AB INVALDA

CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS 31 MARCH 2010 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

GENERAL INFORMATION

Board of Directors

Mr. Vytautas Bučas (chairman of the Board)
Mr. Dalius Kaziūnas
Mr. Darius Šulnis

Management

Mr. Darius Šulnis (president)
Mr. Raimondas Rajeckas (chief financial officer)

Principal place of business and company code

Seimyniskiu Str. 1A,
Vilnius,
Lithuania
Company code 121304349

Bankers

AB DnB Nord Bankas
Nordea Bank Finland Plc Lithuania Branch
AB Bankas Snoras
AB Šiaulių Bankas
Danske Bank A/S Lithuania Branch
UAB Medicinos Bankas
AB bankas Finasta
AB SEB Bankas
AS UniCredit Bank Lithuania Branch

The financial statements were approved and signed by the Management and the Board of Directors on 31 May 2010.

Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief financial officer

Interim consolidated and Parent Company's income statements

		Group		Company	
		I Quarter 2010	**I Quarter 2009**	**I Quarter 2010**	**I Quarter 2009**
Continuing operations		Unaudited		Unaudited	
Revenue					
Furniture production revenue		43,193	34,827	-	-
Residential real estate revenue		2,905	3,498	-	-
Rent and other real estate revenue		6,952	7,552	-	-
Information technology revenue		2,801	4,767	-	-
Other production and services revenue		1,300	1,486	-	-
Total revenue		57,151	52,130	-	-
Other income	9.3	792	1,326	2,005	3,949
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	8	12,420	13,811	(19,690)	10,370
Net gains (losses) from fair value adjustments on investment property		(41)	(224)	-	-
Net changes in fair value on financial assets	9.1	435	(251)	463	(2,436)
Changes in inventories of finished goods and work in progress		(1,679)	1,363	-	-
Raw materials and consumables used		(25,876)	(27,786)	(8)	(7)
Changes in residential real estate		(2,529)	(2,824)	-	-
Employee benefits expenses		(7,470)	(9,112)	(450)	(476)
Impairment, write-down, allowances and provisions	8	(10,716)	(2,135)	19,657	(2,925)
Premises rent and utilities		(4,701)	(4,588)	(42)	(55)
Depreciation and amortisation		(2,546)	(2,519)	(31)	(35)
Repair and maintenance of premises		(1,963)	(2,060)	-	-
Other operating expenses		(3,206)	(3,025)	(184)	(362)
Operating profit (loss)		**10,071**	**14,106**	**1,720**	**8,023**
Finance costs	9.2	(5,231)	(8,845)	(3,400)	(6,599)
Share of profit (loss) from associates and joint ventures		(1,378)	(9,225)	-	-
Profit (loss) before income tax		**3,462**	**(3,964)**	**(1,680)**	**1,424**
Income tax	7	(903)	1,889	173	1,548
Profit (loss) for the period from continuing operations		**2,559**	**(2,075)**	**(1,507)**	**2,972**
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	10	-	(4,487)	-	-
PROFIT (LOSS) FOR THE PERIOD		**2,559**	**(6,562)**	**(1,507)**	**2,972**
Attributable to:					
Equity holders of the parent		872	(6,449)	(1,507)	2,972
Non-controlling interests		1,687	(113)	-	-
		2,559	**(6,562)**	**(1,507)**	**2,972**
Basic and diluted earnings (deficit) per share (in LTL)	11	0.02	(0.15)		
Basic and diluted earnings (deficit) per share (in LTL) for continuing operations	11	0.02	(0.05)		

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	I Quarter 2010	**I Quarter 2009**	**I Quarter 2010**	**I Quarter 2009**
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	**2,559**	**(6,562)**	**(1,507)**	**2,972**
Continuing operation				
Net gain (loss) on cash flow hedge	15	(135)	-	-
Income tax	(2)	27	-	-
	13	**(108)**	-	-
Net gain (loss) on available-for-sale financial assets	11	-	-	-
Reclassification adjustment for gain (loss) included in profit or loss	(222)	-	-	-
Income tax	42	-	-	-
	(169)	**-**	-	-
Exchange differences on translation of foreign operations	-	10	-	-
Share of other comprehensive income of associates	7,198	(11,593)	-	-
Other comprehensive income for the period from continuing operation	**7,042**	**(11,691)**	**-**	**-**
Discontinued operations				
Net gain (loss) on available-for-sale financial assets	-	(65)	**-**	**-**
Income tax	-	13	**-**	**-**
Other comprehensive income for the period from discontinued operations	**-**	**(52)**	**-**	**-**
Other comprehensive income for the period, net of tax	**7,042**	**(11,743)**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**9,601**	**(18.305)**	**(1,507)**	**2,972**
Attributable to:				
Equity holders of the parent	7,914	(18,192)	(1,507)	2,972
Non-controlling interests	1,687	(113)	-	-

