

**Dovre Forvaltning UAB**

*Independent auditor's report,  
annual report  
and the financial statements for the year  
ended 31 December 2013*

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## **INFORMATION ABOUT THE COMPANY**

### **Dovre Forvaltning UAB**

Tel. +370 526 83461

Fax: +370 526 83463

Registration No.: 302589746

### **The Board**

Gytė Maleckaitė

Stig Roar Myrseth

Rytis Simanaitis

### **The Management**

Stig Roar Myrseth, Director

### **Account manager:**

IMG Numeri UAB, company code 300602458

### **Auditor**

Deloitte Lietuva UAB

### **Banks**

Swedbank, AB

AB DNB bankas

DNB Bank ASA

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dovre Forvaltning UAB:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Dovre Forvaltning UAB (hereafter – the Company) (pages from 6 to 36), which comprise the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and legal regulations on accounting and financial reporting of the Republic of Lithuania.

*Emphasis of Matter*

As disclosed in Note 20, the accompanying financial statements are the first financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). In previous years the financial statements of the Company were prepared in accordance with Lithuanian Business Accounting Standards (LBAS). As disclosed in Note 20 to the accompanying financial statements the transition to the IFRS have not any effect to the Company's financial position and its financial performance.

**Report on Other Legal and Regulatory Requirements**

Furthermore, we have read the Annual Report for the year ended 31 December 2013 (pages 37 to 38) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2013.

Deloitte Lietuva UAB  
Audit Company License No 001275

Sigitas Babarskas  
Lithuanian Certified Auditor  
Auditor's License No 000403

Vilnius, Republic of Lithuania  
31 March 2014

Company code: 302589746  
Registered at: Konstitucijos pr. 7, 19a, Vilnius

### STATEMENT OF FINANCIAL POSITION

Items	Note No.	31-12-2013	31-12-2012	01-01-2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current intangible assets	7	38,899	63,326	417
Non-current tangible assets	7	19,992	31,220	33,716
Non-current prepayments		-	-	-
Deferred tax asset	8	-	-	-
Other investment		-	-	-
Other non-current assets		-	-	-
<b>Total non-current assets:</b>		<b>58,891</b>	<b>94,546</b>	<b>34,133</b>
<b>Current assets</b>				
Inventories		-	-	-
Other assets		44,612	75,529	3,116
Trade and other receivables	9	268,949	224,991	136,383
Cash and cash equivalents	10	589,373	312,291	435,325
<b>Total current assets</b>		<b>902,934</b>	<b>612,811</b>	<b>574,824</b>
<b>TOTAL ASSETS:</b>		<b>961,825</b>	<b>707,357</b>	<b>608,957</b>

<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>	11			
Authorised (subscribed) capital		1,214,956	1,205,000	625,000
Subscribed unpaid capital (-)		-	-	-
Share premium		-	-	-
Reserves		-	-	-
Revaluation reserve (results)		-	-	-
Retained earnings		(392,675)	745,661	234,046
<b>Total equity</b>		<b>822,281</b>	<b>459,339</b>	<b>390,954</b>
<b>Amounts payable and liabilities</b>				
Subordinated liabilities		-	140,202	132,972
Other amounts payable and liabilities	12	139,544	107,816	85,031
<b>Total amounts payable and liabilities</b>		<b>139,544</b>	<b>248,018</b>	<b>218,003</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>961,825</b>	<b>707,357</b>	<b>608,957</b>

The accompanying notes presented in pages 10-36 are an integral part of these financial statements.

These financial statements were signed and approved on 31 March 2014:

Stig Myrseth  
Director

Vidmantas Liepuonius  
IMG NUMERI UAB  
Financier-consultant

Company code: 302589746

Registered at: Konstitucijos pr. 7, 19a, Vilnius

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Items	Note No.	31-12-2013	31-12-2012
Management and client servicing operations income	1	1,312,411	952,466
Management and client servicing operations expenses	2	(394,659)	(371,141)
<b>GROSS PROFIT (LOSS)</b>		<b>917,752</b>	<b>581,325</b>
Other income		-	-
General administrative expenses	3	2,276,140	1,106,435
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>(1,358,388)</b>	<b>(525,110)</b>
Other operating income	5	5,135	20,437
Expenses of financial activities	5	(26,625)	(6,942)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>21,490</b>	<b>13,495</b>
Income tax	6, 8	-	-
<b>NET PROFIT (LOSS)</b>		<b>(1,379,878)</b>	<b>(511,615)</b>

<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Revaluation of the defined benefit obligation		-	-
Related income tax		-	-
<b>Items that have been or can be reclassified to profit or loss</b>			
Change of the fair value of the financial assets held as available for sale at net value	5	-	-
Change of the financial assets held as available for sale though profit or loss at net value	5	-	-
Impact of the income tax upon other comprehensive income	6, 8	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,379,878)</b>	<b>(511,615)</b>

The accompanying notes presented in pages 10-36 are an integral part of these financial statements.

These financial statements were signed and approved on 31 March 2014:

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### STATEMENT OF CHANGES IN EQUITY

Items	Note No.	Share capital	Legal reserve	Financial assets revaluation reserves	Retained earnings	Total:
<b>Balance at 1 January 2012</b>		625,000	-	-	(234,046)	390,954
Net profit (loss)		-	-	-	(511,615)	(511,615)
Total other comprehensive income	5	-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	(511,615)	(511,615)
Reserves formed	11	-	-	-	-	-
Increase (decrease) of the authorised capital	11	580,000	-	-	-	580,000
<b>Total transactions with the owners of the Company recognised directly in equity</b>		580,000	-	-	-	580,000
<b>Balance at 31 December 2012</b>		1,205,000	-	-	(745,661)	459,339
Net profit (loss)		-	-	-	(1,379,878)	(1,379,878)
Total other comprehensive income	5	-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	-	-
Reserves formed	11	-	-	-	-	-
Increase (decrease) of the authorised capital	11	9,956	-	-	1,732,864	1,742,820
<b>Total transactions with the owners of the Company recognised directly in equity</b>		9,956	-	-	1,732,864	1,742,820
<b>Balance at 31 December 2013</b>		1,214,956	-	-	(392,675)	822,281

The accompanying notes presented in pages 10-36 are an integral part of these financial statements.

