AB INVALDA LT

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

GENERAL INFORMATION

Board of Directors

Mr. Alvydas Banys (chairman of the Board)
Mrs. Indrė Mišeikytė
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 Bankas
Šiaulių Bankas AB
Nordea Bank Finland Plc Lithuania Branch
AB SEB Bankas
Danske Bank A/S Lithuania Branch
Bankas Finasta AB
"Swedbank", AB
Citadele bankas AB
UAB Medicinos Bankas
DNB Bank Polska S. A.

The financial statements were approved and signed by the Management and the Board of Directors on 30 May 2014.

Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief financial officer

Interim consolidated and Company's income statements

		Group		Company	
		1st Quarter 2014	1st Quarter 2013	1st Quarter 2014	1st Quarter 2013
Continuing operations		Unaudited		Unaudited	
Revenue					
Residential real estate revenue		-	2,014	-	-
Rent and other real estate revenue		5,298	6,674	-	-
Agricultural land rent revenue		287	395	-	-
Information technology revenue		10,105	8,668	-	-
Facility management		4,015	2,996	-	-
Other production and services revenue		1,465	2,459	-	-
Total revenue		**21,170**	**23,206**	-	-
Other income	9.3	286	566	1,005	2,336
Net gains (losses) on disposal of subsidiaries, associates and joint ventures		-	-	-	-
Net gains (losses) from fair value adjustments on investment property	10	573	124	-	-
Net changes in fair value of financial assets at fair value through profit or loss	9.1	212	(1,029)	212	(1,029)
Changes in inventories of finished goods and work in progress		23	1	-	-
Raw materials and consumables used		(5,114)	(5,929)	(3)	(10)
Changes in residential real estate		-	(1,700)	-	-
Employee benefits expenses		(5,448)	(6,518)	(485)	(774)
Impairment, write-down and provisions		(26)	158	654	(428)
Premises rent and utilities		(3,452)	(4,324)	(36)	(48)
Depreciation and amortisation		(842)	(1,099)	(10)	(14)
Repair and maintenance cost of premises		(1,538)	(1,050)	(14)	-
Other expenses		(3,271)	(3,169)	(143)	(331)
Operating profit (loss)		**2,573**	**(763)**	**1,180**	**(298)**
Finance costs	9.2	(848)	(511)	(127)	(65)
Share of profit (loss) of associates and joint ventures		1,270	(459)	-	-
Profit (loss) before income tax		**2,995**	**(1,733)**	**1,053**	**(363)**
Income tax credit (expenses)	7	(259)	(34)	(63)	(19)
Profit (loss) for the period from continuing operations		**2,736**	**(1,767)**	**990**	**(382)**
Discontinued operation					
Profit/(Loss) after tax for the period from discontinued operation	13	-	3,185	-	-
PROFIT (LOSS) FOR THE PERIOD		**2,736**	**1,418**	**990**	**(382)**
Attributable to:					
Equity holders of the parent		2,714	515	990	(382)
Non-controlling interests		22	903	-	-
		2,736	**1,418**	**990**	**(382)**
Basic earnings (deficit) per share (in LTL)	14	0.12	0.01	0.04	(0.01)
Basic earnings (deficit) per share (in LTL) from continuing operations		0.12	(0.04)	0.04	(0.01)
Diluted earnings (deficit) per share (in LTL)		0.12	0.01	0.04	(0.01)
Diluted earnings (deficit) per share (in LTL) from continuing operations		0.12	(0.04)	0.04	(0.01)

