition price of the assets before the transfer was effected.

3.2. In the opinion of the Board Reorganization will reduce the cost of business administration, the Company participating in the Reorganization after the Reorganization (i) will be able to optimize investments in new businesses, (ii) increase the probability to find new sectors suitable for investments, (iii) this will create conditions for successfull transactions and shareholders value increase.

3.3. Legal grounds for Reorganization:

3.3.1. the authorized capital of the Company participating in the Reorganization and the Company being Reorganized have been fully paid up (shares emission price of the last share issue).

3.3.2. The Company participating in the Reorganization and the Company being Reorganized have not acquired the status of the company being reorganized or involved into the reorganization, or the company being transformed, or the company in liquidation, bankruptcy or restructuring.

3.3.3. Preparation of the Terms of Reorganization was approved by the decision of shareholders of private limited company BAIP grupė on 5 December 2014 and by the general meeting of shareholders of the Company being Reorganized on 19 December 2014.

3.3.4. The Terms of Reorganization have been drawn up by the Board of the Company participating in the Reorganization and the Board of the Company being Reorganized.

3.3.5. The Terms of Reorganization are assessed and the report is prepared by private limited company MOORE STEPHENS VILNIUS.

4. REORGANIZATION ACTIONS AND TIME LIMITS

4.1. Not later than 30 days before the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized, the information about the prepared Terms of Reorganization shall be one time published in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities and provided to all creditors of the Company participating in the Reorganization and the Company being Reorganized in writing (by registered mail or in person). The announcement shall contain further mentioned data and information where the documents listed under the paragraph 4.2. can be found:

4.1.1. information indicated in Article 2.44 of the Civil Code of the Republic of Lithuania about the Company participating in the Reorganization and the Company being Reorganized;

4.1.2. mode of the Reorganization;

4.1.3. the companies that will continue to operate after the Reorganization;

4.1.4. the moment when all the rights and duties of the Company being Reorganized are transferred to the Company participating in the Reorganization.

4.2. Not later than 30 days before the Meeting of the Company Participating in the Reorganization and the Meeting of the Company being Reorganized, both the Company being Reorganized and the Company participating in the Reorganization will offer a possibility for their shareholders and creditors to access further mentioned documents in their web-sites www.baipgrupe.lt and www.invltechnology.lt:

4.2.1. Terms of Reorganization;

4.2.2. new wording of the Articles of Association of the Company participating in the Reorganization;

4.2.3. the sets of annual financial statements, annual reports for the last three years and a set of interim financial statements as of 30 September 2014 of the Company participating in the Reorganization;

4.2.4. the sets of annual financial statements, annual reports for the last three years and a set of interim financial statements as of 30 September 2014 of the Company being Reorganized;

4.2.5. the report of the assessment of the Terms of Reorganization;

4.2.6. the report about the intended Reorganization prepared by the Board of the Company participating in the Reorganization;

4.2.7. the report about the intended Reorganization prepared by the Board of the Company being Reorganized.

4.3. The documents listed above will be available at no charge for the shareholders on the website of the Company participating in the Reorganization www.baipgrupe.lt as well as on the website of the Company being Reorganized www.invltechnology.lt and print or receive copies of these documents at no charge in the offices of the Company participating in the Reorganization and/or the Company being Reorganized during all period indicated in paragraph 2.8 of the Terms of Reorganization.

4.4. If there are any substantial changes in assets, rights and liabilities from the Day of preparation of the Terms of Reorganization, the manager of the corresponding company will immediately draw up written announcements regarding such changes and will attach to the documents listed in paragraph 4.2. of the Terms of Reorganization. If there are any substantial changes in assets, rights and liabilities from the Day of preparation of the Terms of Reorganization till the day of the Meeting of the Company participating in the Reorganization and the day of the Meeting of the Company being Reorganized, the manager of the corresponding company will verbally announce the changes in the meeting of a corresponding company and inform the manager of the other company so he is able to inform shareholders.

4.5. Proposals regarding the Terms of Reorganization may be submitted by the Board, manager and shareholders of the Company participating in the Reorganization and the Company being Reorganized, holding the shares with their nominal value not less than 1/3 of the authorized capital of corresponding company.

4.6. The Terms of Reorganization, the report about the intended Reorganization drawn up by the board of the Company participating in the Reorganization, the report about the intended Reorganization drawn up by the board of the Company being Reorganized and the report of the assessment of Terms of Reorganization shall be submitted to the Manager of the Register of Legal Entities no later than on the day information about their preparation is published in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities.

4.7. From the day of publication about preparation of the Terms of Reorganization, the public joint - stock company BAIP grupė shall acquire the legal status of the company participating in the reorganization and public joint-stock company INVL Technology shall acquire the legal status of the company being reorganized.

4.8. Creditors of the Company participating in the Reorganization and the Company being Reorganized may submit their claims from the first day of publication of the Terms of Reorganization until the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized.

4.9. The decision regarding the Reorganization, approval of the Terms of Reorganization and approval of the Articles of Association of the Company participating in the Reorganization, that will continue its operations after the Reorganization, will be adopted by the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized not earlier than 30 days from the day on which the Manager of the Register of Legal Entities announces about the Terms of Reorganization received.

4.10. Documents confirming the decisions regarding the Reorganization taken by the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized will be submitted to the Manager of the Register of Legal Entities within 5 (five) days of the corresponding meeting.

4.11. The Reorganization will be completed after the fulfilment of all below stated conditions:

4.11.1. the Register of Legal Entities will register new wording of Articles of Association of the Company participating in the Reorganization amending the authorized capital of the company and the name herein;

4.11.2. the Register of Legal Entities will deregister the Company being Reorganized;

4.11.3. the shareholders of the Company participating in the Reorganization will receive shares of the Company being Reorganized in exchange of the shares held in the Company Participating in the Reorganization.