Interim consolidated and Parent Company's statements of financial position

		Group		Company	
		As of 31 March 2010	**As of 31 December 2009**	**As of 31 March 2010**	**As of 31 December 2009**
ASSETS		Unaudited	Audited	Unaudited	Audited
Non-current assets					
Property, plant and equipment		42,027	43,709	192	212
Investment properties		240,189	263,775	-	-
Intangible assets		8,656	8,863	-	1
Investments into subsidiaries	8	-	-	81,311	81,311
Investments into associates and joint ventures	8	175,255	169,436	136,450	136,450
Investments available-for-sale		1,819	1,818	1,817	1,817
Loans granted		-	-	5,505	1,092
Other non-current assets		2,848	2,848	-	-
Deferred income tax asset		5,160	4,963	4,317	4,144
Total non-current assets		**475,954**	**495,412**	**229,592**	**225,027**
Current assets					
Inventories		23,089	41,837	-	-
Trade and other receivables		26,221	21,131	-	1
Current loans granted		26,710	28,959	83,897	78,396
Prepaid income tax		41	51	-	-
Prepayments and deferred charges		2,541	2,014	20	29
Investments available-for-sale		-	995	-	-
Financial assets held-for-trade		9,437	10,743	2,647	3,269
Restricted cash		5,429	5,475	-	-
Cash and cash equivalents	5	2,650	3,486	429	94
Total current assets		**96,118**	**114,691**	**86,993**	**81,789**
Total assets		**572,072**	**610,103**	**316,585**	**306,816**

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Consolidated and Parent Company's statements of financial position (cont'd)

		Group		Company	
		As of 31 March 2010	**As of 31 December 2009**	**As of 31 March 2010**	**As of 31 December 2009**
EQUITY AND LIABILITIES		Unaudited	Audited	Unaudited	Audited
Equity					
Equity attributable to equity holders of the parent					
Share capital	11	51,660	42,569	51,660	42,569
Share premium	11	91,497	50,588	91,497	50,588
Reserves		76,152	76,490	73,383	73,383
Retained earnings (accumulated deficit)		(82,654)	(90,978)	(121,711)	(120,204)
		136,655	**78,669**	**94,829**	**46,336**
Non-controlling interests		**14,754**	**13,041**	**-**	**-**
Total equity		**151,409**	**91,710**	**94,829**	**46,336**
Liabilities					
Non-current liabilities					
Non-current borrowings	11	146,513	28,722	122,399	4,061
Financial lease liabilities		103	103	-	-
Government grants		4	5	-	-
Provisions		480	480	-	-
Deferred income tax liability		14,296	14,900	-	-
Derivative financial instruments		100	122	-	-
Convertible bonds	11	32,440	-	32,440	-
Total non-current liabilities		**193,936**	**44,332**	**154,839**	**4,061**
Current liabilities					
Current portion of non-current borrowings	11	127,674	268,199	-	101,046
Current portion of financial lease liabilities		114	162	-	-
Current borrowings	11	54,838	73,039	58,739	67,789
Trade payables		19,454	28,679	700	642
Income tax payable		5,190	5,099	-	-
Provisions		1,562	1,616	1,466	1,466
Advances received		2,567	2,017	-	-
Derivative financial instruments		239	233	-	-
Convertible bonds	11	3,527	83,056	3,527	83,056
Other current liabilities		11,562	11,961	2,485	2,420
Total current liabilities		**226,727**	**474,061**	**66,917**	**256,419**
Total liabilities		**420,663**	**518,393**	**221,756**	**260,480**
Total equity and liabilities		**572,072**	**610,103**	**316,585**	**306,816**

(the end)

