AB INVALDA

CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS 31 MARCH 2011 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Interim consolidated and Parent Company's income statements

		Group		Company	
		I Quarter 2011	**I Quarter 2010**	**I Quarter 2011**	**I Quarter 2010**
Continuing operations		Unaudited		Unaudited	
Revenue					
Furniture production revenue		56,567	43,193	-	-
Residential real estate revenue		1,043	2,905	-	-
Rent and other real estate revenue		5,857	6,187	-	-
Facility management		1,517	765	-	-
Information technology revenue		8,416	2,801	-	-
Other production and services revenue		1,804	1,300	-	-
Total revenue		**75,204**	**57,151**	**-**	-
Other income	9.3	1,037	792	1,513	2,005
Net gains (losses) on disposal of subsidiaries, associates and joint ventures		-	12,420	-	(19,690)
Net gains (losses) from fair value adjustments on investment property		8	(41)	-	-
Net changes in fair value on financial assets	9.1	(188)	435	-	463
Changes in inventories of finished goods and work in progress		2,111	(1,679)	-	-
Raw materials and consumables used		(46,974)	(25,876)	(4)	(8)
Changes in residential real estate		(811)	(2,529)	-	-
Employee benefits expenses		(8,957)	(7,470)	(440)	(450)
Impairment, write-down, allowances and provisions	12	1,038	(10,716)	977	19,657
Premises rent and utilities		(4,877)	(4,701)	(44)	(42)
Depreciation and amortisation		(2,608)	(2,546)	(22)	(31)
Repair and maintenance of premises		(2,484)	(1,963)	-	-
Other operating expenses		(4,072)	(3,206)	(251)	(184)
Operating profit (loss)		**8,427**	**10,071**	**1,729**	**1,720**
Finance costs	9.2	(3,864)	(5,231)	(3,109)	(3,400)
Share of profit (loss) from associates and joint ventures		3,872	4,988	-	-
Profit (loss) before income tax		**8,435**	**9,828**	**(1,380)**	**(1,680)**
Income tax	7	(247)	(903)	335	173
Profit (loss) for the period from continuing operations		**8,188**	**8,925**	**(1,045)**	**(1,507)**
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	10	-	(6,366)	-	-
PROFIT (LOSS) FOR THE PERIOD		**8,188**	**2,559**	**(1,045)**	**(1,507)**
Attributable to:					
Equity holders of the parent		6,381	(1,471)	(1,045)	(1,507)
Non-controlling interests		1,807	4,030	-	-
		8,188	**2,559**	**(1,045)**	**(1,507)**
Basic and diluted earnings (deficit) per share (in LTL)		0.12	(0.03)	(0.02)	(0.03)
Basic earnings (deficit) per share (in LTL) from continuing operations		0.12	0.10	(0.02)	(0.03)
Diluted earnings (deficit) per share (in LTL) from continuing operations		0.12	0.11	(0.02)	(0.03)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	I Quarter 2011	I Quarter 2010	I Quarter 2011	I Quarter 2010
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	**8,188**	**2,559**	**(1,045)**	**(1,507)**
Continuing operation				
Net gain (loss) on cash flow hedge	62	15	-	-
Income tax	(9)	(2)	-	-
	53	**13**	-	-
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	-	-	-	-
Share of other comprehensive income (loss) of associates	(387)	6,534	-	-
Other comprehensive income(loss) for the period from continuing operation	**(334)**	**6,378**	**-**	**-**
Discontinued operations				
Net gain (loss) on available-for-sale financial assets	-	-	**-**	**-**
Income tax	-	-	**-**	**-**
Share of other comprehensive income of associates	-	664	**-**	**-**
Other comprehensive income for the period from discontinued operations	**-**	**664**	**-**	**-**
Other comprehensive income (loss) for the period, net of tax	**(334)**	**7,042**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**7,854**	**9,601**	**(1,045)**	**(1,507)**
Attributable to:				
Equity holders of the parent	6,047	5,571	(1,045)	(1,507)
Non-controlling interests	1,807	4,030	-	-