5. BUSINESS CONTINUITY

5.1. The Company participating in the Reorganization after the Company being Reorganized is merged and ceases to operate as legal person as indicated in these Terms of Reorganization, on the day of Completion of the Reorganization shall take over all assets, rights and liabilities of the Company being Reorganized, including assets, rights and liabilities not indicated in financial statements of the

Company being Reorganized, without signing any deeds of transfer – acceptance and shall continue its operations.

5.2. The Company participating in the Reorganization:

5.2.1. The data on the Company participating in the Reorganization as of the Day of preparation of the Terms of Reorganization:

	Description
Name of the legal entity	Public join-stock company BAIP grupė
Legal form of the legal entity	Public joint-stock company
Registered address	A. Juozapavičiaus str. 6, Vilnius
Company code	300893533
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
VAT payer's code	LT100003300019
Authorized capital	6 092 685 LTL
Fully paid authorized capital	6 092 685 LTL
Number of shares	6 092 685 units
Nominal value per one share	1 LTL
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128860
Regulated market on which the shares are traded	Not traded
Share account manager	Public joint-stock company brokerage house Finasta

5.2.2. The data on the Company participating in the Reorganization after the Completion of the Reorganization:

	Description
Name of the legal entity	Public joint-stock company INVL Technology
Legal form of the legal entity	Public joint-stock company
Registered address	Gynėjų str. 16, Vilnius
Company code	300893533
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
VAT payer's code	LT100003300019
Authorized capital	6 114 714 LTL
	1 773 267.06 EUR
Fully paid authorized capital	6 114 714 LTL
	1 773 267.06 EUR

Number of shares	6 114 714 units
Nominal value per one share	1 LTL
	0.29 EUR
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128860
Regulated market on which the shares are traded	NASDAQ OMX Vilnius, Baltic Secondary List. The aim is to include the shares in the market within minimal required time indicated in legal acts.
Share account manager	Public joint-stock company brokerage house Finasta

5.3. The data on the Company being Reorganized:

	Description
Name of the legal entity	Public joint-stock company INVL Technology
Legal form of the legal entity	Public joint-stock company
Registered address	Kalvarijų str. 11A-20, Vilnius
Company code	303299817
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
VAT payer's code	Not VAT payer
Authorized capital	592 730 LTL
Fully paid authorized capital	592 730 LTL
Number of shares	592 730 units
Nominal value per one share	1 LTL
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128738
Regulated market on which the shares are traded	NASDAQ OMX Vilnius.
Share account manager	Public joint-stock company brokerage house Finasta

6. EXCHANGE RATIO OF THE SHARES OF THE COMPANY PARTICIPATING IN THE REORGANIZATION FOR THE SHARES OF THE COMPANY BEING REORGANIZED, AND THE SUBSTANTIATION THEREOF.

THE RULES OF SHARE ALLOCATION TO THE SHAREHOLDERS

6.1. As of the Day of preparation of the Terms of Reorganization:

- the authorized fully paid up capital of the Company being Reorganized is 592 730 (five hundred ninety two thousand seven hundred and thirty) litas. It is divided into 592 730 (five hundred ninety two thousand seven hundred and thirty) ordinary registered shares with nominal value of 1 (one) litas each. As of the Day of preparation of the Terms of Reorganization the Company being Reorganized has not acquired its own shares;

- the authorized fully paid capital of the Company participating in the Reorganization is 6 092 685 (six million ninety two thousand six hundred and eighty five) litas. It is divided into 6 092 685 (six million ninety two thousand six hundred and eighty five) ordinary registered shares with nominal value of 1 (one) litas each. As of the Day of preparation of the Terms of Reorganization the Company participating in the Reorganization has not acquired its own shares.

6.2. The exchange ratio at which the shares of the Company being Reorganized are exchanged to the shares of the Company participating in the Reorganization – 6.7856, i.e. for every share of the Company being Reorganized shareholder of the Company being Reorganized shall get 6.7856 ordinary registered shares with nominal value of 1 (one) litas (which is equal to 0.29 euro) each of the Company participating in the Reorganization.

6.2.1. Major assets of the Company being Reorganized as of 30 September 2014:

Asset	Book value 30 September 2014	Description
Shares of the Company participating in the Reorganization	16 996 189	4 000 000 ordinary registered shares with nominal value of 1 (one) litas of the Company participating in the Reorganization
Shares of private limited company Inventio	7 555	10 000 ordinary registered shares with nominal value of 1 (one) litas. Due to the fact that the company is not operating, shares are valued at book value (authorised capital (cash)).
Cash	112 035	Cash in the account
Liabilities	-11 846	Total liabilities
Equity capital	17 103 933	

6.2.2. As of the Day of preparation of the Terms of Reorganization, the Company being Reorganized owns 4 000 000 ordinary registered shares with nominal value of 1 (one) litas of the Company participating in the Reorganization, which is 65.65 percent of total shares of the Company participating in the Reorganization. These shares are not exchanged for the shares of the Company participating in the Reorganization.

6.2.3. Shares of the Company being Reorganized are traded on NASDAQ OMX Vilnius Stock Exchange. Weighted average price of these shares from 18 June 2014 to 18 December 2014 was EUR 9.612830 (LTL 33.1912). Statistics on the trading activity on NASDAQ OMX Vilnius Stock Exchange of the shares of the Company being Reorganized is provided in Annex 10 of the Terms of Reorganization.