These financial statements were signed and approved on 31 March 2014:

Stig Myrseth  
Director

Vidmantas Liepuonius  
IMG NUMERI UAB  
Financier-consultant



Company code: 302589746  
Registered at: Konstitucijos pr. 7, 19A, Vilnius

### STATEMENT OF CASH FLOW

Items	Note No.	31-12-2013	31-12-2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit (loss)		(1,379,878)	(511,615)
<b>Adjustments:</b>			
Depreciation and amortisation	7	39,575	22,755
Elimination of results of financial and investing activities		27,221	4,802
Tax expenses	6	-	-
Decrease (increase) in trade and other amounts receivable		(43,958)	(88,608)
Decrease (increase) in other current assets		30,917	(72,413)
Increase (decrease) in other amounts payable		31,728	22,785
<b>Cash flows from operating activities</b>		<b>(1,294,395)</b>	<b>(622,294)</b>
Income tax paid		-	-
<b>Net cash flows from operating activities</b>		<b>(1,294,395)</b>	<b>(622,294)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Acquisition of non-current intangible and tangible assets	7	(3,920)	(83,168)
<b>Net cash flows from investing activities</b>		<b>(3,920)</b>	<b>(83,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares		1,615,098	580,000
Interest paid		(6,006)	(8,046)
Loans obtained		-	4,995
Loans repaid		-	-
<b>Net cash flows from financial activities</b>		<b>1,609,092</b>	<b>576,949</b>
<b>Effect of changes in exchange rates on the balance of cash</b>		<b>(33,695)</b>	<b>5,479</b>
<b>Net increase /decrease in cash and cash equivalents</b>		<b>277,082</b>	<b>(123,034)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>312,291</b>	<b>435,325</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>589,373</b>	<b>312,291</b>

The accompanying notes presented in pages 10-36 are an integral part of these financial statements.

These financial statements were signed and approved on 31 March 2014:

Stig Myrseth  
Director

Vidmantas Liepuonius  
IMG NUMERI UAB  
Financier-consultant

## EXPLANATORY NOTES

### I. GENERAL INFORMATION

*Dovre Forvaltning* UAB (hereinafter – the Company) is a private company registered with the Register of Legal Entities of the Republic of Lithuania on 3 February 2011, company code 302589746. The Company provides investment fund management services. The Company is domiciled at Konstitucijos pr. 7, 19a, Vilnius In 2013 and 2012 the Company did not have any branches.

Operating licence No. VĮK-018, issued on 28 July 2011 by the Securities Commission of the Republic of Lithuania.

Shares of *Dovre Forvaltning* UAB are owned by:

- *Liberty Capital Group* UAB under liquidation, company code 302680886, holds 21,891 registered ordinary shares of the Company, each of LTL 34 in nominal value which represent 61.26% of non-voting shares, and 61.26% of the authorised capital of the Company.
- *Trinity Capital* UAB, company code 302682894, holds 4,576 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 12.81% of non-voting shares, and 12.81% of the authorised capital of the Company.
- *AS Liberty Holdings*, company code 997702085, holds 4,576 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 12.81% of non-voting shares, and 12.81% of the authorised capital of the Company.
- *AS Selvaag Invest*, company code 935499240, holds 4,691 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 13.13% of non-voting shares, and 13.13% of the authorised capital of the Company.

As at 31 December 2013 the Company's authorised capital is equal to LTL 1,214,956.

*Dovre Forvaltning* UAB does not have any subsidiaries or associates.

On 31 December 2013, the Company had 9 employees (8 as at 31 December 2012).

## **II. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

### **Compliance with the established standards**

The present financial statements were prepared in accordance with Lithuanian legal acts governing financial accounting and the preparation of financial statements, and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

These financial statements are the first financial statements of the Company drawn up according to the IFRS as adopted by the European Union (EU). When drawing up the financial statements the Company adopted IFRS 1 *First-time adoption of International Financial Reporting Standards*. In previous years the financial statements of the Company were drawn up in accordance with the Business Accounting Standards (BAS) of the Republic of Lithuania. The impact of the IFRS upon the financial performance, financial standing and the cash flows of the Company is explained in Note 20.

The management of the Company approved the accompanying financial reports on 31 March 2014. Shareholders of the Company have a right to approve the present financial statements, refuse to approve them, or require that new financial statements are drawn up.

### **Basis for measurement**

The financial statements of the Company have been prepared under the historical cost convention.

### **Functional currency and foreign currency transactions**

The Company manages its accounts and presents all amounts in the financial statements in the national currency of the Republic of Lithuania – the Litas. The Litas is the official national currency of Lithuania and the functional currency of the Company.

All transactions in foreign currency are initially accounted at the functional currency as of the day of the transaction. Monetary foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. All non-monetary liabilities and assets measured under the historical cost convention are translated according to the exchange rate effective at the date of the transaction.

As of 2 February 2002, the Litas was pegged to the Euro at the rate EUR 1 = LTL 3.4528, while the Litas rate to other currencies is established by the Bank of Lithuania on a daily basis.

### **Use of estimates and judgements**

When drawing up the financial statements according to the IFRS the management must use, on the basis of the accepted assumptions, accounting estimates that affect the selection of accounting principles and the amounts of the assets, liabilities, income and expenses presented in the financial statements. The factual results may differ from the accounting estimates made. The accounting estimates and related assumptions are reviewed on a regular basis.

The effect of the changes in estimates is recognised in the period in which the estimate is reviewed, and in the forthcoming periods, if the estimate also affects the future periods. An estimate may need to be reviewed repeatedly in view of a change in the circumstances underlying the estimate, or new information becomes available or more experience acquired.

The information about the material areas that are related to the uncertainties for the purpose of the application of the accounting policy, and which have an impact upon the amounts in the financial statements is presented in the following Notes:

- Note 13 – Classification of financial assets and financial risk management;

The Company classifies financial instruments according to the purpose of purchasing, and the nature of the financial instruments. The fair value of the financial instruments is established using the conventional valuation methods. Detailed information on the accounting estimates applied and the financial risks management is presented in Note 14.

- Note 8 – Recognition of deferred income tax.

### **III. ACCOUNTING POLICY**

The accounting policy as further described was consistently applied to all periods presented in the present financial statements and for the purpose of its first time IFRS as at 1 January 2012 for the purpose of transition to the IFRS, unless indicated otherwise.

#### **Intangible assets**

Intangible assets are initially recognised at acquisition cost. The intangible assets are recognised where it is probable that the Company will generate in the future an economic benefit from the assets and provided the value of the assets may be reliably measured. Following the initial recognition the intangible assets are accounted for at acquisition value less the accumulated amortisation and the impairment loss, if any. The initial value of intangible assets is represented by its acquisition price including the unrecoverable acquisition taxes and all other costs directly attributable to the preparation of the asset for the use and the transfer to its location of use. Intangible assets are amortised applying the straight-line (linear) method for the estimated useful life, which may be 3 years.