Interim consolidated and Parent Company's statements of financial position

		Group		Company	
		As of 31 March 2011	**As of 31 December 2010**	**As of 31 March 2011**	**As of 31 December 2010**
ASSETS		Unaudited	Audited	Unaudited	Audited
Non-current assets					
Property, plant and equipment		39,029	38,876	220	238
Investment properties	13	242,440	240,573	-	-
Intangible assets		10,074	10,490	10	12
Investments into subsidiaries	8	-	-	87,477	87,398
Investments into associates and joint ventures	8	128,997	125,512	110,865	110,916
Investments available-for-sale		1,818	1,818	1,817	1,817
Loans granted		-	-	1,230	1,192
Other non-current assets		2,848	2,848	-	-
Deferred income tax asset		6,589	6,643	4,671	4,335
Total non-current assets		**431,795**	**426,760**	**206,290**	**205,908**
Current assets					
Inventories		28,092	27,618	1	-
Trade and other receivables	12	34,529	29,540	38	1,002
Current loans granted	12	23,796	22,303	77,525	73,360
Prepaid income tax		61	53	-	-
Prepayments and deferred charges		1,785	1,603	31	26
Investments available-for-sale		-	-	-	-
Financial assets held-for-trade	12	8,344	8,446	1,512	1,512
Restricted cash		783	4,173	-	-
Cash and cash equivalents	5	10,070	4,692	533	202
Total current assets		**107,460**	**98,428**	**79,640**	**76,102**
Assets of disposal group classified as held-for-sale	10	**72,075**	**72,075**	**25,004**	**25,004**
Total assets		**611,330**	**597,263**	**310,934**	**307,014**

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

		Group		Company	
		As of 31 March 2011	**As of 31 December 2010**	**As of 31 March 2011**	**As of 31 December 2010**
EQUITY AND LIABILITIES		Unaudited	Audited	Unaudited	Audited
Equity					
Equity attributable to equity holders of the parent					
Share capital		51,660	51,660	51,660	51,660
Share premium		44,676	44,676	44,676	44,676
Reserves		20,156	20,102	-	-
Retained earnings (accumulated deficit)		64,687	58,694	(11,516)	(10,471)
		181,179	**175,132**	**84,820**	**85,865**
Non-controlling interests		**27,691**	**24,919**	**-**	**-**
Total equity		**208,870**	**200,051**	**84,820**	**85,865**
Liabilities					
Non-current liabilities					
Non-current borrowings	11	237,674	127,260	94,070	94,350
Financial lease liabilities		447	447	-	-
Government grants		-	-	-	-
Provisions		480	480	-	-
Deferred income tax liability		14,850	14,734	-	-
Derivative financial instruments		-	-	-	-
Convertible bonds		32,440	32,440	32,440	32,440
Other non-current liabilities		1,101	1,101	-	-
Total non-current liabilities		**286,992**	**176,462**	**126,510**	**126,790**
Current liabilities					
Current portion of non-current borrowings	11	4,185	119,062	-	-
Current portion of financial lease liabilities		158	231	-	-
Current borrowings	11	61,788	57,849	96,136	90,855
Trade payables		35,469	31,172	765	739
Income tax payable		164	609	-	-
Provisions		345	345	250	250
Advances received		1,930	1,520	-	-
Derivative financial instruments		101	163	-	-
Convertible bonds		-	-	-	-
Other current liabilities		11,328	9,799	2,453	2,515
Total current liabilities		**115,468**	**220,750**	**99,604**	**94,359**
Total liabilities		**402,460**	**397,212**	**226,114**	**221,149**
Total equity and liabilities		**611,330**	**597,263**	**310,934**	**307,014**

(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)**	**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**
Profit (loss) for the I Quarter of 2010	-	-	-	-	-	(1,471)	(1,471)	4,030	2,559
Other comprehensive income (loss) for the I Quarter of 2010	-	-	(156)	-	-	7,198	7,042	-	7,042
Total comprehensive income (loss) for the I Quarter of 2010	**-**	**-**	**(156)**	**-**	**-**	**5,727**	**5,571**	**4,030**	**9,601**
Sales of subsidiaries	-	-	-	(254)	-	254	-	7	7
Share based payments	-	-	-	-	-	-	-	91	91
Increase of share capital	9,091	40,909	-	-	-	-	50,000	-	50,000
Balance as at 31 March 2010 (unaudited)	**51,660**	**91,497**	**(289)**	**76,369**	**-**	**(84,997)**	**134,240**	**17,169**	**151,409**

		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 2010		**51,660**	**44,676**	**(139)**	**20,241**	**-**	**58,694**	**175,132**	**24,919**	**200,051**
Profit (loss) for the I Quarter of 2011		-	-	-	-	-	6,381	6,381	1,807	8,188
Other comprehensive income for the I Quarter of 2011		-	-	53	-	-	(387)	(334)	-	(334)
Total comprehensive income for the I Quarter of 2011		**-**	**-**	**53**	**-**	**-**	**5,994**	**6,047**	**1,807**	**7,854**
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	990	990
Share based payments		-	-	-	-	-	-		(25)	(25)
Changes in reserves		-	-	-	1	-	(1)	-	-	-
Balance as at 31 March 2011 (unaudited)		**51,660**	**44,676**	**(86)**	**20,242**	**-**	**64,687**	**181,179**	**27,691**	**208,870**