6.2.4. Determining exchange ratio, shares of the Company being Reorganized were valued according to the weighted average price of the last six months (as stated in paragraph 5.3.3.), while the value of the shares of the Company participating in the Reorganization is determined by deducting net assets non-related to the shares of the Company participating in the Reorganization from its market capitalization (market value of the shares):

The number of shares of the Company being Reorganized, units	592 730
Weighted average price of the Company being Reorganized, LTL	**33,1912**
Market capitalization of the Company being Reorganized, LTL	19 673 420
Other net assets of the Company being Reorganized (excluding the shares of the Company participating in the Reorganization), LTL	107 744
Value of the shares of the Company participating in the Reorganization owned by	19 565 676

the Company being Reorganized, LTL	
Number of shares of the Company participating in the Reorganization owned by the Company being Reorganized, units	4 000 000
Value of one share of the Company participating in the Reorganization	**4,8914**
Exchange ratio (the number of shares of the Company participating in the Reorganization exchanged for one share of the Company being Reorganized)	**6,7856**

6.2.5. After assessing exchange ratio sensitivity analysis, depending on different share prices of the Company being Reorganized, price movements between the boundaries of 28 and 37 litas, the deviation of the exchange ratio is negligible and less than 0.1 percent:

Share price of the Company being Reorganized, LTL	28	29	30	31	32	33	34	35	36	37
Share value of the Company participating in the Reorganization, LTL	4,1222	4,2704	4,4185	4,5667	4,7149	4,8631	5,0113	5,1595	5,3076	5,4558
Exchange ratio	6,7925	6,791	6,7896	6,7882	6,787	6,7858	6,7847	6,7837	6,7827	6,7818
Deviation from the determined exchange ratio, %	0,10%	0,08%	0,06%	0,04%	0,02%	0,00%	-0,01%	-0,03%	-0,04%	-0,06%

6.3. According to the determined exchange ratio and applying arithmetic rounding rules:

Number of shares of the Company participating in the Reorganization entitled to the shareholders of the Company being Reorganized, units	4 022 029
Number of shares entitled to the shareholders of the Company participating in the Reorganization (excluding the Company being Reorganized), units	2 092 685
Authorised capital of the Company participating in the Reorganization after the Reorganization	6 114 714 (which is equal to 1 773 267.06 EUR)

6.4. In order to ensure smooth implementation of the share exchange procedure stated in the Terms of Reorganization, the trading on NASDAQ OMX Vilnius Stock Exchange of the shares of the Company participating in the Reorganization will be suspended not later than 2 (two) days until the Meeting of the Company participating in the Reorganization. Shares of the Company participating in the Reorganization will be included in the list of NASDAQ OMX Vilnius Stock Exchange within the minimal time limits indicated in legal acts.

6.5. If a fractional amount occurs while calculating a size of a new authorized capital and/or exchanging the shares of the Company participating in the Reorganization for the shares in the Company being Reorganized as indicated in the Terms of Reorganization, the fraction will be rounded to a whole number using arithmetic rounding rules: (i) if the first digit of decimal fractional part is figure 5 or bigger, 1 is added to the last digit of the whole number; (ii) if the first digit of the decimal fractional part is less than 5, the last digit of the whole number will remain unchanged.

7. EXPLANATION OF THE TERMS OF REORGANIZATION

7.1. The Terms of Reorganization are prepared by the Board of the Company participating in the Reorganization and the Board of the Company being Reorganized.

7.2. Terms of Reorganization are prepared in accordance with Articles 61-69 of the Law on Companies of the Republic of Lithuania and Chapter VIII of Book Two of the Civil Code of the Republic of Lithuania, taking into account the requirements of other legal acts of the Republic of Lithuania.

7.3. The Reorganization corresponds with paragraph 1 of part 2 of Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania according to which "entities are reorganised by means of a merger by acquisition, i.e. one or more entities, on being dissolved without going into liquidation, (hereinafter referred to as the "acquired entities") are merged with another existing entity (hereinafter referred to as the "acquiring entity") and, at the time of the merger, all the assets, rights and obligations of the acquired entity are transferred to the acquiring entity and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive shares (interests, member shares) issued by the acquiring entity, to which all the assets, rights and obligations of the acquired entity are transferred".

7.4. All the assets, rights and liabilities of the Company being Reorganized, all the contractual rights and liabilities of the Company being Reorganized shall be assumed transferred to the Company participating in the Reorganization and the transactions shall be included into its accounting on the basis of the Terms of Reorganization without additionally signing of transfer – acceptance deeds at the end of the day the Company being Reorganized is deregistered from the Register of Legal Entities.

7.5. From the day the Company being Reorganized is deregistered from the Register of Legal Entities the rights to manage, use and dispose the funds available in the bank accounts of the Company being Reorganized shall be transferred to the Company participating in the Reorganization or these accounts shall be closed and the funds in them shall be transferred to the Company participating in the Reorganization.

7.6. The Company participating in the Reorganization takes-over all the assets, rights and duties of the Company being Reorganized, including but not limited, assets, rights and duties not stated in the financial statements as well as all the tax rights and duties, including but not limited, rights and duties that might emerge after the tax administrator or other state institutions add on arrears or fines according to the legal acts for the operations of the Company being Reorganized until the day of deregistration from the Register of Legal Entities.

7.7. The Company participating in the Reorganization, as stated above, after assuming all assets, rights, obligations and name of the Company being Reorganized will continue its activities. Reorganization will have no influence on the strategy and goals of the Comapny participating in the Reorganization.

8. INFORMATION ABOUT PREPARATION OF THE REPORT ON ASSESMENT OF THE TERMS OF REORGANIZATION

8.1. According to paragraph 2 of Article 63 of the Law of the Republic of Lithuania, the Terms of Reorganization are assessed and the report on assessment is prepared by private limited company MOORE STEPHENS VILNIUS. The report on assessment shall include:

8.1.1. findings on validity and fairness of the exchange ratio;

8.1.2. methods used to determine the exchange ratio and findings on validity of these methods and impact on the valuation of the shares;

8.1.3. description of assessment difficulties.