### **Accounting of tangible assets**

An asset is considered to be a tangible asset where its useful life is longer than a year, and the acquisition value exceeds LTL 1,000. Following the initial recognition the tangible assets are accounted for at acquisition value less the accumulated depreciation and the impairment loss, if any.

When the assets are disposed of or written off, their acquisition value or accumulated depreciation in the accounts is eliminated, and the profit or loss from the sale is carried through profit or loss. The initial value of non-current tangible assets is represented by its acquisition price including the unrecoverable acquisition taxes and all other costs directly attributable to the preparation of the asset for the use and the transfer to its location of use. The expenses such as repair or operational incurred after the non-current tangible asset is entered into exploitation are normally accounted through profit or loss of the period in which they were incurred. In the cases where it may be expressly demonstrated that the expenses will increase the economic benefit from the use of the tangible assets and/or extend the expected useful life, the expenses are capitalised by adding them to the acquisition value of the non-current tangible assets.

The depreciation of the tangible assets shall be computed using the straight-line method by writing-off the acquisition cost of each individual asset within the estimated asset's useful life. The depreciation of the principal types of non-current tangible assets shall be computed by applying the following estimated useful lives of the tangible assets:

- office equipment:
- computer hardware: 3 years,
- furniture, inventory: 6 years,
- other assets: 4 years.

### **Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### Loans and amounts receivable

Loans and amounts receivable are non-derivative financial assets with fixed or determinable payments and which are not traded on an active market. Such assets are measured at amortised cost using an effective interest rate method. Profit or loss is recognised through profit or loss, when such assets are written-off impaired or amortised.

#### Cash and cash equivalents

Cash are cash in bank and cash in transit. Cash equivalents are short-term, highly liquid investment easily convertible into a known amount of cash. The term for such investment is no longer than three months and the risk of the change in value is very insignificant.

#### Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Impairment of financial assets

Financial assets are reviewed for impairment at each statement of financial position date. For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in profit or loss. Reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be objectively related to an event occurring after the write-down. Such reversal is recorded in the statement of profit or loss. However, the increased carrying amount is only recognised to the extent it does not exceed what the amortised cost would have been had the impairment loss not been recognised.

In relation to trade and other receivables, an allowance 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.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at fair value through profit and loss when the financial liability is either held for trading or it is designated as at fair value through profit and loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **Share capital and reserves**

Share capital is accounted according to the provisions of the Articles of Association of the Company. The amount paid by which the sale price of the shares issued exceeds their nominal value is carried as share premium account.

The reserves are formed by allocating the profit of the reporting year according to the decision of the meeting of shareholders in accordance with laws and regulations of the Republic of Lithuania, also the Articles of Association of the Company.

According to the Law on Companies of the Republic of Lithuania entities are obligated to transfer to the legal reserve, each year, not less than 5% of the net profit computed in accordance with the accounting principles effective in the Republic of Lithuania until the legal reserve accounts for 10% of the authorised capital of the entity. The legal reserves are not available for distribution and may be used to cover loss only.

### **Employee benefits**

The Company does not have any defined benefit or employee incentive plans, or plans for share-based payments. Short-term benefits for employees are recognised as current costs in the period in which the employees provide services. The benefits include salaries, social insurance benefits, bonuses, paid holidays, etc.

### **Provisions**

Provisions are recognised in the statement of financial position when as a result of 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. The provision for liabilities are calculated by discounting the estimated future cash flows to their present value applying a pre-tax discount rate reflecting the realistic market assumptions concerning the time value of money and the risk related to the obligations.

### **Revenue**

Revenue is recognised on accrual basis; income is recorded in the accounting when earned. The services are considered to have been provided when the following conditions are met:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the amount of such revenue can be measured reliably;
- the transaction is completed, or the degree of its completion may be reliably measured by the balance sheet date;
- the economic benefit from the service transaction may be reasonably expected;



- costs related to the service provision transaction or its completion may be reliably measured.

Financial revenues contain interest income from loans and amounts receivable. The interest income is recognised applying the effective interest rate method.

Foreign exchange gains or losses arising on financial assets and financial liabilities are presented at fair value as income or expenses from financial activities depending on whether the foreign exchange changes are in the net profit or net loss position.

### **Expenses**

Expenses are recognised in the accounting following the accrual and comparative principle.

Management expenses are considered to include only the part of the expenses of the previous and the reporting year which is attributable to the income earned in the reporting period irrespective of the time of spending the money. Expenses that are not related to the particular income earned shall be recognised as costs for the period in which they were incurred.

Administrative expenses are considered to include the personnel expenses, premises maintenance, communications and other costs such as amortisation and depreciation.

Financial expenses are represented by interest for borrowings. The interest expenses are recognised applying the effective interest rate method.

### **Lease payments**

Operating lease payments are in a linear method distributed throughout the lease period and recognised in profit (loss). Received lease incentives are recognised as a composite part of all lease costs throughout the lease period.

Minimum financial lease payments are distributed to financial operating expenses and the reduction of the outstanding liability. Financial activity expenses are allocated to each period throughout the lease period in order to establish a fixed interest rate to cover the residual value of the liabilities for each period.

Contingent lease payments are carried having revised the minimum lease payments throughout the remaining lease period, after the lease adjustment is approved.

Determining whether the arrangement contains a lease

At the inception of the arrangement the Company determines whether the arrangement is, or contains, a lease. A specific asset is an object of lease where the fulfilment of the arrangement is dependent on the use of the specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset. At the inception of the arrangement or upon a reassessment of the arrangement the payments and other consideration required by the arrangement shall be separated into those for the lease and those for other elements on the basis of their relative fair values. If the Company determines that it is impracticable to separate the financial lease payments reliably, an asset and a liability at an amount equal to the fair value of the underlying asset. Subsequently the liability shall be reduced as payments are made and an imputed finance charge on the liability recognised using the Company's incremental borrowing rate of interest.

## **Taxes**

In 2013, the following taxes were computed and paid by the Company:

- social insurance contributions from the income related to employment relations - 30.98%,
- guarantee fund fee - 0.2%,
- income tax - 15%.