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

			Reserves			
Company	**Share capital**	**Share premium**	**Legal reserve**	**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**
Profit (loss) for the I Quarter of 2010	-	-	-	-	(1,507)	(1,507)
Increase of share capital	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**

			Reserves			
Company	**Share capital**	**Share premium**	**Legal reserve**	**Reserve of purchase of own shares**	**Retained earnings (accumulated deficit)**	**Total**
Balance as at 31 December 2010	**51,660**	**44,676**	**-**	**-**	**(10,471)**	**85,865**
Profit (loss) for the I Quarter of 2011	-	-	-	-	(1,045)	(1,045)
Balance as at 31 March 2011 (unaudited)	**51,660**	**44,676**	**-**	**-**	**(11,516)**	**84,820**

Consolidated and Parent Company's statements of cash flows

	Notes	Group		Company	
		I Quarter 2011	**I Quarter 2010**	**I Quarter 2011**	**I Quarter 2010**
		Unaudited		Unaudited	
Cash flows from (to) operating activities					
Net profit (loss) for the period		8,188	2,559	(1,045)	(1,507)
Adjustments for non-cash items and non-operating activities:					
Valuation (gain) loss, net		(8)	41	-	-
Depreciation and amortization		2,608	2,546	22	31
(Gain) loss on disposal of tangible assets		(7)	-	-	-
Realized and unrealized loss (gain) on investments		188	(435)	-	(463)
(Gain) loss on disposal of subsidiaries, associates		-	(12,420)	-	19,690
Share of net loss (profit) of associates and joint ventures		(3,872)	1,378	-	-
Interest (income)		(405)	(473)	(1,507)	(2,004)
Interest expenses		3,844	4,707	3,108	3,385
Deferred taxes		(38)	(350)	(335)	(173)
Current income tax expenses		285	1,253	-	-
Allowances		(1,038)	10,716	(977)	(19,657)
Change in provisions		-	(54)	-	-
Share based payment		(25)	91	-	-
Profit from bargain purchases	8	(119)	-	-	-
Dividend (income)		-	-	-	-
Loss (gain) from other financial activities		-	-	-	-
		9,601	**9,559**	**(734)**	**(698)**
Changes in working capital:					
(Increase) decrease in inventories		755	4,284	(1)	-
Decrease (increase) in trade and other receivables		(7,578)	(1,958)	964	1
Decrease (increase) in other current assets		(153)	(527)	(5)	9
(Decrease) increase in trade payables		4,297	(8,362)	(27)	4
(Decrease) increase in other current liabilities		1,896	854	11	131
Cash flows (to) from operating activities		**8,818**	**3,850**	**208**	**(553)**
Income tax (paid) return		(738)	(1,152)	-	-
Net cash flows (to) from operating activities		**8,080**	**2,698**	**208**	**(553)**

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

	Notes	Group I Quarter 2011	Group I Quarter 2010	Company I Quarter 2011	Company I Quarter 2010
Cash flows from (to) investing activities		Unaudited		Unaudited	
(Acquisition) of non-current assets (except investment properties)		(927)	(673)	(2)	(10)
Proceeds from sale of non-current assets (except investment properties)		23	13	-	-
(Acquisition) of investment properties	13	(754)	(19)	-	-
Proceeds from sale of investment properties	13	795	264	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired	8	(636)	-	(79)	-
Proceeds from sales of subsidiaries, net of cash disposed		-	(10)	-	-
(Acquisition) of associates and joint ventures		-	-	-	-
Proceeds from sales of associates and joint ventures		-	-	-	-
Loans (granted)		(54)	(936)	(2,129)	(15,482)
Repayment of granted loans		-	3,119	330	10,614
Dividends received		-	-	-	-
Interest received		2	473	130	14
(Acquisition) of and proceeds from sales of held-for-trade and available-for-sale investments		(84)	(42)	-	-
Net cash flows (to) investing activities		**(1,635)**	**2,189**	**(1,750)**	**(4,864)**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
(Acquisition) and changes of non-controlling interests and increase of share capital		-	-	-	-
Dividends (paid) to equity holders of the parent		(20)	(12)	(20)	(12)
Dividends (paid) to non-controlling interests		-	-	-	-
		(20)	(12)	(20)	(12)
Cash flows related to other sources of financing					
Proceeds from loans		1,428	5,218	4,508	13,871
(Repayment) of loans	11	(2,525)	(7,156)	(609)	(6,563)
Interest (paid)		(3,267)	(3,771)	(2,006)	(1,544)
Financial lease (payments)		(73)	(48)	-	-
Transfer (to)/from restricted cash		3,390	46	-	-
Other cash flows from financing activities		-	-	-	-
		(1,047)	(5,711)	1,893	5,764
Net cash flows (to) from financial activities		**(1,067)**	**(5,723)**	**1,873**	**5,752**
Net (decrease) increase in cash and cash equivalents		**5,378**	**(836)**	**331**	**335**
Cash and cash equivalents at the beginning of the period	5	**4,692**	**3,486**	**202**	**94**
Cash and cash equivalents at the end of the period	5	**10,070**	**2,650**	**533**	**429**

(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 the office is as follows:

Šeimyniškių str. 1A,
Vilnius,
Lithuania.