8.2. Rights granted to private limited company MOORE STEPHENS VILNIUS while assessing the Terms of Reorganization:

8.2.1. receive all the documents needed to assess and prepare the report on assessment of the Terms of Reorganization;

8.2.2. receive all the information needed to assess and prepare the report on assessment of the Terms of Reorganization as well as get the explanations of the managers and employees of the Company participating in the Reorganization and the Company being Reorganized;

8.2.3. all the other rights provided in the agreement with private limited company MOORE STEPHENS VILNIUS and the legal acts of the Republic of Lithuania.

8.3. The report on assessment of the Terms of Reorganization will be submitted to the Manager of the Register of Legal Entities and will be published as indicated in the Terms of Reorganization not later than on the day an announcement about prepared Terms of Reorganization was published.

This report of the Board was approved by the decision of the Board of public joint-stock company BAIP grupė dated 23 December 2014.

Chairman of the Board Kazimieras Tonkūnas

PUBLIC JOINT-STOCK COMPANY INVL TECHNOLOGY

THE BOARD'S REPORT

ON THE INTENDED REORGANIZATION

Vilnius
December 23, 2014

1. DEFINITIONS

Capitalized terms used in this public joint-stock company INVL Technology board‘s report on the intended reorganization have the same meaning as given to them in public joint-stock company BAIP grupė and public joint-stock company INVL Technology Terms of Reorganization, prepared on December 23, 2014 (further – Terms of Reorganization).

2. PURPOSE OF THE REORGANIZATION

The purpose of the Reorganization is on the basis of provisions of the Law on Companies of the Republic of Lithuania and the Civil Code of Lithuania to public joint-stock company INVL Technology which ceases to operate without liquidation process, to public joint-stock company BAIP grupė, which after assuming all the rights and duties of INVL Technology (including the name) continues its operations under a new name as a public joint-stock company INVL Technology.

3. ECONOMIC AND LEGAL BASIS OF THE REORGANIZATION

3.1. The mode of the Reorganization:

3.1.1. The Reorganization is performed in the manner indicated in paragraph 3 of Article 2.97 of the Civil Code of the Republic of Lithuania, when one legal entity is merged to the other and all the rights and duties of the first subject are transferred to the later.

3.1.2. The Reorganization corresponds with paragraph 1 of part 2 of Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania according to which “entities are reorganised by means of a merger by acquisition, i.e. one or more entities, on being dissolved without going into liquidation, (hereinafter referred to as the “acquired entities”) are merged with another existing entity (hereinafter referred to as the “acquiring entity”) and, at the time of the merger, all the assets, rights and obligations of the acquired entity are transferred to the acquiring entity and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive shares (interests, member shares) issued by the acquiring entity, to which all the assets, rights and obligations of the acquired entity are transferred“.

3.1.3. As the Reorganization corresponds with cases of reorganization and transfer provided in Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania, according to part 1 of Article 42 of the Law on Corporate Income Tax of the Republic of Lithuania, when the shareholders of the Company being Reorganized receive shares in the Company participating in the Reorganization in exchange for those held in the Company being Reorganized, the increase of the value of shares shall not be treated as income of such shareholders. In this case, the acquisition price of the shares received in the Company participating in the Reorganization in exchange for the shares of the Company being Reorganized is the acquisition price of the shares exchanged before the transfer was effected.

3.1.4. As the Reorganization corresponds with cases of reorganization and transfer intended in Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania, according to part 2 of Article 42 of the Law on Corporate Income Tax of the Republic of Lithuania, when the Company being Reorganized transfers assets to the Company participating in the Reorganization, the increase in the value of assets shall not be treated as income of the Company being Reorganized. In this case, the acquisition price of such assets shall be the acquisition price of the assets before the transfer was effected.

3.2. In the opinion of the Board Reorganization will allow to decrease business administration costs, the Company participating in the Reorganization after the Reorganization (i) will be able to optimize investments into new businesses, (ii) increase the probability to find new sectors suitable for investments, (iii) this will create conditions for successfull transactions and shareholders value increase.

3.3. Legal assumptions of the Reorganization are the following:

3.3.1. the authorized capital of the Company Participating in the Reorganization has been fully paid up (at the price of the last share issue);

3.3.2. the Company Participating in the Reorganization and the Company being Reorganized have not acquired the status of the company being reorganized or involved into the reorganization, or the company being transformed, or the company in liquidation or restructuring;

3.3.3. the drawing up of the Terms was approved by the general meeting of shareholders of the Company participating in the Reorganization on 5 December 2014 (Annex 1) and by the general meeting of shareholders of the Company being Reorganized on 19 December 2014 (Annex 2);

3.3.4. the Terms have been drawn up by the Board of the Company Participating in the Reorganization and the Board of the Company being Reorganized.

3.3.5. Terms of the Reorganization are assesed and the report prepared by private limited company MOORE STEPHENS VILNIUS.

4. REORGANIZATION ACTIONS AND TIME LIMITS

4.1.1. not later than 30 days before the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized, the information about the prepared Terms of Reorganization shall be one time published in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities and provided to all creditors of the Company participating in the Reorganization and the Company being Reorganized in writing (by registered mail or in person). The announcement shall contain further-mentioned data and information where the documents listed under the point 4.2 can be found:

4.1.2. Information that coresponds with the article 2.44 of the Civil Code of the Republic of Lithuania about the Company participating in the Reorganization and the Company being Reorganized;

4.1.3. mode of the Reorganization;

4.1.4. the companies that will continue to operate after the Reorganization;

4.1.5. the moment when all the rights and duties of the Company being Reorganized are transfered to the Company participating in the Reorganization.