Consolidated and Parent Company's statements of changes in equity

	Equity attributable to equity holders of the parent									
			Reserves							
Group	**Share capital**	**Share premium**	**Fair value reserves**	**Legal and other reserves**	**Foreign currency translation reserve**	**Retained earnings (accumulated deficit)**	**Discontinued operations**	**Subtotal**	**Non-controlling interests**	**Total equity**
Balance as at 31 December 2008	**42,569**	**50,588**	**(1,576)**	**75,947**	**(293)**	**750**	**-**	**167,985**	**9,705**	**177,690**
Total comprehensive income for the I Quarter of 2009	-	-	(108)	-	10	(18,042)	(52)	(18,192)	(113)	(18,305)
Non-controlling interests acquired	-	-	-	-	-	(4)	-	(4)	(15)	(19)
Changes in reserves	-	-	-	-	-	153	(153)	-	-	-
Discontinued operation	-	-	1,314	(437)	-	-	(877)	-	-	-
Balance as at 31 March 2009 (unaudited)	**42,569**	**50,588**	**(370)**	**75,510**	**(283)**	**(17,143)**	**(1,082)**	**149,789**	**9,577**	**159,366**

		Equity attributable to equity holders of the parent								
				Reserves						
Group		**Share capital**	**Share premium**	**Fair value reserves**	**Legal and other reserves**	**Foreign currency translation reserve**	**Retained earnings (accumulated deficit)**	**Subtotal**	**Non-controlling interests**	**Total equity**
Balance as at 31 December 2009		**42,569**	**50,588**	**(133)**	**76,623**	**-**	**(90,978)**	**78,669**	**13,041**	**91,710**
Total comprehensive income for the I Quarter of 2010		-	-	(156)	-	-	8,070	7,914	1,687	9,601
Sales of subsidiaries		-	-	-	(254)	-	254	-	7	7
Share based payments		-	-	-	72	-	-	72	19	91
Increase of share capital	11	9,091	40,909	-	-	-	-	50,000	-	50,000
Balance as at 31 March 2010 (unaudited)		**51,660**	**91,497**	**(289)**	**76,441**	**-**	**(82,654)**	**136,655**	**14,754**	**151,409**

Consolidated and Parent Company's statements of changes in equity (cont'd)

Company		Share capital	Share premium	Reserves: Legal reserve	Reserves: Reserve of purchase of own shares	Retained earnings (accumulated deficit)	Total
Balance as at 31 December 2008		**42,569**	**50,588**	**4,257**	**69,126**	**1,594**	**168,134**
Total comprehensive income for the I Quarter of 2010		-	-	-	-	2,972	2,972
Balance as at 31 March 2009 (unaudited)		**42,569**	**50,588**	**4,257**	**69,126**	**4,566**	**171,106**

Company		Share capital	Share premium	Reserves: Legal reserve	Reserves: Reserve of purchase of own shares	Retained earnings (accumulated deficit)	Total
Balance as at 31 December 2009		**42,569**	**50,588**	**4,257**	**69,126**	**(120,204)**	**46,336**
Total comprehensive income for the I Quarter of 2010		-	-	-	-	(1,507)	(1,507)
Increase of share capital	11	9,091	40,909	-	-	-	50,000
Balance as at 31 March 2010 (unaudited)		**51,660**	**91,497**	**4,257**	**69,126**	**(121,711)**	**94,829**

Consolidated and Parent Company's statements of cash flows

	Group		Company	
	I Quarter 2010	**I Quarter 2009**	**I Quarter 2010**	**I Quarter 2009**
	Unaudited		Unaudited	
Cash flows from (to) operating activities				
Net profit (loss) for the period	2,559	(6,562)	(1,507)	2,972
Adjustments for non-cash items and non-operating activities:				
Valuation (gain) loss, net	41	224	-	-
Depreciation and amortization	2,546	3,183	31	36
(Gain) loss on disposal of tangible assets	-	29	-	-
Realized and unrealized loss (gain) on investments	(435)	(58)	(463)	2,436
(Gain) loss on disposal of subsidiaries, associates	(12,420)	(13,811)	19,690	(10,370)
Share of net loss (profit) of associates and joint ventures	1,378	9,225	-	-
Interest (income)	(473)	(1,135)	(2,004)	(3,841)
Interest expenses	4,707	9,277	3,385	6,573
Deferred taxes	(350)	(2,957)	(173)	(1,548)
Current income tax expenses	1,253	279	-	-
Allowances	10,716	1,223	(19,657)	2,925
Change in provisions	(54)	1,874	-	-
Share based payment	91	-	-	-
Dividend (income)	-	(1)	-	-
Loss (gain) from other financial activities	-	-	-	(79)
	9,559	**790**	**(698)**	**(896)**
Changes in working capital:				
(Increase) decrease in inventories	4,284	3,076	-	-
Decrease (increase) in trade and other receivables	(1,958)	579	1	-
Decrease (increase) in other current assets	(527)	(5,165)	9	33
(Decrease) increase in trade payables	(8,362)	(4,165)	4	78
(Decrease) increase in other current liabilities	854	2,167	131	17
Cash flows (to) from operating activities	**3,850**	**(2,718)**	**(553)**	**(768)**
Income tax (paid) return	(1,152)	2,360	-	500
Net cash flows (to) from operating activities	**2,698**	**(358)**	**(553)**	**(268)**