AB Invalda is incorporated and domiciled in Lithuania. AB Invalda is one of the major Lithuanian investment companies whose primary objective is to steadily increase investor equity value. For the purpose of achieving this objective the Company actively manages its investments, exercising control or significant influence over target businesses. AB Invalda has concentrated in the 1st quarter of 2011 on the priority segments, such as pharmaceutical, road and bridge construction, furniture manufacturing, real estate and facilities management, and IT infrastructure. The activities and assets of key associates of the Company representing pharmaceutical, road and bridge construction segments were concentrated in Poland.

In respect of each business the Company defines its performance objectives, sets up the management team, participates in the development of the business strategy and monitors its implementation. AB Invalda plays an active role in making the decisions on strategic and other important issues that have an effect on the value of the Group companies.

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 2011 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 2010.

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 2010, except adoption of new Standards and Interpretations as of 1 January 2011, noted below.

IAS 24 *Related Party Disclosures (Revised)* (effective for financial years beginning on or after 1 January 2011)

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The revised standard did not have an impact on the Group's financial statements for the three months ended 31 March 2011.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for financial years beginning on or after 1 July 2010).

The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation did not have an impact on the Group's financial statements for the three months ended 31 March 2011.

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

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments are generally applicable for annual periods beginning on or after 1 January 2011 unless otherwise stated. The important amendments for the Group are:

- IFRS 3 *Business combinations*. The amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The amendment is applicable to annual periods beginning on or after 1 July 2010 and applied prospectively from the date the entity applies IFRS 3.
  The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. The amendment is applicable to annual periods beginning on or after 1 July 2010 and applied prospectively.
  The amendments did not have an impact on the Group's financial statements for the three months ended 31 March 2011.
- IFRS 7 *Financial instruments: Disclosures*. The amendment clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period. It applied retrospectively. The Group reflects the revised disclosure requirements in Note 12.
- IAS 1 *Presentation of financial statements*. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It applied retrospectively. The amendment did not have an impact on the Group's financial statements for the three months ended 31 March 2011.
- IAS 34 *Interim financial reporting*. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around (i) the circumstances likely to affect fair values of financial instruments and their classification; (ii) transfers of financial instruments between different levels of the fair value hierarchy; (iii) changes in classification of financial assets; and (iv) changes in contingent liabilities and assets. It applied retrospectively. The Group reflects the revised disclosure requirements in Note 12.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the Group's financial statements and on the accounting policies:

- IFRS 1 *First-time adoption of International Financial Reporting Standards.*
- IFRS 3 *Business combinations*. Clarifies that contingent consideration arising from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005).
- IAS 27 *Consolidated and separate financial statements*. The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31 apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier.
- IFRIC 13 *Customer loyalty programmes.* The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes. The amendment will have no impact on the Group financial statements.

For the Group are not relevant the mentioned below standard's amendments, which has to apply from 1 January 2011: Amendment to IFRS 1 *Limited exemption from comparative IFRS 7 disclosures for first-time adopters* (effective for annual periods beginning on or after 1 July 2010).

Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirements* (effective for financial years beginning on or after 1 January 2011).

Comparative figures

In these financial statement two adjustments was made to the comparative figures for the three months ended 31 March 2010 that they conformed to the principles applied in the last audited annual financial statements:

- It was recalculated the profit attributable to the non-controlling interests. It was applied requirement of IAS 27 to not revise the attributed part of net losses, and therefore part of net profit due to the sale of UAB Broner was attributed to the non-controlling interest.
- According to revised the definition of non-controlling interests in IAS 27, share-based payment transaction are recognised not in the separate reserve within equity, but are attributed fully to non-controlling interest as of 1 January 2010.

3 Seasonality of operations and other recurring discrepancies in quarters

Historically information technology segment earned a bigger revenue and operational profit in the 4th quarter. New acquired entity, which operates in field of growing and trading of ornamental trees and shrubs, earned a bigger revenue and operational profit in the 2nd and 3rd quarter. The investment properties are revaluated usually in the Group at the end of financial 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. Consolidation adjustments and eliminations are not allocated on a segment basis. Segment assets are measured in a manner consistent with that of the financial statements. All assets are allocated between segments, because segments are identified on basis of separate legal entities.