4.2. not later than 30 days before the Meeting of the Company Participating in the Reorganization and the Meeting of the Company being Reorganized, both the Company being Reorganized and the Company participating in the Reorganization will offer a possibility for their shareholders and creditors to access further mentioned documents in their web-sites www.baipgrupe.lt ir www.invltechnology.lt:

4.2.1. Terms of Reorganization;

4.2.2. new wording of the Articles of Association of the Company participating in the Reorganization;

4.2.3. the sets of annual financial statements, annual reports for the last three years and a set of interim financial statements as of 30 September 2014 of the Company participating in the Reorganization;

4.2.4. the sets of annual financial statements, annual reports for the last three years and a set of interim financial statements as of 30 September 2014 of the Company being Reorganized;

4.2.5. the report of the assessment of the Terms of Reorganization;

4.2.6. the report about the intended Reorganization prepared by the Board of the Company participating in the Reorganization;

4.2.7. the report about the intended Reorganization prepared by the Board of the Company being Reorganized.

4.3. The documents listed in paragraph 3.3.2. of the Terms of the Reorganization will be available at no charge for the shareholders on the website of the Company participating in the Reorganization www.baipgrupe.lt as well as on the website of the Company being Reorganized www.invltechnology.lt and print or receive copies of these documents at no charge in the offices of the Company participating in the Reorganization and/or the Company being Reorganized all the time – period provided in paragraph 2.8 of the Reorganization Terms.

4.4. If there are any substantial changes in assets, rights and liabilities from the Day of preparation of the Terms of Reorganization, the manager of the corresponding company will immediately draw up written announcements regarding such changes and will attach to the documents listed in paragraph 3.3.2. of the Terms of Reorganization. If there are any substantial changes in assets, rights and liabilities from the Day of preparation of the Terms of Reorganization till the day of the Meeting of the Company participating in the Reorganization and the day of the Meeting of the Company being Reorganized, the manager of the corresponding company will verbally announce the changes in the meeting of a corresponding company and inform the manager of the other company so he is able to inform shareholders.

4.5. Proposals regarding the Reorganization Terms may be submitted by the Company participating in the Reorganization and the Company being Reorganized boards, the company manager and the Shareholders holding the shares the face value whereof is at least 1/3 of the authorized capital of corresponding company.

4.6. The Terms of Reorganization, the report about the intended Reorganization drawn up by the board of the Company participating in the Reorganization, the report about the intended Reorganization drawn up by the board of the Company being Reorganized and the report of the assessment of Terms of Reorganization shall be submitted to the Manager of the Register of Legal Entities no later than on the day information about their preparation is published in the electronic publication for public announcements which is issued by the Manager of the Register of Legal Entities.

4.7. From the day of publication of the Terms the public joint - stock company BAIP grupė shall acquire the legal status of the Company participating in the Reorganization and public joint-stock company INVL Technology shall acquire the legal status of the Company being Reorganized.

4.8. Creditors of the Company participating in the Reorganization and the Company being Reorganized may submit their claims from the first day of publication of the Terms of Reorganization until the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized.

4.9. The decision regarding the Reorganization, approval of the Terms of Reorganization and approval of the Articles of Association of the Company participating in the Reorganization, that will continue its operations after the Reorganization, will be adopted by the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized not earlier than 30 days from the day on which the Manager of the Register of Legal Entities announces about Terms of Reorganization received.

4.10. Documents confirming the decisions regarding the Reorganization taken by the Meeting of the Company participating in the Reorganization and the Meeting of the Company being Reorganized will be submitted to the Manager of the Register of Legal Entities within 5 (five) days of the corresponding meeting.

4.11. The Reorganization will be completed after the fulfilment of all below stated conditions:

4.11.1. the Register of Legal Entities will register new wording of Articles of Association of the Company participating in the Reorganization amending the authorized capital of the company and the name herein;

4.11.2. the Register of Legal Entities will deregister the Company being Reorganized;

4.11.3. the shareholders of the Company participating in the Reorganization will receive shares of the Company being Reorganized in exchange of the shares held in the Company Participating in the Reorganization.

5. BUSINESS CONTINUITY

5.1. The Company participating in the Reorganization after the Company being Reorganized is merged and ceases to operate as legal person as indicated in these Terms of Reorganization, on the day of Completion of the Reorganization shall take over all assets, rights and liabilities of the Company being Reorganized, including assets, rights and liabilities not indicated in financial statements of the Company being Reorganized, without signing any deeds of transfer – acceptance and shall continue its operations.

5.2. The Company Participating in the Reorganization:

5.2.1. The data on the Company Participating in the Reorganization as of the Day of the Terms:

	Description
Name of the legal entity	Public join-stock company BAIP grupė
Legal form of the legal entity	Public joint-stock company
Registered address	A. Juozapavičiaus str. 6, Vilnius
Company code	300893533
Register which accumulates and stores the data about the legal entity	The Register of Legal Entities of the Republic of Lithuania, manager – Vilnius Branch of Centre of Registers
The VAT payer‘s code	LT100003300019
Authorized capital	6 092 685 LTL
Fully paid authorized capital	6 092 685 LTL
Number of shares	6 092 685 units
Nominal value per one share	1 LTL

Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128860
Regulated market on which the shares are traded	Not traded
Share account manager	Public joint-stock company brokerage house Finasta

5.2.2. The data on the Company participating in the Reorganization after the Completion of the Reorganization:

	Description
Name of the legal entity	Public joint-stock company INVL Technology
Legal form of the legal entity	Public joint-stock company
Registered address	Gynėjų str. 16, Vilnius
Company code	300893533
Register which accumulates and stores the data about the legal entity	Vilnius Branch of the Register of Legal Entities
The VAT payer‘s code	LT100003300019
Authorized capital	6 114 714 LTL
	1 773 267,06 EUR
Fully paid authorized capital	6 114 714 LTL
	1 773 267,06 EUR
Number of shares	6 114 714 units
Nominal value of one share	1 LTL
	0,29 EUR
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128860
Regulated market on which the shares are traded	NASDAQ OMX Vilnius, Baltic Secondary List. The aim is to include the shares in the market within minimal required time on the legal basis.
Share account manager	Public joint-stock company brokerage house Finasta