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Consolidated and Parent Company's statements of cash flows (cont'd)

		Group		Company	
		I Quarter 2010	I Quarter 2009	I Quarter 2010	I Quarter 2009
Cash flows from (to) investing activities		Unaudited		Unaudited	
(Acquisition) of non-current assets (except investment properties)		(673)	(1,226)	(10)	(12)
Proceeds from sale of non-current assets (except investment properties)		13	30	-	-
(Acquisition) of investment properties		(19)	(47)	-	-
Proceeds from sale of investment properties		264	1,070	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired		-	-	-	-
Proceeds from sales of subsidiaries, net of cash disposed		(10)	(40)	-	40
(Acquisition) of associates and joint ventures		-	(129)	-	(129)
Proceeds from sales of associates and joint ventures		-	78.071	-	78,071
Loans (granted)		(936)	(15,855)	(15,482)	(13,716)
Repayment of granted loans		3,119	28,144	10,614	11,938
Dividends received		-	-	-	-
Interest received		473	1,135	14	297
(Acquisition) of and proceeds from sales of held-for-trade and available-for-sale investments		(42)	(14,771)	-	-
Net cash flows (to) investing activities		**2,189**	**76,382**	**(4,864)**	**76,489**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
(Acquisition) and changes of non-controlling interests and increase of share capital		-	(19)	-	(5,243)
Dividends (paid) to equity holders of the parent		(12)	-	(12)	-
Dividends (paid) to non-controlling interests		-	-	-	-
		(12)	(19)	(12)	(5,243)
Cash flows related to other sources of financing					
Proceeds from loans		5,218	11,186	13,871	11,646
(Repayment) of loans		(7,156)	(94,780)	(6,563)	(78,495)
Interest (paid)		(3,771)	(9,277)	(1,544)	(3,919)
Financial lease (payments)		(48)	(50)	-	-
Transfer (to)/from restricted cash		46	8,791	-	-
Other cash flows from financing activities		-	-	-	(20)
		(5,711)	(84,130)	5,764	(70,788)
Net cash flows (to) from financial activities		**(5,723)**	**(84,149)**	**5,752**	**(76,031)**
Net (decrease) increase in cash and cash equivalents		**(836)**	**(8,125)**	**335**	**190**
Cash and cash equivalents at the beginning of the period	5	**3,486**	**18,217**	**94**	**12**
Cash and cash equivalents at the end of the period	5	**2,650**	**10,092**	**429**	**202**

(the end)

Notes to the interim condensed financial statements

1 General information

AB Invalda (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania on 20 March 1992. The address of its registered office is Seimyniskiu Str. 1A, Vilnius, Lithuania.

Investment Company AB Invalda was established in 1992 and is incorporated and domiciled in Lithuania. The Company strives to ensure long-term financial return for its shareholders maintaining a low grade of risk, and implements its plans observing ethical standards and traditional values. AB Invalda endeavours to be a reliable and stable company valued by its customers, shareholders, and employees. AB Invalda concentrates on the priority segments, such as pharmacy, roads and bridges construction, furniture manufacturing, real estate and IT. The activities and assets of key associates of the Company representing pharmacy and roads and bridges construction segments are concentrated in Poland.

The Company's shares are traded on the Baltic Main List of NASDAQ OMX Vilnius.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed financial statements for the three months ended 31 March 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and Company's annual financial statements for the year ended 31 December 2009, except adoption of new Standards and Interpretations as of 1 January 2010, noted below.