For management purposes, the Group is organised into following operating segments based on their products and services:

<u>Real estate</u>

The real estate segment is involved in investment in real estate, real estate management and administration, intermediation in buying, selling and valuation of real estate, in the geodesic measurement of land.

<u>Facilities management</u>

The facilities management segment is involved in facilities management of dwelling-houses, commercial and public real estate properties, and construction management. This segment is separated from real estate segment. After in 2010 incurred acquisition the operating results of the segment are presented to the Board of Directors of the Company and is analysed by it separately. The management of the segment is no longer accountable to the management of real estate segment. Respectively, the comparative figures were adjusted.

<u>Pharmaceutical</u>

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

<u>Furniture production</u>

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

<u>Information technology infrastructure</u>

The information technology infrastructure 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.

<u>Other production and service segments</u>

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

In the segment Note is no longer disclosed the road and bridge construction segment, which was reclassified to assets held-for-sale in the financial statements for the year ended 31 December 2010, and was disposed on 19 April 2010 (see Note 10 and 15)

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation. Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

The granted loans from the Company are allocated to other production and services segment. The impairment losses for these loans are allocated to a segment to which the loans are granted initially.

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 2011:

Period ended 31 March 2011	Real estate	Facility manage-ment	Pharma-cy	Furniture production	Information technology	Other production and service	Elimi-nation	Total continuing operations
Revenue								
Sales to external customers	6,900	1,517	-	56,567	8,416	1,804	-	75,204
Inter-segment sales	348	740	-	-	22	2	(1,112)	-
Total revenue	7,248	2,257	-	56,567	8,438	1,806	(1,112)	75,204
Results								
Other income	7	336	-	902	113	1,738	(2,059)	1,037
Net losses from fair value adjustment on investment property	8	-	-	-	-	-	-	8
Net changes in fair value on financial assets	-	-	-	-	-	(188)	-	(188)
Segment expenses	(8,427)	(2,509)	-	(49,474)	(8,864)	(6,433)	3,171	(72,536)
Impairment, write-down and allowance	1,038	-	-	-	-	-	-	1,038
Share of profit (loss) of the associates and joint ventures	(51)	-	4,169	-	-	(246)	-	3,872
Profit (loss) before income tax	(177)	84	4,169	7,995	(313)	(3,323)	-	8,435
Income tax	438	(13)	-	(1,124)	10	442	-	(247)
Net profit (loss) for the period	261	71	4,169	6,871	(303)	(2,881)	-	8,188
Attributable to:								
Equity holders of the parent	263	71	4,169	4,948	(242)	(2,828)	-	6,381
Non-controlling interests	(2)	-	-	1,923	(61)	(53)	-	1,807

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	Facility manage-ment	Pharma-cy	Furniture production	Information technology	Other production and service	Elimi-nation	Total continuing operations
Revenue								
Sales to external customers	9,092	765	-	43,193	2,801	1,300	-	57.151
Inter-segment sales	186	665	-	-	15	-	(866)	-
Total revenue	9,278	1,430	-	43,193	2,816	1,300	(866)	57.151
Results								
Other income	78	29	-	690	62	2,217	(2,284)	792
Net losses from fair value adjustment on investment property	(41)	-	-	-	-	-	-	(41)
Net gains on disposal of subsidiaries	12,420	-	-	-	-	-	-	12,420
Net changes in fair value on financial assets	-	-	-	-	-	435	-	435
Segment expenses	(11,450)	(1,296)	-	(35,690)	(4,070)	(5,845)	3,150	(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	-	-	(283)	-	4,988
Profit (loss) before income tax	795	163	4,045	8,193	(1,192)	(2,176)	-	9,828
Income tax	165	(24)	-	(1,221)	11	166	-	(903)
Net profit (loss) for the period	960	139	4,045	6,972	(1,181)	(2,010)	-	8,925
Attributable to:								
Equity holders of the parent	(1,354)	139	4,045	5,020	(945)	(2,010)	-	4,895
Non-controlling interests	2,314	-	-	1,952	(236)	-	-	4,030

The following table represents segment assets of the Group operating segments as at 31 March 2011 and 31 December 2010:

Segment assets	Real estate	Facility manage-ment	Pharmacy	Furniture production	Information technology	Other production and service	Elimi-nation	Total continuing operations
At 31 March 2011	265,378	8,483	128,565	117,586	18,877	108,074	(107,708)	539,255
At 31 December 2010	266,737	8,347	124,782	108,717	16,285	102,138	(101,818)	525,188

5 Cash and cash equivalents

	Group		Company	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Cash at bank	9,966	4,507	533	202
Cash in hand	52	24	-	-
Cash in transit	52	161	-	-
	10,070	4,692	533	202

6 Dividends

In 2011 and 2010 dividends were not declared.