5.2.3. The data on the Company being Reorganized:

	Description
Name of the legal entity	Public joint-stock company INVL Technology
Legal form of the legal entity	Public joint-stock company
Registered address	Kalvarijų str. 11A-20, Vilnius
Company code	303299817

Register which accumulates and stores the data about the legal entity	Vilnius Branch of the Register of Legal Entities
The VAT payer's code	Non VAT payer
Authorized capital	592 730 LTL
Fully paid authorized capital	592 730 LTL
Number of shares	592 730 units
Nominal value per one share	1 LTL
Class of the shares	Ordinary registered shares
Type of the shares	Uncertificated
ISIN code of the shares	LT0000128738
Regulated market on which the shares are traded	NASDAQ OMX Vilnius.
Share account manager	Public joint-stock company brokerage house Finasta

6. EXCHANGE RATIO OF THE SHARES OF THE COMPANY PARTICIPATING IN THE REORGANIZATION FOR THE SHARES OF THE COMPANY BEING REORGANIZED, AND THE SUBSTANTIATION THEREOF.

THE NUMBER OF SHARES OF THE COMPANY PARTICIPATING IN THE REORGANIZATION AND OPERATING AFTER THE REORGANIZATION ACCORDING TO THEIR CLASSES AND NOMINAL VALUE.

THE RULES OF SHARE ALLOCATION TO THE SHAREHOLDERS

6.1. As of the Day of the Reorganization Terms:

- the authorized fully paid up capital of the Company being Reorganized is 592 730 (five hundred ninety two thousand seven hundred and thirty) litas. It is divided into 592 730 (five hundred ninety two thousand seven hundred and thirty) ordinary registered shares with nominal value of 1 (one) litas each. As of the Day of preparation of the Terms of Reorganization the Company being Reorganized has not acquired its own shares;
- the authorized fully paid capital of the Company participating in the Reorganization is 6 092 685 (six million ninety two thousand six hundred and eighty five) litas. It is divided into 6 092 685 (six million ninety two thousand six hundred and eighty five) ordinary registered shares with nominal value of 1 (one) litas each. As of the Day of preparation of the Terms of Reorganization the Company participating in the Reorganization has not acquired its own shares.

6.2. The exchange ratio at which the shares of the Company being Reorganized are exchanged to the shares of the Company participating in – 6.7856, i.e. for every share of the Company being Reorganized shareholder of the Company being Reorganized shall get 6.7856 ordinary registered shares with nominal value of 1 (one) litas (which is equal to 0.29 euro) each of the Company participating in the Reorganization.

6.3. Reasoning behind the exchange ratio:

6.3.1.Major assets of the Company being Reorganized 30 September 2014:

Asset	Book value 30 September 2014	Description
Shares of the Company Participating in the Reorganization	16 996 189	4 000 000 ordinary registered shares par value of 1 (one) litas of the Company Participating in the Reorganization
Shares of private limited company Inventio	7 555	10 000 ordinary registered shares par value of 1 (one) litas. Due to the fact that the company is not operating, shares are valued at book value (authorised capital (cash)).
Cash	112 035	Cash in the bank
Liabilities	-11 846	Total liabilities
Authorised capital	17 03 933	

6.3.2. As of the Day of preparation of the Terms of Reorganization, the Company being Reorganized owns 4 000 000 ordinary registered shares with nominal value of 1 (one) litas of the Company participating in the Reorganization, which is 65.65 percent of total shares of the Company participating in the Reorganization. These shares are not exchanged for the shares of the Company participating in the Reorganization.

6.3.3. Shares of the Company being Reorganized are traded on NASDAQ OMX Vilnius Stock Exchange. Weighted average price of these shares from 18 June 2014 to 18 December 2014 was EUR 9.612830 (LTL 33.1912). Statistics on the trading activity on NASDAQ OMX Vilnius Stock Exchange of the shares of the Company being Reorganized is provided in Annex 10.

6.3.4. Determining exchange ratio, shares of the Company being Reorganized were valued according to the weighted average price of the last six months (as stated in paragraph 5.3.3.), while the value of the shares of the Company participating in the Reorganization is determined by deducting net assets non-related to the shares of the Company participating in the Reorganization from its market capitalization (market value of the shares):

The number of Shares of the Company being Reorganized, units	592 730
Weighted average price of the Company being Reorganized, LTL	**33,1912**
Market capitalization of the Company being Reorganized, LTL	19 673 420
Other net assets of the Company being Reorganized (excluding the Shares of the Company Participating in the Reorganization), LTL	107 744
Value of the Shares of the Company Participating in the Reorganization owned by the Company being Reorganized, LTL	19 565 676
Number of Shares of the Company Participating in the Reorganization owned by the Company being Reorganized, units	4 000 000
Value of one share of the Company Participating in the Reorganization	**4,8914**
Exchange ratio (the number of the Shares of the Company Participating in the Reorganization exchanged for one share of the Company being Reorganized)	**6,7856**

6.3.5. After assessing exchange ratio sensitivity analysis, depending on different share prices of the Company being Reorganized, price movements between the boundaries of 28 and 37 litas, the deviation of the exchange ratio is negligible and less than 0.1 percent:

Share price of the Company being Reorganized, LTL	28	29	30	31	32	33	34	35	36	37
Share value of the Company Participating in the Reorganization, LTL	4,1222	4,2704	4,4185	4,5667	4,7149	4,8631	5,0113	5,1595	5,3076	5,4558
Exchange ratio	6,7925	6,791	6,7896	6,7882	6,787	6,7858	6,7847	6,7837	6,7827	6,7818
Deviation from the determined exchange ratio, %	0,10%	0,08%	0,06%	0,04%	0,02%	0,00%	-0,01%	-0,03%	-0,04%	-0,06%