Interim consolidated and Company's statements of comprehensive income

	Group		Company	
	1st Quarter 2014	1st Quarter 2013	1st Quarter 2014	1st Quarter 2013
	Unaudited		Unaudited	
Profit (loss) for the year	**2,736**	**1,418**	**990**	**(382)**
Other comprehensive income (loss)				
Other comprehensive income (loss) that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	31	18	-	-
Share of other comprehensive income (loss) of associates	(5)	-	-	-
Net other comprehensive income (loss) that may be subsequently reclassified to profit or loss	**26**	**18**	**-**	**-**
Other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	-	-
Share of other comprehensive income (loss) of associates - re-measurement gains (losses) on defined benefit plans	-	-	**-**	**-**
Net other comprehensive income (loss) not to be reclassified to profit or loss	**-**	**-**	**-**	**-**
Other comprehensive income (loss) for the period, net of tax	**26**	**18**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**2,762**	**1,436**	**990**	**(382)**
Attributable to:				
Equity holders of the parent	2,734	529	990	(382)
Non-controlling interests	28	907	-	-
Total comprehensive income attributable to equity holders of the parent arising from:				
Continuing operations	2,734	(1,769)	990	(382)
Discontinued operations	-	2.298	-	-
	2,734	**529**	**990**	**(382)**

Interim consolidated and Company's statements of financial position

		Group		Company	
		As at 31 March 2014	**As at 31 December 2013**	**As at 31 March 2014**	**As at 31 December 2013**
ASSETS		Unaudited	Audited	Unaudited	Audited
Non-current assets					
Property, plant and equipment		5,299	5,410	43	33
Investment properties	10	182,337	180,548	-	-
Intangible assets		7,778	8,263	45	50
Investments into subsidiaries	8	-	-	54,540	52,487
Investments into associates and joint ventures	8	87,017	85,686	25,108	25,108
Investments available-for-sale		1,705	1,705	1,705	1,705
Loans granted		-	-	22,053	21,396
Trade and other receivables long term		1,202	1,867	1,202	1,202
Other non-current assets		2,848	2,848	-	-
Deferred income tax asset		8,314	8,289	7,598	7,652
Total non-current assets		**296,500**	**294,616**	**112,294**	**109,633**
Current assets					
Inventories		3,161	2,688	-	-
Trade and other receivables		20,601	19,566	1,142	1,710
Current loans granted		30,066	30,323	56,042	55,061
Prepaid income tax		214	438	-	-
Prepayments and deferred charges		1,685	610	50	45
Financial assets at fair value through profit loss	15	4,320	5,602	4,320	5,602
Restricted cash		4,613	5,640	1,390	-
Cash and cash equivalents	5	5,959	6,463	1,680	2,515
Total current assets		**70,619**	**71,330**	**64,624**	**64,933**
Assets of disposal group classified as held-for-sale		-	-	-	-
Total assets		**367,119**	**365,946**	**176,918**	**174,566**

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

		Group		Company	
		As at 31 March 2014	**As at 31 December 2013**	**As at 31 March 2014**	**As at 31 December 2013**
EQUITY AND LIABILITIES		Unaudited	Audited	Unaudited	Audited
Equity					
Equity attributable to equity holders of the parent					
Share capital		24,834	24,834	24,834	24,834
Own shares	12	(20,813)	(20,813)	(20,813)	(20,813)
Share premium		33,139	33,139	33,139	33,139
Reserves		97,350	97,292	95,685	95,685
Retained earnings		87,116	84,374	28,128	27,138
		221,626	**218,826**	**160,973**	**159,983**
Non-controlling interests		**402**	**360**	**-**	**-**
Total equity		**222,028**	**219,186**	**160,973**	**159,983**
Liabilities					
Non-current liabilities					
Non-current borrowings		950	55,824	-	-
Financial lease liabilities		157	145	-	-
Government grants		25	46	-	-
Provisions		-	-	-	-
Deferred income tax liability		15,338	15,296	-	-
Other non-current liabilities		2,626	2,627	-	-
Total non-current liabilities		**19,096**	**73,938**	**-**	**-**
Current liabilities					
Current portion of non-current borrowings	11	96,692	44,597	-	-
Current portion of financial lease liabilities		39	69	-	-
Current borrowings		10,413	9,313	13,275	12,682
Trade payables		8,601	10,417	15	305
Income tax payable		122	92	9	-
Provisions		-	-	-	-
Advances received		2,818	2,026	-	-
Other current liabilities	16	7,310	6,308	2,646	1,596
Total current liabilities		**125,995**	**72,822**	**15,945**	**14,583**
Total liabilities		**145,091**	**146,760**	**15,945**	**14,583**
Total equity and liabilities		**367,119**	**365,946**	**176,918**	**174,566**

(the end)