7 Income tax

	Group		Company	
	I Quarter 2011	I Quarter 2010	I Quarter 2011	I Quarter 2010
Components of income tax expense				
Current income tax charge	(419)	(1,253)	-	-
Prior year current income tax correction	134	-	-	-
Deferred income tax income (expense)	38	350	335	173
Income tax (expenses) income charged to the income statement	(247)	(903)	335	173

8 Investment into subsidiaries and associates

UAB Lauko gėlininkystės bandymų stotis

On 4 January 2011, the Group acquired 51 % of shares of UAB Lauko gėlininkystės bandymų stotis for LTL 911 thousand (all amount paid in cash) from Valstybės turto fondas (the State Property Fund which is the operator of the government owned shares). The acquiree operates in field of growing and trading of ornamental trees and shrubs. Operations of the company acquired are meant to be continued also developing the owned real estate. Acquisition-related cost was equal to nil.

Based on a preliminary assessment, the fair values of the identifiable assets and liabilities of UAB Lauko gėlininkystės bandymų stotis at the acquisition date were:

	Fair values
Property, plant and equipment	1,437
Inventories	529
Trade receivables	11
Other current assets	29
Cash	275
Total assets	**2,281**
Current liabilities	(198)
Other current liabilities	(63)
Total liabilities	**(261)**
Net assets	2,020
Non-controlling interests	(990)
Acquired net assets	**1,030**
Profit from bargain purchases	**(119)**
Purchase consideration transferred	**911**

8 Investment into subsidiaries and associates (cont'd)

Acquired business contributed revenues of LTL 5 thousand and the net loss of LTL 136 thousand to the Group in 1st quarter of 2011.

Analysis of cash flows on acquisition:	
Consideration paid in cash	(911)
Cash acquired with the subsidiary	275
Acquisition of subsidiaries, net of cash acquired	**(636)**

Establishment of companies

In 1st quarter of 2011 the Group has established these new companies UAB Inreal GEO, Invalda Lux S.a.r.l, UAB Perspektyvi veikla.

9 Other revenues and expenses

9.1. Net changes in fair value on financial assets

	Group		Company	
	I Quarter 2011	**I Quarter 2010**	**I Quarter 2011**	**I Quarter 2010**
Net gain (loss) from financial assets at fair value	(188)	215	-	463
Realised (loss) gain from available-for-sale investments	-	220	-	-
	(188)	435	-	463

9.2. Finance expenses

	Group		Company	
	I Quarter 2011	**I Quarter 2010**	**I Quarter 2011**	**I Quarter 2010**
Interest expenses	(3,844)	(4,707)	(3,108)	(3,385)
Other finance expenses	(20)	(524)	(1)	(15)
	(3,864)	(5,231)	(3,109)	(3,400)

9.3. Other income

	Group		Company	
	I Quarter 2011	**I Quarter 2010**	**I Quarter 2011**	**I Quarter 2010**
Interest income	405	473	1,507	2,004
Dividend income	-	-	-	-
Other income	632	319	6	1
	1,037	792	1,513	2,005

10 Discontinued operations and non-current assets classified as held-for-sale

	Group		Company	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Non-current assets classified as held-for-sale				
Associates representing road and bridge construction segment	72,075	72,075	25,004	25,004
	72,075	72,075	25,004	25,004

On 18 November 2010, the Company signed an agreement regarding the sale 44.78 % shares of Tiltra Group AB and 43.36 % shares of AB Kauno Tiltai for PLN 314 million (LTL 274.5 million), if the conditions precedent set out in the Agreement is fulfilled. The mentioned companies compose the road and bridge construction segment. The Buyer of the shares is Trakcja Polska S. A., which main activity is a rail infrastructure construction. According to the Agreement the Company would receive 12.5 % in the increased capital of Trakcja Polska valued at PLN 132 million (LTL 115.6 million) and Trakcja Polska newly issued bonds, face value almost PLN 120 million (LTL 104.7 million). After executing of set-off the Company would receive cash of PLN 62 million (LTL 54.2 million). Therefore the investments were classified as assets held for sale in the statement of financial position and presented as discontinued operations in the income statement. The judgement was made for the following reasons:

- The investments were available for immediate sale in their current condition subject to the terms that are usual for sale transactions of this type of investments
- The sale was highly probable, because the management had intention to sell the investments and had concentrated all resources to complete the transaction
- The transaction had to be closed until 31 March 2011 according to the agreement

On 31 March 2011 the signed agreement was expired, however the management made efforts to complete the deal. Agreed on the amendments to the agreement, the investments were sold on 19 April 2011 (see Note 15). Therefore investments were classified further as assets held-for-sale on 31 March 2011.