6.4. According to the determined exchange ratio and applying aritmetic rounding rules:

Number of shares of the Company Participating in the Reorganization entiteled to the Shareholders of the Company being Reorganized, units	4 022 029
Number of shares entiteled to the Shareholders of the Company Participating in the Reorganization (excluding the Company being Reorganized), units	2 092 685
Authorised capital of the Company Participating in the Reorganization after the Reorganization, LTL	6 114 714 (which equals to 1 773 267.06 EUR)

6.5. In order to ensure smooth implementation of the share exchange procedure stated in the Terms of Reorganization, the trading on NASDAQ OMX Vilnius Stock Exchange of the shares of the Company participating in the Reorganization will be suspended not later than 2 (two) days until the Meeting of the Company participating in the Reorganization. Shares of the Company participating in the Reorganization will be included in the list of NASDAQ OMX Vilnius Stock Exchange within the minimal time limits indicated in legal acts.

6.6. If a fractional amount occurs while calculating a size of a new authorized capital and/or exchanging the shares of the Company participating in the Reorganization for the shares in the Company being Reorganized as indicated in the Terms of Reorganization, the fraction will be rounded to a whole number using arithmetic rounding rules: (i) if the first digit of decimal fractional part is figure 5 or bigger, 1 is added to the last digit of the whole number; (ii) if the first digit of the decimal fractional part is less than 5, the last digit of the whole number will remain unchanged.

7. EXPLANATION OF REORGANIZATION TERMS

7.1. The Terms of the Reorganization are prepared on 23 December, 2014 by the Board of the Company participating in the Reorganization and by the Board of the Company being Reorganized.

7.2. Terms of the Reorganization are prepared on the basis of provisions of the Law on Companies of the Republic of Lithuania Articles 61 – 69 of the Law on Companies of the Republic of Lithuania and Chapter VIII of Book Two of the Civil Code of the Republic of Lithuania, taking into account the requirements of other related legal acts of the Republic of Lithuania.

7.3. The Reorganization corresponds with paragraph 1 of part 2 of Article 41 of the Law on Corporate Income Tax of the Republic of Lithuania according to which subjects being reorganized by merger i.e. one or few subjects which ceased to operate without liquidation process (acquired subjects) are merged to the other subject (acquiring subject) and at the moment of the merger all the assets, rights and duties of the acquired subjects are transferred to the acquiring subject. Acquired subjects‘ participants get issued acquiring company‘s which takes all the assets, rights and duties of acquired subject shares (parts) in exchange for acquired company‘s shares (parts).

7.4. All the rights and liabilities of the Company being Reorganized shall be assumed by the Company Participating in the Reorganization and all the contractual rights and liabilities of the Company being Restructured shall be assumed by the Company Participating in the Reorganization and the transactions shall be included into its accounting on the basis of these Terms without additional signing of Transfer – Acceptance Certificates at the end of the day of the deregistration of the Company being Reorganized from the Register of Legal Entities.

7.5. As of the day of the Company being Reorganized deregistration from the Register of Legal Entities the rights to manage use and dispose of the funds available in the bank accounts of the Company being Reorganized shall be transferred to the Company Participating in the Reorganization or else these accounts shall be closed and the funds in them shall be transferred to the Company Participating in the Reorganization.

7.6. The Company participating in the Reorganization assumes all the assets, righths and obligations of the Company being Reorganized, including but not limited to the assets, rights and obligations not reflected in financial statements of Company being Reorganized, also all tax rights and liabilities, which might turn out after the tax authorities or other state institutions calculate tax or other payments arrears, penalties and interest according to the laws for the Company being Reorganized activities until the end of the day of the deregistration of the Company being Reorganized from the Register of Legal Entities.

7.7. Company participating in the Reorganization, as stated above, after assuming all assets, rights, obligations and name of the Company being Reorganized will continue its activities. Reorganization will have no influence on the strategy and goals of the Comapny participating in the Reorganization.

8. INFORMATION ABOUT PREPARATION OF THE ASSESMENT OF THE TERMS OF REORGANIZATION

8.1. On the basis of the Law on Companies of the Republic of Lithuania article 63 part 2, assesment of the Terms of Reorganization is performed and report prepared by private limited company MOORE STEPHENS VILNIUS. Report on the assesment of the Terms of the Reorganization, inter alia, should include:

8.1.1. the conclusions whether the share exchange ratio is fair and justified;

8.1.2. the methods used to determine the share exchange ratio and the conclusions on the appropriateness of these methods for and their impact on the determination of the value of the shares;

8.1.3. a description of the difficulties encountered during the assessment.

8.2. While performing the assesment of the Terms of the Reorganization private limited liability company MOORE STEPHENS VILNIUS has the following rights:

8.2.1. To receive all the documents neccessary to perform assesment and prepare report on the Terms of the Reorganization;

8.2.2. To receive all the information neccessary to perform assesment and prepare report on the Terms of the Reorganization and explanations of the management and employees of the Company participating in the Reorganization and the Company being reorganized.

8.2.3. All other rights stated in the agreement with private limited liability company MOORE STEPHENS Vilnius and legal acts of the Republic of Lithuania.

8.3. Assesment of the Terms of the Reorganization will be provided no later than the day of the public announcement about the prepared Reorganization terms to the the manager of Register of Legal and will be announced publicly by terms stated in the Terms or Reorganization.

This report of the Board is approved on 23 December, 2014 by the Board of joint stock company INVL Technology.