IAS 27 *Consolidated and Separate Financial Statements (Revised)* (effective for annual periods beginning on or after 1 July 2009).

The revised IAS 27 requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the previous standard required the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary have to be measured at its fair value. The amendment does not result in a material impact on financial statements as the Company and the Group were previous using the treatment determined in revised IAS 27.

IFRS 3 *Business Combinations (Revised)* (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs are accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date are recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The amendment does not impact the interim financial statements for the three months ended 31 March 2010. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standards are not restated.

2 Basis of preparation (cont'd)

Amendments to IFRS 2 *Share-based Payment - Group cash-settled and share-based payment transactions* (effective for financial years beginning on or after 1 January 2010)

The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The amendment does not impact the interim financial statements for the three months ended 31 March 2010.

Amendment to *IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (*effective for financial years beginning on or after 1 July 2009)

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The amendment have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

<u>Improvements to IFRSs</u>

In May 2008 and April 2009 IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Most of the changes are effective for financial years beginning on or after 1 January 2010, unless stated otherwise. These amendments to standards have no material effect on the financial statements.

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Clarification that all of a subsidiary's assets and liabilities are classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary after the sale. This amendment is effective for periods commencing 1 July 2009. Other amendment clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IFRS 2 *Share-based payments:* The amendment clarifies that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2.
- IFRS 8 *Operating Segment Information*: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- IAS 1 *Presentation of Financial Statements*: allows classification of certain liabilities settled by entity's own equity instruments as non-current.
- IAS 7 *Statement of Cash Flows*: explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- IAS 17 *Leases*: allows classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease.
- IAS 18 *Revenue*: The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent.
- IAS 36 *Impairment of Assets:* The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.
- IAS 38 *Intangible Assets:* The amendment supplements IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination.
- IAS 39 *Financial Instruments: Recognition and Measurement*: amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender.
- IFRIC 9 *Reassessment of Embedded Derivatives:* This amendment states that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope.
- IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*: The amendment removes the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged.

2 Basis of preparation (cont'd)

IFRIC 12 *Service Concession Arrangements* (effective for financial years beginning on or after 30 March 2009).
This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group.

IFRIC 15 *Agreements for the Construction of Real Estate* (effective for financial years beginning after 31 December 2009)
The interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. The interpretation does not impact the interim financial statements for the three months ended 31 March 2010.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective for financial years beginning on or after 30 June 2009)
The interpretation provides guidance on the accounting for a hedge of a net investment in a foreign operation. IFRIC 16 does not have an impact on the consolidated financial statements because the Group does not have hedges of net investments.

IFRIC 17 *Distributions of Non-cash Assets to Owners (*effective for financial years beginning after 31 October 2009)
The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. IFRIC 17 does not have an impact on the consolidated financial statements because the Group does not distribute non-cash assets to owners in the past.

IFRIC 18 *Transfers of Assets from Customers (*effective for transfers of assets received after 31 October 2009).
The Interpretation provides guidance on accounting for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation does not impact the interim financial statements for the three months ended 31 March 2010.

IFRS 1 *First-time Adoption of International Financial Reporting Standards (Revised)* (restructured IFRS 1 is effective for annual periods beginning after 31 December 2009)
The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The revised standard does not have any effect on the Group's financial statements.

3 Seasonality of operations and other recurring discrepancies in quarters

Road and bridge building business give lower revenue and operational profit in the 1st and 4th quarter in contrast to the 2nd and the 3rd quarters. Investment properties owned by the Group are revaluated and the change of their value is included in the profit/loss statement at the end of a year.

4 Segment information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance assessment. Segment performance is evaluated based on net profit or loss and it is measured on the same basis as net profit or loss in the financial statements. Group financing (including finance costs and finance revenue) and income taxes are allocated between segments as they are identified on basis of separate legal entities. Between segments consolidation adjustments and eliminations are not allocated on a segment basis.

For management purposes, the Group is organised into following segments:

<u>Real estate</u>

The real estate segment is involved in investment in real estate, real estate management and administration, facility management, construction management, intermediation in buying, selling and rating real estate.

4 Segment information (cont'd)

Pharmacy

The pharmacy segment produces generic injectables, tablets, ointments and eye drops and pre-filled syringes and sells own products and provides toll manufacturing services.