Discontinued operations

	I Quarter 2011	I Quarter 2010
Share of profit of associates (road and bridge construction)	-	(6,366)
Total discontinued operations	**-**	**(6,366)**

	I Quarter 2011	I Quarter 2010
Earnings per share:		
Basic and diluted from discontinued operations	-	(0.13)

11 Borrowings

On 31 March 2011, the Group has agreed with Nordea bank on the extension of current financing of the real estate segment. Current loans, which mature in 2011, were extended for 3 years and the bank provided indemnify against non-compliance with covenants for the same period. As at 31 March 2011 loans of LTL 120,791 thousand (as at 31 December 2010 – LTL 7,032 thousand) were recognised as non-current in statement of financial position, and loans of LTL 1,185 thousand (as at 31 December 2010 – LTL 115,174 thousand) were recognised as current portion of non-current loans.

During the 1st quarter of 2011 , the Group and the Company refunded respectively LTL 2,525 thousand and LTL 609 thousand of loans (during the 1st quarter of 2010 respectively LTL 7,156 thousand and LTL 6,563 thousand).

12 Financial assets and fair value hierarchy

The Group and the Company has reversed part of impairment losses of loan granted to early own Latvian real estate entity because due to change economic situation the Company has evidence that part of loan would be returned (LTL 1,036 thousand). In 1st quarter of 2010 reversal of investments impairment losses in the Company was related with the sale of real estate companies which were next door to bankruptcy (LTL 19,690 thousand). On the Group level in 1st quarter of 2010 was recognised additionally impairment losses to trade receivables from sold companies.

The Group has obtained an investment property for LTL 2,600 thousand from bankrupted company UAB Nerijos būstas, so was offset part of trade receivable from this company. The investment property will be further developed.

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Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2011:

	Level 1	Level 2	Level 3	Total balance
Assets				
Held-for-trade securities	6,832	-	-	6,832
Derivatives	-	-	1,512	1,512
Total Assets	6,832	-	1,512	8,344
Liabilities				
Cash flow hedge	-	101	-	-

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total balance
Assets				
Held-for-trade securities	6,934	-	-	6,934
Derivatives	-	-	1,512	1,512
Total Assets	6,934	-	1,512	8,446
Liabilities				
Cash flow hedge	-	163	-	-

In 1st quarter of 2011, there were no transfers between Level 1 and Level 2 fair value measurements and any changes in level 3 instruments.

13 Investment properties

During 1st quarter of 2011 the Group has acquired additionally investment properties for LTL 3,354 thousand, from which the investment property for LTL 2,600 thousand was obtained as collateral for trade receivable (see Note 12) and in cash was acquired for LTL 754 thousand. Also investment properties was sold for LTL 795 thousand (the sale price was equal to the carrying amount). In 1st quarter asset located at Elniakampio 7 with carrying value of LTL 700 thousand was reclassified from investment property to inventories. There the construction of residential apartments started.

14 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 2011 and related quarter-end balances were as follows:

2011 I quarter Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	1,483	563	84,086	51,292
Rent and utilities	-	40	-	146
Other	-	11	33	-
	1,483	614	84,119	51,438
Liabilities to shareholders and management	-	-	-	-

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	916	2	-	-

The Group's transactions with related parties in the 1st Quarter of 2011 and related quarter-end balances were as follows:

2011 I quarter Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	33	-	9,115	-
Real estate income	28	-	47	-
Roads and bridges construction segment	34	-	44	-
Furniture production segment	-	402	-	211
Other	47	-	40	-
	142	402	9,246	211
Liabilities to shareholders and management	233	-	14,208	-

14 Related party transactions (cont'd)

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	3,504	10	8,096	-

15 Events after the reporting period

Tiltra Group AB and AB Kauno Tiltai

On 19 April 2011, AB Invalda and other shareholders of Tiltra Group AB and AB Kauno Tiltai (further – "Tiltra Group") executed an agreement with the Polish listed railway infrastructure construction market leader Trakcja Polska S.A. and it's largest shareholder Comsa Emte (Spain) group and agreed to restore the effectiveness of the agreement (further - "Agreement") regarding merger of activities of Trakcja Polska and Tiltra Group, which was signed on 18 November 2010. Concurrently, the parties agreed to amend the terms and conditions of the transaction provided for in the Agreement and completed the deal on the same day.
Total value of Tiltra Group in the transaction – PLN 777,536 thousand (LTL 679,528 thousand).