The income tax is composed of the current and the deferred tax. The income tax is carried in the income statement and the statement of other comprehensive income, except that the income tax is carried in the other comprehensive income when the income tax relates to the items directly carried in the other comprehensive income.

The current income tax is a tax calculated from the taxable profit of the year applying the effective rates applicable on the statement on financial position, and the income tax adjustments for the previous years.

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 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.

Deferred taxes are calculated using the statement of financial position 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 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 statement of financial position date.

The deferred tax assets are recognised in the statement of financial position to the extent that the management of the Company expects that the assets shall be realised in foreseeable future having regard to the forecasts of taxable profit. Where it is believed that part of the deferred tax asset is not going to be realised, that part of the deferred tax asset is not recognised in the financial statements.

## **Contingencies**

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

A contingent asset is not recognised in the financial statements but described in the Notes to the financial statements when an inflow or economic benefit is probable.

### **Subsequent events**

Events that are subsequent to the financial statements date and provide additional information about the Company's position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to financial statements when material.

## **IV. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The following amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period.

### **Standards and Interpretations effective in the current period**

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- IFRS 13 "Fair Value Measurement", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Government Loans, adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 1 "Presentation of financial statements" - Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),

- 
- Amendments to IAS 19 “Employee Benefits” – Improvements to the Accounting for Post-employment Benefits, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
  - Amendments to various standards “Improvements to IFRSs (cycle 2009-2011)” resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 27 March 2013 (amendments are to be applied for annual periods beginning on or after 1 January 2013),
  - IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

The adoption of these amendments to the existing standards has not led to any changes in the Company’s accounting policies.

#### **Standards and Interpretations issued by IASB and adopted by the EU but not yet effective**

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- IFRS 10 “Consolidated Financial Statements”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 11 “Joint Arrangements”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 12 “Disclosures of Interests in Other Entities”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 27 (revised in 2011) “Separate Financial Statements”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” – Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 (revised in 2011) “Separate Financial Statements” – Investment Entities, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 32 “Financial instruments: presentation” – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

#### **Standards and Interpretations issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at the date of authorisation of these financial statements (the effective dates stated below is for IFRS in full):

- IFRS 9 “Financial Instruments” and subsequent amendments (effective date was not yet determined),
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

- Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- IFRIC 21 “Levies” (effective for annual periods beginning on or after 1 January 2014).

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

## **V. MEASUREMENT OF FAIR VALUE**

Fair value is defined as the amount for which a financial asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, except in the cases of forced or liquidation sale. Fair values are established on the basis of quoted market prices and the discounted cash flow method.

For the purpose of establishing the fair value of assets or liabilities, to the extent possible the Company refers to available market data. The fair values are presented in three levels of the fair value hierarchies on the basis of the variables used in the valuation methods:

- Level 1: prices quoted at active markets of comparable assets or liabilities (unadjusted);
- Level 2: other variables except the quoted prices of assets and liabilities included in Level 1 that are observed directly (i.e., as prices), or indirectly (i.e., derived from prices);
- Level 3: variables of assets and liabilities not based on the observable market data (non-observable variables).

Where for the purpose of measuring the fair value of assets or liabilities the variables may be attributed to the different levels of the fair value hierarchy, the hierarchy level of the fair value to which the entire fair value established is attributed shall be established on the basis of the lowest level variable material for the measurement of the entire fair value.

The principal financial assets and liabilities of the Company that are not reflected at fair value are trade and other amounts receivable, and trade and other amounts payable.

The Company does not have any trade or other amounts receivable, or trade or other amounts payable with the effective payment term longer than one year. Therefore, in the opinion of the Company's management, the residual values of trade and other amounts receivable, trade and other amount payable are approximate to their fair values, since the effect of discounting is immaterial.

## VI. NOTES TO THE FINANCIAL STATEMENTS

### Note 1 Management and client servicing operations income

Income	Note No.	31-12-2013	31-12-2012
Assets management fee		1,288,168	950,134
Assets distribution fee		24,243	2,332
<b>Total:</b>		<b>1,312,411</b>	<b>952,466</b>

The Company's income is derived from the income from assets management and assets distribution fee. All the principal income of the Company is generated in the Republic of Lithuania.

### Note 2 Management and client servicing operations expenses

Items	Note No.	31-12-2013	31-12-2012
Commission fee to intermediaries		291,146	305,659
Other operating expenses		103,513	65,482
<b>Total:</b>		<b>394,659</b>	<b>371,141</b>

### Note 3 General administrative expenses

Items	Note No.	31-12-2013	31-12-2012
Personnel expenses	4	1,444,585	717,024
Office rent and maintenance expenses		79,511	59,124
Depreciation and amortisation		39,575	22,755
Post expenses		2,868	1,537
Audit and accounting expenses		53,679	36,024
Surveys and consultations		406,345	5,938
Legal and translation services		16,916	29,096
Advertisement and advertising costs		346,370	87,014
Representation expenses		22,573	18,346
Business travel costs		30,103	35,151
Transportation and communication services		18,008	19,735
Bank fee costs		21,245	5,942
Tax expenses		69,169	46,010.
Office expenses		7,943	4,830
Computer maintenance		2,184	2,114
Other costs		15,066	15,795
<b>Total:</b>		<b>2,276,140</b>	<b>1,106,435</b>

**Note 4 Personnel expenses**

Items	Note No.	31-12-2013	31-12-2012
Salaries		869,701	538,854
Taxes paid by the employer		268,884	162,586
Other expenses related to the employees		6,000	15,584
<b>Total:</b>		<b>1,444,585</b>	<b>717,024</b>

**Note 5 Income and expenses from financial activities**

Recognised through profit or loss

Items	Note No.	31-12-2013	31-12-2012
Interest income from loans and amounts receivable		5,135	2,205
<b>Total interest income</b>		<b>5,135</b>	<b>2,205</b>
Foreign exchange gains on net basis		-	18,232
<b>Total income from financing activities:</b>		<b>5,135</b>	<b>20,437</b>
Interest expense of financial liabilities measured at amortised cost		(5,410)	(6,942)
Foreign exchange loss on net basis		(21,215)	-
<b>Total expense from financing activities:</b>		<b>(26,625)</b>	<b>(6,942)</b>
<b>Financial expenses through profit or loss at net value:</b>		<b>(21,490)</b>	<b>13,495</b>

**Note 6 Income tax**

Items	Note No.	31-12-2013	31-12-2012
Income tax for the reporting year		-	-
Change in the deferred income tax	8	-	-
<b>Income tax expenses total:</b>		<b>-</b>	<b>-</b>

In 2013 and 2012 the Company has incurred losses thus there was no profit tax payable.