Consolidated and Company's statements of changes in equity

Group	Equity attributable to equity holders of the parent								
				Reserves					
	Share capital	Own shares	Share premium	Legal and other reserves	Foreign currency translation reserve	Retained earnings (accumulated deficit)	Subtotal	Non-controlling interests	Total equity
Balance as at 31 December 2013 (audited)	**24,834**	**(20,813)**	**33,139**	**97,354**	**(62)**	**84,374**	**218,826**	**360**	**219,186**
Profit (loss) for the 1st Quarter of 2014	-	-	-	-	-	2,714	2,714	22	2,736
Other comprehensive income (loss) for the 1st Quarter of 2014	-	-	-	-	25	(5)	20	6	26
Total comprehensive income (loss) for the 1st Quarter of 2014	**-**	**-**	**-**	**-**	**25**	**2,709**	**2,734**	**28**	**2,762**
Share of movements in equity of associates	-	-	-	-	-	66	66	-	66
Value of employee services	-	-	-	-	-	-	-	14	14
Changes in reserves	-	-	-	33	-	(33)	-	-	-
Balance as at 31 March 2014 (unaudited)	**24,834**	**(20,813)**	**33,139**	**97,387**	**(37)**	**87,116**	**221,626**	**402**	**222,028**

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

		Equity attributable to equity holders of the parent								
					Reserves					
Group		**Share capital**	**Own shares**	**Share premium**	**Legal and other reserves**	**Foreign currency translation reserve**	**Retained earnings (accumulated deficit)**	**Subtotal**	**Non-controlling interests**	**Total equity**
Balance as at 31 December 2012 (audited)		**51,802**	**-**	**60,747**	**241,489**	**34**	**38,883**	**392,955**	**23,241**	**416,196**
Profit (loss) for the 1st Quarter of 2013		-	-	-	-	-	515	515	903	1,418
Other comprehensive income (loss) for the 1st Quarter of 2013		-	-	-	-	14	-	14	4	18
Total comprehensive income for the 1st quarter of 2013		**-**	**-**	**-**	**-**	**14**	**515**	**529**	**907**	**1,436**
Share of movements in equity of associates		-	-	-	-	-	217	217	-	217
Value of employee services		-	-	-	-	-	-	-	39	39
Changes in reserves		-	-	-	-	-	(4)	(4)	(196)	(200)
Acquired own shares	12	-	(42,956)	-	-	-	-	(42,956)	-	(42,956)
Balance as at 31 March 2013 (unaudited)		**51,802**	**(42,956)**	**60,747**	**241,489**	**48**	**39,611**	**350,741**	**23,991**	**374,732**

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

Company		Share capital	Own shares	Share premium	Reserves: Legal reserve	Reserves: Reserve of purchase of own shares	Retained earnings (accumulated deficit)	Total
Balance as at 31 December 2013 (audited)		**24,834**	**(20,813)**	**33,139**	**3,140**	**92,545**	**27,138**	**159,983**
Profit (loss) for the 1st Quarter of 2014		-	-	-	-	-	990	990
Balance as at 31 March 2014 (unaudited)		**24,834**	**(20,813)**	**33,139**	**3,140**	**92,545**	**28,128**	**160,973**

Company		Share capital	Own shares	Share premium	Reserves: Legal reserve	Reserves: Reserve of purchase of own shares	Retained earnings (accumulated deficit)	Total
Balance as at 31 December 2012 (audited)		**51,802**	**-**	**60,747**	**5,756**	**215,211**	**27,045**	**360,561**
Profit (loss) for the 1st Quarter of 2013		-	-	-	-	-	(382)	(382)
Acquired own shares	12	-	(42,956)	-	-	-	-	(42,956)
Balance as at 31 March 2013 (unaudited)		**51,802**	**(42,956)**	**60,747**	**5,756**	**215,211**	**26,663**	**317,223**