Amounts provided below are attributable only to the Company proportionately to its participation in the deal.
The Company sold to Trakcja Polska 44.78% stake in Tiltra Group AB and 43.36% stake in AB Kauno tiltai for total amount of PLN 314,120 thousand (LTL 274,525 thousand) and subsequently, the Company acquired:
(i) 29,017,087 newly issued Trakcja Polska shares for PLN 132,318 thousand (LTL 115,639 thousand) (PLN 4.56 (LTL 3.99) per share), amounting to 12.5% in share capital of Trakcja Polska.
(ii) 59,892 bonds of Trakcja Polska with par value PLN 1000 (LTL 873.95) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2013, for PLN 59,892 thousand (LTL 52,343 thousand).
(iii) 59,891 bonds of Trakcja Polska with par value PLN 1000 (LTL 873.95) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2014, for PLN 59,891 thousand (LTL 52,342 thousand).
Remaining PLN 62,019 thousand (LTL 54,202 thousand) was paid to the Company in cash.
Taking into account market price of acquired financial instruments at the closing date, LTL/PLN exchange rate and expenses related to the transaction, preliminary positive result in the consolidated financial statements of AB Invalda group and financial statements of AB Invalda is approximately LTL 152 million and LTL 199 million, respectively. These results will be adjusted, when all expenses related to the transaction will be known.

Proceedings paid to the Company for shares of Tiltra Group AB and AB Kauno tiltai might be reduced depending on the financial results of the companies. It is agreed these goals:
(i) the aggregated net profit for the financial year ended 31 March 2011 will equal at least to PLN 63 million (approximately LTL 55 million), aggregated EBITDA – PLN 109 million (approximately LTL 95 million);
(ii) the aggregated net profit for the financial year ended 31 March 2012 will equal at least to PLN 67.5 million (approximately LTL 59 million), aggregated EBITDA – PLN 119 million (approximately LTL 104 million).
If net profit would be lower than the respective amount mentioned above by at least PLN 1 million (approximately LTL 0.87 million), the price shall be reduced by PLN 4 for each PLN 1 difference, and if EBITDA would be lower than the respective amount mentioned above by at least PLN 1 million (approximately LTL 0.87 million), the price shall be reduced by PLN 3 for each PLN 1 difference. The price would be reduced by the higher of the mentioned adjustments. According to this rule the price could not be reduced more than PLN 150 million (approximately LTL 131 million) for entire transaction. It is attributable from this amount PLN 60.6 million (approximately LTL 53 million) to the Company.

Also, the Company has a liability in respect of representations and warranties provided to Trakcja Polska, and regarding a title to sold shares. In general, total liability of the Invalda might not exceed total proceedings from the transaction.
The Company is obliged for at least 12 months not to sell acquired Trakcja Polska shares and also provided other guarantees for fulfilment of the liabilities.

15 Events after the reporting period (cont'd)

The parties has also agreed that in connection with the statement of claim filed by Mr. J. Jurek, the former shareholder of Tiltra Group AB subsidiary Poldim S.A., for the transaction involving the acquisition by Silentio Investments (the subsidiary of AB Tiltra Group) of shares in Poldim to be declared invalid, the Tiltra Price will be reduced accordingly. The parties agreed that, after the Transaction Closing, the court dispute with Mr. J. Jurek referred to in this item will be conducted by a legal advisor designated by the Tiltra Group Shareholders, at the Tiltra Group Shareholders' cost. Management of AB Invalda and Tiltra Group AB is of the opinion that Mr. J. Jurek claims are without merit and therefore groundless.

Repayment of the Company's borrowing

Cash received from the sale of AB Kauno tiltai and Tiltra Group AB, the Company has used to repay to banks the loans of LTL 33,500 thousand before maturity date.

AB Sanitas

The Company and other AB Sanitas shareholders, all together controlling 87,2% shares, on 23 May 2011, have signed a definitive share sale and purchase agreement for the sale of their entire shareholding in AB Sanitas to Valeant Pharmaceuticals International, Inc. ("Valeant").

Pursuant to the agreement, the Company will sell 26.5% shareholdings in AB Sanitas, in exchange of EUR 82.5-84 million (LTL 285-290.1 million), or 10-10.18 EUR (34.53-35.15 LTL) per share payable by Valeant.

The share sale and purchase agreement includes the mechanism of the possible price correction based on certain adjustments at closing, which is expected to take place no later than 30 September 2011. The transaction is subject to certain conditions that must be satisfied before its completion, including the approval of relevant competition authorities, including Lithuania, Poland and possibly Ukraine.

Taking into account share price adjustment mechanism set out in the agreement signed on 24th October, 2008, (regarding sale of 20.3 % of the share capital of AB Sanitas) total proceedings of the Company from shares of Sanitas AB will amount approximately to LTL 310-318.3 million (based on the USD/LTL exchange rate published by Lietuvos bank for 24 May 2011). The Company and the Group will earn approximately profit of LTL 179.9-188.2 million and LTL 200.5-208.8 million, respectively.