Furniture production

The furniture segment includes flat-pack furniture mass production and sale.

Roads and bridge construction

The roads and bridge construction segment is involved in:

- management of the design, construction, and repair of bridges, viaducts, and flyovers.
- management of the tunnels design, construction and renovation. Tunnel engineering network construction and renovation.
- production and sale of asphalt concrete and reinforced concrete.
- production of and trade in materials for road construction.
- installation of water supply systems, sewer systems, rain water drainage systems and water treatment equipment. Selection of engineering systems, design and project coordination services, the construction and installation of water treatment systems, technical and and technological supervision services during construction work and system testing and operating services.
- management of the design, repair and surface regeneration work of airport taxiways, runways, ramps, aircraft parking areas, and special areas.
- management of railroad design, construction and the repair of railroads, dismantling of railroads, utilisation of fouled track ballast, and the installation of new sections of railroad.
- management of the design, construction, and repair of sea and river port quays, embankments, docks, berth structures, piers, closing dikes, and pavement.

Information technology

The information technology segment is involved in offering IT infrastructure strategy, security and maintenance solutions and supplies of all hardware and software needed for IT infrastructure solutions of any size.

Other production and service segments

The other production and service segment is involved agricultural investment, hardware articles production, road signs production, wood manufacturing and other activities.

4 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the three months ended 31 March 2010:

Period ended 31 March 2010	**Real estate**	**Phar-macy**	**Furniture production**	**Roads and bridge construction**	**Information technology**	**Other production and service**	**Elimi-nation**	**Total continuing operations**
Revenue								
Sales to external customers	9,857	-	43,193	-	2,801	1,300	-	57,151
Inter-segment sales	79	-	-	-	15	-	(94)	-
Total revenue	9,936	-	43,193	-	2,816	1,300	(94)	57,151
Results								
Other income	12,519	-	690	-	62	2,652	(2,276)	13,647
Net losses from fair value adjustment on investment property	(41)	-	-	-	-	-	-	(41)
Segment expenses	(11,966)	-	(35,690)	-	(4,070)	(5,845)	2,370	(55,201)
Impairment, write-down and allowance	(10,716)	-	-	-	-	-	-	(10,716)
Share of profit (loss) of the associates and joint ventures	1,226	4,045	-	(6,366)	-	(283)	-	(1,378)
Profit (loss) before income tax	958	4,045	8,193	(6,366)	(1,192)	(2,176)	-	3,462
Income tax	141	-	(1,221)	-	11	166	-	(903)
Net profit (loss) for the period	1,099	4,045	6,972	(6,366)	(1,181)	(2,010)	-	2,559
Attributable to:								
Equity holders of the parent	1,128	4,045	5,020	(6,366)	(945)	(2,010)	-	1,687
Non-controlling interests	(29)	-	1,952	-	(236)	-	-	872

4 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the three months ended 31 March 2009:

Period ended 31 March 2009	Real estate	Phar-macy	Furniture production	Roads and bridge construction	Information technology	Other production and service	Elimina-tion	Total continuing operations
Revenue								
Sales to external customers	11,050	-	34,827	-	4,767	1,486	-	52,130
Inter-segment sales	281	-	-	-	77	-	(358)	-
Total revenue	11,331	-	34,827	-	4,844	1,486	(358)	52,130
Results								
Other income	3	-	687	-	262	17,004	(3,294)	14,662
Segment expenses	(15,032)	-	(35,283)	-	(5.363)	(10,036)	4.183	(61,531)
Share of profit (loss) of the associates and joint ventures	(813)	(3,452)	-	(4,483)	-	(477)	-	(9,225)
Profit (loss) before income tax	(4,511)	(3,452)	231	(4,483)	(257)	7,977	531	(3,964)
Income tax	115	-	(142)	-	(25)	1,941	-	1,889
Net profit (loss) for the period	(4,396)	(3,452)	89	(4,483)	(282)	9,918	531	(2,075)
Attributable to:								
Equity holders of the parent	(4,257)	(3,452)	60	(4,483)	(279)	9,918	531	(1,962)
Non-controlling interests	(139)	-	29	-	(3)	-		(113)

The following table represents segment assets of the Group operating segments as at 31 March 2010 and 31 December 2009:

Segment assets	Real estate	Pharma-cy	Furniture production	Roads and bridge construction	Information technology	Other production and service	Elimi-nation	Total continuing operations
At 31 March 2010	270,542	118,630	89,667	53,512	13,528	120,771	(94,578)	572,072
At 31 December 2009	306,563	108,763	77,990	58,502	14,587	131,291	(87,593)	610,103

5 Cash and cash equivalents

	Group		Company	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Cash at bank	2,544	3,476	429	94
Cash in hand	106	10	-	-
	2,650	3,486	429	94

6 Dividends

In 2009 and 2010 dividends were not declared.