Consolidated and Company's statements of cash flows

	Group		Company	
	1st Quarter 2014	**1st Quarter 2013**	**1st Quarter 2014**	**1st Quarter 2013**
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from (to) operating activities				
Net profit (loss) for the period	2,736	1,418	990	(382)
Adjustments for non-cash items and non-operating activities:				
Valuation (gain) loss, net	(573)	(124)	-	-
Depreciation and amortization	842	2,196	10	14
(Gain) loss on disposal of property, plant and equipment	(13)	13	-	-
Realized and unrealized loss (gain) on investments	(212)	1,029	(212)	1,029
(Gain) loss on disposal of subsidiaries and associates	-	-	-	-
Share of net loss (profit) of associates and joint ventures	(1,270)	459	-	-
Interest (income)	(261)	(593)	(979)	(2,333)
Interest expenses	848	499	127	65
Deferred taxes	24	(26)	54	15
Current income tax expenses	235	631	9	4
Allowances	26	(138)	(654)	428
Change in provisions	-	(20)	-	-
Share based payment	14	39	-	-
Dividend (income)	-	-	-	-
Loss (gain) from other financial activities	(1)	(23)	(1)	(23)
	2,395	**5,360**	**(656)**	**(1,183)**
Changes in working capital:				
(Increase) decrease in inventories	(473)	1,832	-	(27)
Decrease (increase) in trade and other receivables	(342)	3,941	584	2
Decrease (increase) in other current assets	(1,075)	(759)	(5)	(22)
(Decrease) increase in trade payables	(1,681)	(8,480)	(109)	1
(Decrease) increase in other current liabilities	1,875	160	169	103
Transfer (to)/from restricted cash	1,060	(679)	(1,390)	-
Cash flows (to) from operating activities	**1,759**	**1,375**	**(1,407)**	**(1,126)**
Income tax (paid)	(22)	(40)	-	(4)
Net cash flows (to) from operating activities	**1,737**	**1,335**	**(1,407)**	**(1,130)**

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

		Group		Company	
		1st Quarter 2014	1st Quarter 2013	1st Quarter 2014	1st Quarter 2013
Cash flows from (to) investing activities		Unaudited	Unaudited	Unaudited	Unaudited
(Acquisition) of non-current assets (except investment properties)		(282)	(1,923)	(15)	(12)
Proceeds from sale of non-current assets (except investment properties)		25	24	-	-
(Acquisition) of investment properties		(1,242)	(494)	-	-
Proceeds from sale of investment properties		26	516	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired		-	-	(479)	-
Proceeds from sales of subsidiaries, net of cash disposed		-	-	-	-
(Acquisition) of associates and joint ventures		-	-	-	-
Proceeds from sales of associates and joint ventures	8	-	-	-	-
Acquisition of loans		-	-	(212)	-
Loans (granted)		(333)	(57)	(2,297)	(2,142)
Repayment of granted loans		36	137	841	4,432
Transfer to/from term deposits		(212)	-	-	-
(Acquisition) of and proceeds from sales held to maturity investments		-	-	-	-
Dividends received		-	-	-	-
Interest received		799	639	781	1,769
(Acquisition) of and proceeds from sales of financial assets at fair value through profit loss and available-for-sale investments		1,494	17,967	1,494	17,967
Net cash flows (to) investing activities		**311**	**16,809**	**113**	**22,014**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
(Acquisition) of non-controlling interests		-	(200)	-	-
(Acquisition) of own shares		-	(42,956)	-	(42,956)
Dividends (paid) to equity holders of the parent		(8)	(321)	(8)	(321)
Dividends (paid) to non-controlling interests		-	-	-	-
		(8)	(43,477)	(8)	(43,277)
Cash flows related to other sources of financing					
Proceeds from loans		1,807	816	883	-
(Repayment) of loans		(3,868)	(1,792)	(327)	(1,036)
Interest (paid)		(466)	(407)	(90)	(119)
Financial lease (payments)		(18)	(84)	-	-
		(2,545)	(1,467)	466	(1,155)
Net cash flows (to) from financial activities		**(2,553)**	**(44,944)**	**458**	**(44,432)**
Impact of currency exchange on cash and cash equivalents		**1**	**23**	**1**	**23**
Net (decrease) increase in cash and cash equivalents		**(504)**	**(26,777)**	**(835)**	**(23,525)**
Cash and cash equivalents at the beginning of the period	5	**6,463**	**56,092**	**2,515**	**33,530**
Cash and cash equivalents at the end of the period	5	**5,959**	**29,315**	**1,680**	**10,005**

(the end)

Notes to the interim condensed financial statements

1 General information

AB Invalda LT (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.