**Note 7 Non-current tangible and intangible assets**

	Items	Tangible assets	Intangible assets
<b>a)</b>	<b>Acquisition cost</b>		
	<b>1 January 2012</b>	<b>37,929</b>	<b>555</b>
	Changes in the financial year:		
	- additions	10,441	72,727
	- assets transferred and written-off (-)	-	-
	- transfers from one item to another +/-(-)	-	-
	<b>31 December 2012</b>	<b>48,370</b>	<b>73,282</b>
	Changes in the financial year:		
	- additions	3,920	-
	- assets transferred and written-off (-)	-	-
	- transfers from one item to another +/-(-)	-	-
	<b>31 December 2013</b>	<b>52,290</b>	<b>73,282</b>
<b>b)</b>	<b>Depreciation (amortisation) and impairment</b>		
	<b>1 January 2012</b>	<b>4,213</b>	<b>138</b>
	Changes in the financial year:		
	- depreciation (amortisation) in the financial year	12,937	9,818
	- impairment in the financial year	-	-
	write-backs (-)	-	-
	- depreciation of the assets transferred to other persons and written off (-)	-	-
	- transfers from one item to another +/-(-)	-	-
	<b>31 December 2012</b>	<b>17,150</b>	<b>9,956</b>
	Changes in the financial year:		
	- depreciation (amortisation) in the financial year	15,148	24,427
	- impairment in the financial year	-	-
	write-backs (-)	-	-
	- depreciation of the assets transferred to other persons and written off (-)	-	-
	- transfers from one item to another +/-(-)	-	-
	<b>31 December 2013</b>	<b>32,298</b>	<b>34,383</b>
<b>c)</b>	<b>Carrying value</b>		
	<b>Carrying value as at 1 January 2012 (a)-(b)</b>	<b>33,716</b>	<b>417</b>
	<b>Carrying value as at 31 December 2012 (a)-(b)</b>	<b>31,220</b>	<b>63,326</b>
	<b>Carrying value as at 31 December 2013 (a)-(b)</b>	<b>19,992</b>	<b>38,899</b>

### Note 8 Deferred tax assets

Items	Note No.	31-12-2013	31-12-2012	01-01-2012
<b>Deferred tax assets</b>				
Holiday reserve		3,105	912	131
Tax loss carried forward		201,153	72,462	32,253
<b>Deferred tax assets</b>		<b>204,258</b>	<b>73,374</b>	<b>32,384</b>
Not recognised share of the deferred tax assets		204,258	73,374	32,384
<b>Recognised deferred income tax assets:</b>		-	-	-

The deferred tax asset is recognised on the taxable losses carried forward if the realization of the tax benefit is expected in the future. As at 31 December 2013 the Company did not recognise the deferred tax asset, as its realisation in the nearest future is not likely.

### Note 9 Trade and other receivables

Items	Note No.	31-12-2013	31-12-2012	01-01-2012
Amounts receivable for fund management		260,331	224,991	136,383
Other amounts receivable		8,618	-	-
<b>Total amounts receivable</b>		<b>268,949</b>	<b>224,991</b>	<b>136,383</b>
Impairment losses		-	-	-
<b>Total amounts receivable at net value</b>		<b>268,949</b>	<b>224,991</b>	<b>136,383</b>

### Note 10 Cash and cash equivalents

Items	Note No.	31-12-2013	31-12-2012	01-01-2012
Cash at bank		589,373	312,291	435,325
<b>Total:</b>		<b>589,373</b>	<b>312,291</b>	<b>435,325</b>

### Note 11 Share capital and reserves

#### Authorised capital

As at 31 December 2013, the authorised capital of the Company was comprised of 35,734 registered ordinary shares (in 2012 – 12,050 registered ordinary shares), the nominal value of each being LTL 34 (LTL 100 in 2012). All shares of the Company are fully paid-up. In 2013, part of the shares was issued by converting a subordinated loan. The Company does not have any other shares except the ordinary registered shares referred to earlier.

Legal reserve

As at 31 December 2013, the Company did not have any legal reserves. According to the relevant requirements of laws of the Republic of Lithuania the Company is obliged to form a legal reserve. The Company is obliged, every year, to transfer to the legal reserve 5% of its net profit calculated according to the requirements of legal acts of the Republic of Lithuania governing financial accounting, until the legal reserve reaches 10% of the authorised capital. The legal reserve may not be distributed for dividends and is formed exclusively with the purpose of covering the future loss. The portion of the legal reserve above 10% of the authorised capital may be reappropriated when distributing the profit of the next financial year.

**Note 12 Other amounts payable and liabilities**

Items	Note No.	31-12-2013	31-12-2012	01-01-2012
Liabilities related to employment relations		94,062	32,562	31,029
Accrued expenses		14,887	9,832	6,560
Trade payables		30,595	30,080	46,375
Subordinated liabilities		-	140,202	132,972
Other liabilities		-	35,342	1,067
<b>Total:</b>		<b>139,544</b>	<b>248,018</b>	<b>218,003</b>

**Note 13 Financial risk management**

**General part**

The Company faces the following financial risks:

- credit risk;
- liquidity risk;
- market risk.

This Note to the financial statements includes information on the impact of the risks upon the Company, its objectives, policy and processes related to the risk assessment and management, also the information on capital management. The quantitative disclosures are presented in other Notes to the financial statements.

The Board of the Company is responsible for the development and the maintenance of the risk management structure. The risk management policy of the Company is designed for the identification and the analysis of the risks that the Company faces, the implementation and the supervision of the respective limits and controls. The risk management policy and the risk management systems are revised on a regular basis to be adjusted to the developments of the market conditions and the operations of the Company. The Company seeks to develop a disciplinary and constructive risk management policy according to which all employees are well aware of their functions and obligations.

### Credit risk

Credit risk is a risk that the Company will suffer financial loss in case the other party fails to fulfil its obligations. The Company is employing a number of measures designed to continuously ensure that transactions are concluded with reliable clients and the transaction amounts do not exceed the approved credit risk limit. The Company does not grant any guarantees in respect of obligations of other parties. The largest credit risk is represented by the carrying amount of each unit of financial assets, including the derivative financial instruments in the balance sheet, if any. Therefore the Company's management believes that the maximum risk is equal to the amounts receivable less the recognised impairment loss as of the statement of financial position date.