7 Income tax

	Group		Company	
	I Quarter 2010	I Quarter 2009	I Quarter 2010	I Quarter 2009
Components of income tax expense				
Current income tax charge	(1,253)	(279)	-	-
Deferred income tax income (expense)	350	2,168	173	1,548
Income tax (expenses) income charged to the income statement	(903)	1,889	173	1,548

8 Investment into subsidiaries and associates

On 31 March 2010 the Group sold shares of Lithuanian real estate investors UAB Broner, UAB Nerijos bustas, UAB Saules investicija (all mentioned ones are the subsidiaries) and Latvian SIA Dommo grupa (latter mentioned is the associate). Each company was sold for 1 LTL. All of these companies are in the process of being filed for bankruptcy. Until issue of these financial statements came into law the decisions of courts regarding insolvency of UAB Nerijos bustas and SIA Dommo grupa. The projects became unfeasible because of the change in market situation, bank's decision to cease financing and its refusal to search for constructive solutions in regard to realization of the assets. The Company suffered loss of LTL 19,690 thousand, but was reversed allowance of the same amount (LTL 19,690 thousand), which was recognised in 2008 and 2009 for these investments. So overall impact on profit or loss of the Company is equalled to nil.

The carrying values of Group identifiable assets and liabilities as at the date of disposal and impact to Group profit or loss were:

	Carrying value
Investment property	23,300
Residential real estate	14,465
Loans granted	4,168
Other current assets	42
Cash	10
Total assets	**41,985**
Borrowings	(43,416)
Trade and other receivables	(10,072)
Deferred tax liability	(412)
Other payables	(512)
Total liabilities	**(54,412)**
Group's net assets sold	**(12,427)**
Non-controlling interests	**(7)**
Group's net assets attributed to equity holders of the parent	**(12,420)**
Profit from sale	12,420
Allowance for Group receivables from sold companies	(10,716)
Net loss of sold companies for 1st Quarter 2010	(849)
Overall impact of sold companies to Group's net profit (loss) for 1st Quarter	**855**
Proceeds from sale	**-**
Cash sold	(10)
Net cash received	**(10)**

9 Other revenues and expenses

9.1. Net changes in fair value on financial assets

	Group		Company	
	I Quarter 2010	I Quarter 2009	I Quarter 2010	I Quarter 2009
Net gain (loss) from financial assets at fair value	215	(251)	463	(2,436)
Realised (loss) gain from available-for-sale investments	220	-	-	-
	435	(251)	463	(2,436)

9.2. Finance expenses

	Group		Company	
	I Quarter 2010	I Quarter 2009	I Quarter 2010	I Quarter 2009
Interest expenses	(4,707)	(8,758)	(3,385)	(6,573)
Other finance expenses	(524)	(87)	(15)	(26)
	(5,231)	(8,845)	(3,400)	(6,599)

9.3. Other income

	Group		Company	
	I Quarter 2010	I Quarter 2009	I Quarter 2010	I Quarter 2009
Interest income	473	530	2,004	3,841
Dividend income	-	-	-	107
Other income	319	796	1	1
	792	1,326	2,005	3,949

10 Discontinued operations

Discontinued operation

On March 31, 2009 the Management Board of Invalda AB approved entering into the contract with the Bank Snoras AB regarding the sale of Finasta Group companies (Bank Finasta AB, FBC Finasta, asset management companies Invalda Turto Valdymas and Invalda Asset Management Latvia, as well as Finasta Imoniu Finansai AB). Contract was signed on 1 April 2009. The disposal of the Finasta Group companies was completed on 16 September 2009.