Chairman of the Board Alvydas Banys

Annex 10

Statistics on the trade of the shares of the public joint-stock company INVL Technology on NASDAQ OMX Vilnius stock exchange

Source
http://www.nasdaqomxbaltic.com/market/?currency=EUR&instrument=LT0000128738&list=3&pg=details&tab=historical&lang=lt&downloadcsv=0

SECURITY DETAIL VIEW (EQUITY)
INVL Technology (INC1L)
Period: 2014-06-15 - 2014-12-15
Marketplace: VLN
Name: INC1L

Date	Number of shares	Turnover	Currency
2014.06.18	19	173,99	EUR
2014.06.19	9	83,7	EUR
2014.06.20	33	300,6	EUR
2014.06.23	21	191,03	EUR
2014.06.25	110	990,9	EUR
2014.06.26	0	0	EUR
2014.06.27	7	63,7	EUR
2014.06.30	0	0	EUR
2014.07.01	0	0	EUR
2014.07.02	0	0	EUR
2014.07.03	78	707	EUR
2014.07.04	7	65,1	EUR
2014.07.07	30	279	EUR
2014.07.08	9	83,7	EUR
2014.07.09	0	0	EUR
2014.07.10	12	112,56	EUR
2014.07.11	0	0	EUR
2014.07.14	0	0	EUR
2014.07.15	0	0	EUR
2014.07.16	0	0	EUR
2014.07.17	9	83,25	EUR
2014.07.18	0	0	EUR
2014.07.21	10	90,1	EUR
2014.07.22	24	223,8	EUR
2014.07.23	0	0	EUR
2014.07.24	0	0	EUR
2014.07.25	6	55,2	EUR

2014.07.28	22	198,58	EUR
2014.07.29	19	181,83	EUR
2014.07.30	0	0	EUR
2014.07.31	0	0	EUR
2014.08.01	20	178,4	EUR
2014.08.04	0	0	EUR
2014.08.05	9	81	EUR
2014.08.06	18	169,2	EUR
2014.08.07	6	55,8	EUR
2014.08.08	18	160,38	EUR
2014.08.11	14	123,2	EUR
2014.08.12	0	0	EUR
2014.08.13	0	0	EUR
2014.08.14	0	0	EUR
2014.08.15	0	0	EUR
2014.08.18	18	162	EUR
2014.08.19	9	82,2	EUR
2014.08.20	23	211,6	EUR
2014.08.21	0	0	EUR
2014.08.22	0	0	EUR
2014.08.25	1	9,21	EUR
2014.08.26	49	451,45	EUR
2014.08.27	5	46,25	EUR
2014.08.28	15	138,75	EUR
2014.08.29	62	590,35	EUR
2014.09.01	0	0	EUR
2014.09.02	14	134,4	EUR
2014.09.03	101	986,77	EUR
2014.09.04	8	80	EUR
2014.09.05	13	131,3	EUR
2014.09.08	16	173	EUR
2014.09.09	48	489,6	EUR
2014.09.10	16	163,2	EUR
2014.09.11	11	113,2	EUR
2014.09.12	0	0	EUR
2014.09.15	0	0	EUR
2014.09.16	0	0	EUR
2014.09.17	0	0	EUR
2014.09.18	4	40,8	EUR
2014.09.19	0	0	EUR
2014.09.22	0	0	EUR
2014.09.23	2	20,4	EUR
2014.09.24	0	0	EUR
2014.09.25	3	30,5	EUR
2014.09.26	0	0	EUR
2014.09.29	11	111,1	EUR
2014.09.30	0	0	EUR
2014.10.01	0	0	EUR
2014.10.02	2	20,2	EUR
2014.10.03	0	0	EUR

2014.10.06	0	0	EUR
2014.10.07	173	1747,3	EUR
2014.10.08	113	1141,3	EUR
2014.10.09	0	0	EUR
2014.10.10	0	0	EUR
2014.10.13	4	40,4	EUR
2014.10.14	0	0	EUR
2014.10.15	0	0	EUR
2014.10.16	4	40,4	EUR
2014.10.17	6	60,6	EUR
2014.10.20	2	20,2	EUR
2014.10.21	0	0	EUR
2014.10.22	0	0	EUR
2014.10.23	0	0	EUR
2014.10.24	0	0	EUR
2014.10.27	0	0	EUR
2014.10.28	0	0	EUR
2014.10.29	30	303	EUR
2014.10.30	0	0	EUR
2014.10.31	6	60,6	EUR
2014.11.03	4	40,4	EUR
2014.11.04	5	50,5	EUR
2014.11.05	0	0	EUR
2014.11.06	0	0	EUR
2014.11.07	30	325,7	EUR
2014.11.10	22	222,2	EUR
2014.11.11	0	0	EUR
2014.11.12	0	0	EUR
2014.11.13	0	0	EUR
2014.11.14	0	0	EUR
2014.11.17	2	20,2	EUR
2014.11.18	0	0	EUR
2014.11.19	15	151,5	EUR
2014.11.20	3	30,3	EUR
2014.11.21	78	752,52	EUR
2014.11.24	0	0	EUR
2014.11.25	0	0	EUR
2014.11.26	7	66,78	EUR
2014.11.27	0	0	EUR
2014.11.28	0	0	EUR
2014.12.01	1	9,54	EUR
2014.12.02	0	0	EUR
2014.12.03	0	0	EUR
2014.12.04	0	0	EUR
2014.12.05	0	0	EUR
2014.12.08	0	0	EUR
2014.12.09	328	3133,4	EUR
2014.12.10	0	0	EUR
2014.12.11	15	143,25	EUR
2014.12.12	0	0	EUR

2014.12.15	10	96	EUR
2014.12.16	13	124,13	EUR
2014.12.17	1	9,54	EUR
2014.12.18	0	0	EUR
Ammount	**1813**	**17428,06**	

Weighted average price of the shares of the public joint-stock company "INVL Technology"	**9,612829564**