#### Maximum assumed credit risk amount

The Table below shows the largest credit risk exposures of the Company irrespective of the security measures:

Items	31-12-2013	31-12-2012
Trade and other receivables	268,949	224,991
Cash and cash equivalents	589,373	312,291
<b>Total:</b>	<b>858,322</b>	<b>537,282</b>

As at 31 December 2013, the Company's cash and cash equivalents totalled LTL 589,000 (in 2012 - LTL 312,000) which reflect the maximum credit risk of the Company related to the asset concerned. Cash and cash equivalents are held at banks and financial institutions (counterparties) assigned by the rating agency a rating from A1 to AA+.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to fulfil its financial liabilities when due. The Company's policy is to maintain sufficient cash and cash equivalents enabling the Company to fulfil its obligations under ordinary or complex conditions without incurring unacceptable loss or risking its reputation.

The table below shows the largest liquidity risk exposures of the Company irrespective of the security measures:

Items	Carrying amount	Contractual cash flows				
		Total	Up to 3 months	3-12 months	1-5 years	After 5 years
Trade and other receivables	268,949	268,949	268,949	-	-	-
Cash and cash equivalents	589,373	589,373	589,373	-	-	-
<b>Balance as at 31 December 2013</b>	<b>858,322</b>	<b>858,322</b>	<b>858,322</b>	-	-	-

Trade and other receivables	224,991	224,991	224,991	-	-	-
Cash and cash equivalents	312,291	312,291	312,291	-	-	-
<b>Balance as at 31 December 2012</b>	<b>537,282</b>	<b>537,282</b>	<b>537,282</b>	-	-	-

Contractual payment terms according to the financial liabilities including accrued interest as at 31 December 2013 and 31 December 2012:

Items	Carrying amount	Contractual cash flows				
		Total	Up to 3 months	3-12 months	1-5 years	After 5 years
Short-term interest bearing loans	-	-	-	-	-	-
Trade payables	30,595	30,595	30,592	-	-	-
Other current liabilities	14,887	14,887	14,887	-	-	-
Guarantees awarded by the Company (off-balance-sheet liability)	-	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	<b>45,482</b>	<b>45,482</b>	<b>45,482</b>	-	-	-

Short-term interest bearing loans	140,797	140,797	595	-	140,202	-
Trade payables	29,485	29,485	29,485	-	-	-
Other current liabilities	9,832	9,832	9,832	-	-	-
Guarantees awarded by the Company (off-balance-sheet liability)	-	-	-	-	-	-
<b>Balance as at 31 December 2012</b>	<b>180,114</b>	<b>180,114</b>	<b>39,912</b>	-	<b>140,202</b>	-

## Market risk

Market risk is a risk that changes in the market prices such as foreign exchange rates or interest rates will affect the performance of the Company or the value of the financial instruments held thereby. The purpose of the market risk management is to manage the open risk exposures with a view to maximizing the return.

### Foreign exchange risk

The principal foreign exchange risk that the Company faces arises from the fact that the Company executes transactions in foreign currency. The risk management policy of the Company provides for a requirement to reconcile the cash flows from highly probable future transactions in each foreign currency. The Company does not use any financial instruments facilitating the management of foreign currency risk.

Major part of the Company's revenues is generated and part of the expenditure is incurred in Norwegian krone (NOK). The Table below shows the concentration of the Company's assets and liabilities by currencies.

Items	31-12-2013			31-12-2012		
	NOK	LTL	Total	NOK	LTL	Total
Cash in bank and at hand	392,427	196,946	589,373	237,715	74,576	312,291
Amounts receivable	260,331	8,618	268,949	224,991	-	224,991
<b>Total financial assets</b>	<b>652,758</b>	<b>205,564</b>	<b>858,322</b>	<b>462,706</b>	<b>74,576</b>	<b>537,282</b>
Amounts payable and liabilities	25,614	113,930	139,544	170,093	77,925	248,018
<b>Total financial liabilities</b>	<b>25,614</b>	<b>113,930</b>	<b>139,544</b>	<b>170,093</b>	<b>77,925</b>	<b>248,018</b>

### Interest rate risk

As at 31 December 2013 and 2012, the Company did not have any financial assets or financial liabilities sensitive to changes in interest rates. Moreover, the Company did not have any derivative financial instruments the purpose whereof would be to manage the interest rate fluctuation risk.

### Capital adequacy

The Company has assumed an obligation to maintain the equity not less than 50% of the share capital as required by the Law on Companies of the Republic of Lithuania. The Company is obliged to comply with the operational risk prudential requirements – the capital adequacy ratio. The Company's objectives are to:

- ensure the Company's ability to comply with the capital adequacy requirement;
- ensure the ability to maintain the optimal capital level with a view to ensuring the investment portfolio growth and better protection against risks.

The process for the assessment of the Company's capital management is based on the capital adequacy requirements prescribed in the *Rules on the capital adequacy requirements of financial brokerage firms and management companies* which came into effect on 12 July 2012.

As at 31 December 2013, the Company's capital adequacy ratio was 1.66.

According to the requirements set forth by the Bank of Lithuania, the capital adequacy ratio shall be not less than 1. As at 31 December 2013 and 2012, the Company was fully complying with the capital adequacy requirements set forth by the supervisory authority.

#### **Note 14 Classification and fair value of financial instruments**

##### Carrying amount and fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values shall be established on the basis of quoted prices, discounted cash flow model or other appropriate models.

In the opinion of the management the carrying values of trade and other receivables and trade and other payables are close to their fair values.

The table below presents the summary of the fair values and the carrying values of the financial assets and financial liabilities presented in the statement on financial position.

Items	31-12-2013		31-12-2012	
	Fair value	Carrying amount	Fair value	Carrying amount
Amounts receivable	268,949	268,949	224,991	224,991
Cash and cash equivalents	589,373	589,373	312,291	312,291
<b>Total financial assets</b>	<b>858,322</b>	<b>858,322</b>	<b>537,282</b>	<b>537,282</b>
Amounts payable and liabilities	139,544	139,544	248,018	248,018
<b>Total financial liabilities</b>	<b>139,544</b>	<b>139,544</b>	<b>248,018</b>	<b>248,018</b>

##### Categories of fair value

The fair value is distributed according to the hierarchy which discloses the materiality of the used initial estimate data: The fair value hierarchy shall have the following levels:

- Level 1: quoted prices at active markets of identical assets or liabilities (unadjusted);
- Level 2: fair value calculated by valuation methods; all variables having material significance for the recorded fair value, are directly, or indirectly available in the market;
- Level 3: fair value calculated using the valuation methods the variables of which having material effect upon the recorded fair value are not based on the accessible market data.