The results of the financial mediation segment for the three months ended 31 March 2009 are presented below:

	I Quarter 2009
Revenue	2,587
Expenses	(6,972)
Profit (loss) from investments	(250)
Finance expenses	(641)
(Loss) profit before tax from a discontinued operation	**(5,276)**
Income tax	789
(Loss) profit for the period from a discontinued operation (financial mediation)	**(4,487)**

Deficit (earnings) per share:	**I Quarter 2009**
Basic and diluted, from discontinued operation	(0.11)

11 Borrowings

During the General Shareholder Meetings which was held on 30 January 2010 it was decided to change the conditions of convertible bonds and to issue new convertible bonds of LTL 7.44 million. After realizing the decision maturity of convertible bonds of LTL 25 million was extended until 1 July 2012 and new emission of convertible bonds of LTL 7.44 million (maturity - 1 July 2012) was issued.

On January 30 2010, the Company received an application of D. J. Mišeikis to convert 500,000 owned bonds (the nominal value of one bond is 100 LTL) to 9,090,909 ordinary registered AB Invalda shares (the nominal value of one share is 1 LTL). On February 3 2010 new By-laws of AB Invalda were registered. According to them the share capital of the Company was increased by LTL 9,091 thousand, from LTL 42,569 thousand till LTL 51,660 thousand. The outstanding emissions amount (LTL 40,909 thousand) was recognised in share premium. Retrospectively the liabilities of the Company are decreased by LTL 50,000 thousand.

In January 2010 an extension to loan agreement was signed. It was agreed to postpone the maturity of loan until 30 June 2012 with DnB Nord bank for all amount (the current liability as of 31 March 2010 was LTL 98,841 thousand, as of 31 December 2009 was LTL 101,046 thousand).

In February 2010 a loan agreement extension was signed with Šiaulių bank regarding postponement the maturity of the loan amounting LTL 18 million until 15 April 2011.

These actions resulted in a significant decrease of the Company's current liabilities and improvement of the Company's liquidity.

Within the 3 months of 2010, the Group and the Company refunded respectively LTL 7,156 thousand and LTL 6,563 thousand loans.

During 2nd quarter of 2009 the Group have signed bank loan agreements' amendments regarding extension of maturity terms of loans for 2 years in the real estate segment's companies (until 2011). These loans at 31 December 2009 were classified nominally according to IAS 1 as current (total value of its – LTL 106,462 thousand) as formally has not been suspended complying of loan covenants. Also during 1st quarter was signed loan agreements' amendment regarding extension of maturity terms of LTL 15,459 thousand loan until 2012. However, one loan's covenant is not complied, so this loan was classified nominally according to IAS 1 as current. However any notice on premature loan repayment was not received. Taking into account management's assessment of interaction with the bank's representatives, the actual loans maturity is 2011 and 2012, respectively.

12 Related party transactions

Receivables from related parties are presented in gross amount (without allowance).

The Company's transactions with related parties in the 1st Quarter of 2010 and related quarter-end balances were as follows:

2010 I quarter Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	2,346	456	102,395	32,517
Rent and utilities	-	36	-	83
Dividends	-	-	-	-
Other	-	16	-	5
	2,346	508	102,395	32,605
Liabilities to shareholders and management	-	2	-	-

12 Related party transactions (cont'd)

The Company's transactions with related parties in the 1st Quarter of 2009 and related quarter-end balances were as follows:

2009 I quarter Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	3,774	795	166,911	28,611
Rent and utilities	-	50	-	37
Payables for share capital in subsidiaries in Ukraine	-	-	-	152
Other		30	620	161
	3,774	875	167,531	28,961
Liabilities to shareholders and management	-	30	-	1,623

The Group's transactions with related parties in the 1st Quarter of 2010 and related quarter-end balances were as follows:

2010 I quarter Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	280	89	19,947	4,596
Rent and utilities	80	-	77	-
Roads and bridges construction segment	28	-	181	-
Other	31	38	-	19
	419	127	20,205	4,615
Liabilities to shareholders and management	129	10	8,096	-

The Group's transactions with related parties in the 1st Quarter of 2009 and related quarter-end balances were as follows:

2009 I quarter Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	339	279	46,288	12,525
Rent and utilities	133	10	158	12
Financial segment	23	-	63	-
Roads and bridges construction segment	124	-	148	-
Other	12	-	623	-
	631	289	47,280	12,537
Liabilities to shareholders and management	132	139	6,060	6,527