During the reporting financial year and the previous reporting financial year the Company did not have any financial instruments measured at fair value.

**Note 15 Operating lease**

Items	31-12-2013	2012-21-31	01-01-2012
Within one year	70,560	57,240	15,014
After one year but not later than within five years	70,560	57,240	-
After five years	-	-	-
<b>Total:</b>	<b>141,120</b>	<b>114,480</b>	<b>15,014</b>

The Company is leasing its office according to the Premises lease contract. The lease payments are of fixed amount – LTL 5,800/month.

During the year ended 31 December 2013, LTL 61,000 was recognised as operating lease expenses in profit (loss) (in 2012 – LTL 47,000).

**Note 16 Contingencies**

The Tax Inspectorate may, in the course of 5 consecutive years following the reporting year, inspect the accounting books and records and compute additional taxes or impose fines. The management of the Company is not aware of any circumstances in view of which any potential liability in this respect might arise.

**Note 17 Related party transactions**

The Company's related parties are considered to include its shareholders, employees, Members of the Board, their immediate family members or entities that they directly or indirectly, through one or several intermediaries control or are controlled by, or are managed jointly with the Company, and this relation enables one of the parties exercise control or significant influence upon the other party in making financial or operating decisions.

Financial relations to the Managers of the Company

Items	31-12-2013	31-12-2012
Salary (including bonuses)	473,970	252,513
Social insurance and guarantee fund contributions	190,441	99,434
<b>Total:</b>	<b>664, 411</b>	<b>351,947</b>
<b>Average number of managers in the year</b>	<b>1</b>	<b>1</b>

As at 31 December 2013 and 2012, the Company had not granted any loans to its Managers.



The Company's transactions with other related parties

The operations of the Company performed during the reporting year with the other related entities and their settlement balances as at 31 December 2013 and 31 December 2012 are presented in the table below:

Operations	31-12-2013	31-12-2012
<b>Acquisitions:</b>		
Liberty Capital group UAB	6,710	-
<b>Interest expenses:</b>		
Liberty Capital group UAB	5,410	6,942
<b>Loans payable:</b>		
Liberty Capital group UAB	-	-

As at the end of the reporting year there were no outstanding transactions with related parties.

#### **Note 18 Subsequent events**

In the period from the statement of financial position date to the approval of the financial statements there were no material subsequent events that would have any effect to the financial statements or would have to be disclosed.

#### **Note 19 Funds managed by the Company**

In 2013, the Company was managing three investment funds: *Dovre Inside Nordic*, *Dovre Baltic Sea* and *Dovrefjell*. The Company was also providing the financial instrument portfolio management services. As at 31 December 2013, the total value of the financial instrument portfolio was around LTL 42 million. The value of the total assets managed by the Company was LTL 97 million.

In 2012, *Dovre Forvaltning UAB* had 89 private clients. As at 31 December 2012, the total value of the financial instrument portfolio was around LTL 46 million. The value of the total assets managed by the Company was nearly LTL 50 million.

Off-balance-sheet items	31-12-2013	31-12-2012
<b>Clients' assets managed on trust basis</b>	<b>97,392,777</b>	<b>48,925,881</b>
Client's funds	6,275,395	13,271,717
Financial instruments acquired at the clients' account	35,785,203	32,583,953
Collective investment undertaking and the pension fund assets managed by the Company	55,332,179	3,070 211
Dovre Inside Nordic	45,242,010	3,070 211
Dovre Baltic Sea	9,023,552	-
Dovrefjell	1,066,617	-

**Note 20 Explanation regarding transition to the IFRS**

These financial statements are the first financial statements of the Company drawn up according to the IFRS as adopted by the European Union (EU). In previous years the financial statements of the Company were drawn up in accordance with the Business Accounting Standards (BAS) of the Republic of Lithuania.

The accounting principles as described above were consistently applied while drawing up the financial statements as at 31 December 2013, the comparative data of the financial statements for 31 December 2012, and the initial statement of financial position according to the IFRS as at 1 January 2012 (the date of the transition by the Company to the IFRS).

For the purpose of the drawing up of the initial statement of financial position according to the IFRS, the Company accordingly adjusted the amounts carried according to the BAS. The explanations on the impact of the transition to the IFRS upon the financial standing and the financial performance of the Company are presented in the table below.

The transition from the BAS to the IFRS did not have any significant impact to the cash flows of the Company.

**Statement of financial position as at 1 January 2012**

Items	Note No.	BAS	Effect of the transition to the IFRS	IFRS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current intangible assets		417	-	417
Non-current tangible assets		33,716	-	33,716
Non-current prepayments		-	-	-
Deferred income tax assets		-	-	-
Other non-current assets		-	-	-
<b>Total non-current asset:</b>		<b>34,133</b>	<b>-</b>	<b>34,133</b>
<b>Current assets</b>				
Inventories		-	-	-
Financial assets held as available for sale		-	-	-
Other assets		3,116	-	3,116
Trade and other receivables		136,383	-	136,383
Cash and cash equivalents		435,325	-	435,325
<b>Total current assets</b>		<b>574,824</b>	<b>-</b>	<b>574,824</b>
<b>TOTAL ASSETS:</b>		<b>608,957</b>	<b>-</b>	<b>608,957</b>

*continued on the next page*

**Statement of financial position as at 1 January 2012 (cont.)**

Items	Note No.	BAS	Effect of the transition to the IFRS	IFRS
<b>Shareholders' equity</b>				
Authorised (subscribed) capital		625,000	-	625,000
Subscribed and unpaid capital (-)		-	-	-
Share premium		-	-	-
Own shares (-)		-	-	-
Reserves		-	-	-
Revaluation reserve (results)		-	-	-
Retained earnings (loss)		(234,046)	-	(234,046)
<b>Total equity</b>		<b>390,954</b>	<b>-</b>	<b>390,954</b>
<b>Amounts payable and liabilities</b>				
Other amounts payable and liabilities		218,003	-	218,003
<b>Total amounts payable and liabilities</b>		<b>218,003</b>	<b>-</b>	<b>218,003</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>608,957</b>	<b>-</b>	<b>608,957</b>

**Statement of financial position as at 31 December 2012**

Items	Note No.	BAS	Effect of the transition to the IFRS	IFRS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current intangible assets		63,326	-	63,326
Non-current tangible assets		31,220	-	31,220
Non-current prepayments		-	-	-
Deferred income tax assets		-	-	-
Other non-current assets		-	-	-
<b>Total non-current assets</b>		<b>94,546</b>	<b>-</b>	<b>94,546</b>
<b>Current assets</b>				
Inventories		-	-	-
Financial assets held as available for sale		-	-	-
Other assets		75,529	-	75,529
Trade and other receivables		224,991	-	224,991
Cash and cash equivalents		312,291	-	312,291
<b>Total current assets</b>		<b>612,811</b>	<b>-</b>	<b>612,811</b>
<b>TOTAL ASSETS:</b>		<b>707,357</b>	<b>-</b>	<b>707,357</b>

*continued on the next page*

**Statement of financial position as at 1 January 2012 (cont.)**

Items	Note No.	BAS	Effect of the transition to the IFRS	IFRS
<b>Owners' equity</b>				
Authorised (subscribed) capital		1,205,000	-	1,205,000
Subscribed and unpaid capital (-)		-	-	-
Reserves		-	-	-
Revaluation reserve (results)		-	-	-
Retained earnings (loss)		(745,661)	-	(745,661)
<b>Total equity</b>		<b>459,339</b>	<b>-</b>	<b>459,339</b>
<b>Amounts payable and liabilities</b>				
Other amounts payable and liabilities		248,018	-	248,018
<b>Total amounts payable and liabilities</b>		<b>248,018</b>	<b>-</b>	<b>248,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>707,357</b>	<b>-</b>	<b>707,357</b>

**Statement of profit or loss and other comprehensive income 2012**

Items	Note No.	BAS	Effect of the transition to the IFRS	IFRS
Management and client servicing operations income		952,466	-	952,466
Commission, management and client servicing operations expenses		(371,141)	-	(371,141)
<b>GROSS PROFIT</b>		<b>581,325</b>	<b>-</b>	<b>581,325</b>
Cost of sales		-	-	-
Administrative expenses		1,106,435	-	1,106,435
<b>RESULTS OF OPERATING ACTIVITIES</b>		<b>(1,106,435)</b>	<b>-</b>	<b>(1,106,435)</b>
Income from financial activities		20,437	-	20,437
Expenses of financial activities		(6,942)	-	(6,942)
<b>RESULTS OF FINANCIAL ACTIVITIES</b>		<b>13,495</b>	<b>-</b>	<b>13,495</b>
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(511,615)</b>	<b>-</b>	<b>(511,615)</b>
Income tax		-	-	-
Profit for the year		(511,615)	-	(511,615)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>
Change of the fair value of the financial assets held as available for sale at net value		-	-	-
<b>TOTAL INCOME FOR THE YEAR</b>		<b>(511,615)</b>	<b>-</b>	<b>(511,615)</b>

These financial statements were signed and approved on 31 March 2014:

Stig Myrseth  
Director

Vidmantas Liepuonius  
IMG NUMERI UAB  
Financier-consultant

## ANNUAL REPORT

### Overview of the activity for 2013

*Dovre Forvaltning UAB* is one of the few licensed investment management companies that does not belong to any larger financial institution domiciled in Lithuania or abroad.

In 2013, the Company was managing three investment funds: *Dovre Inside Nordic*, *Dovre Baltic Sea* and *Dovre fjell*. The Company was also providing the financial instrument portfolio management services. The Company's income accounted for LTL 1,312,411.

In 2013, *Dovre Forvaltning UAB* had 67 private clients. As at 31 December 2013, the total value of the financial instrument portfolio was around LTL 42 million. The value of the total assets managed by the Company was LTL 97 million.

As at 31 December 2013, the Company had 9 employees.

### Subsidiaries

As at 31 December 2013, the Company has no subsidiaries.

### Information about share capital

On 14 March 2013, the Company increased its authorised capital by issuing 6,800 registered ordinary shares, each of LTL 100 in nominal value.

On 30 June 2013, the Company's authorised capital was LTL 1,885,000.

On 3 September 2013, the Company reduced its authorised capital by LTL 1,501,388 to LTL 1,087,212, by reducing the nominal value of the registered ordinary share from LTL 100 to LTL 42.

On 30 October 2013, the Company increased its authorised capital by additional contributions from LTL 1,087,212 to LTL 1,214,934, by additionally issuing 3,041 registered ordinary shares each of LTL 42 in nominal value.

On 12 December 2013, the Company reduced its authorised capital by LTL 231,416 to LTL 983,518, by reducing the nominal value of the registered ordinary share from LTL 42 to LTL 34, and increased its authorised capital from LTL 983,518 to LTL 1,214,956.

On 31 December 2013, the Company's authorised capital was LTL 1,214,956.

Liberty Capital Group UAB under liquidation, company code 302680886, holds 21,891 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 61.26% of non-voting shares, and 61.26% of the authorised capital of the Company.

Trinity Capital UAB, company code 302682894, holds 4,576 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 12.81% of non-voting shares, and 12.81% of the authorised capital of the Company.

AS Liberty Holdings, company code 997702085, holds 4,576 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 12.81% of non-voting shares, and 12.81% of the authorised capital of the Company.

AS Selvaag Invest, company code 935499240, holds 4,691 registered ordinary shares of the Company, each of LTL 34 in nominal value which represents 13.13% of non-voting shares, and 13.13% of the authorised capital of the Company.

The Company has not established any branches or representative offices.

The number of all own shares acquired and held by the Company, their nominal value and part of the authorised capital represented thereby - in 2013, the Company did not hold or acquired any of its own shares.

The number of own shares acquired and held by the Company during the reporting period, their nominal value and part of the authorised capital represented thereby - in 2013, the Company did not hold or acquired any of its own shares.

Information about the payment for own shares if they are acquired or transferred for a consideration - in 2013, the Company did not acquire or transfer any of its own shares.

Reasons for the Company acquiring its own shares during the reporting period - in 2013, the Company did not acquire or transfer any of its own shares.

#### **Operating plans and projections of the Company**

In 2014, *Dovre Forvaltning UAB* intends to liquidate the investment fund *Dovre fjell*, and focus on the management of the funds *Dovre Inside Nordic*, *Dovre Baltic Sea*, and the financial instrument portfolio management. The Company plans to allocate enhanced resources to attracting clients in Lithuania. The plans of the Company for 2014 include an increase in the value of the total funds managed thereby to LTL 150 million.

Director

31 March 2014