The Company is incorporated and domiciled in Lithuania. AB Invalda LT is one of the major asset management companies in Lithuania whose primary objective is to steadily increase the investors equity value. For the purpose of achieving this objective the Company actively manages its investments, exercising control or significant influence over target businesses. The Company gives the priority to furniture manufacturing, real estate, agricultural land, agriculture, information technology (IT) infrastructure and facility management segments.

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. The Company 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 1st Quarter ended 31 March 2014 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 2013.

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 2013, except adoption of new Standards and Interpretations as of 1 January 2014, noted below.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 *Consolidated and separate financial statements* and SIC-12 *Consolidation - special purpose entities.* IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. IFRS 10 had no impact on the Group's consolidation structure.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities—Non-Monetary Contributions by Ventures*. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The Group has used equity accounting for the interests in joint ventures already. IFRS 11 had no impact on the Group's financial statements for three months ended 31 March of 2014.

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

IFRS 12 *Disclosure of Interest in Other Entities*

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, *Consolidated financial statements*, and IFRS 11, *Joint arrangements*, and replaces the disclosure requirements currently found in IAS 28*, Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements. Accordingly, the Group has not made such disclosures.

IAS 27 *Separate Financial Statements*

IAS 27 was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10 *Consolidated Financial Statements*. The amendment had no impact on the Group's financial statements for three months ended 31 March of 2014.

IAS 28 *Investments in Associates and Joint Ventures*

The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged. The amendment had no impact on the Group's financial statements for three months ended 31 March of 2014.

Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendment had no impact on the Group's financial statements for three months ended 31 March of 2014.

Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12

The amendments clarify the transition guidance in IFRS 10 *Consolidated Financial Statements*. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2013 for a calendar year-end entity that adopts IFRS 10 in 2014) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, *Joint Arrangements*, and IFRS 12, *Disclosure of Interests in Other Entities*, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The amendment had no impact on the Group's financial statements for three months ended 31 March of 2014.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 - *Investment entities*

The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The Group is currently assessing the impact of the amendments on its financial statements, analysing whether it could apply investment entity definition and related exemption. Management has made judgement that the Group has not met all requirements to be an investment entity in the 1st Quarter of 2014, but the Group might be meeting these requirements after reorganisation of its structure and activities in the future (see Note 18).

Amendments to IAS 39 - *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendments are not relevant to the Group currently, because it has not recognised any hedging instrument.

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. The agriculture segment earned a bigger operational profit in the 2nd and 3rd quarter. The investment properties usually are revaluated in the Group at the end of financial year.

4 Segment information

The Board of Directors monitors the operating results of its business units of the Group 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:

Furniture production

The furniture segment includes flat-pack furniture mass production and sale. Due to split-off of the Company in 2013 the subsidiary operating in this segment became an associate of the Group.

Real estate

The real estate segment is investing in investment properties held for future development and in commercial real estate and its rent. The subsidiaries activities of which have been management and administration, intermediation in buying, selling and valuation of real estate, and in the geodesic measurement of land were transferred from the Group during the split-off of the Company in 2013.

Agricultural land

The agricultural land segment is involved in investment in agricultural land and its rent.

Agriculture

Agricultural activities include the primary crop and livestock (milk) production, grain processing and agricultural services. The segment's companies sell plant protection products, fertilizers, seeds, compound feed, feed supplements, veterinary products, buy grain, provide grain and other raw materials drying, cleaning, handling and storage services.

Information technology infrastructure

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 and in the development and implementation of software for government register systems, including consultation.

Facility management

The facility management segment includes facility management of dwelling-houses, commercial and public real estate properties.

Other production and service segment

The other production and service segment is involved in, road signs production, wood manufacturing. The entity which activities are growing and trading of ornamental trees and shrubs was transferred from the Group according to the terms of the split-off of the Company in 2013. The Group also presents investment, financing and management activities of the holding company in this segment, as these are not analysed separately by the Board of Directors.

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in column 'Inter-segment transactions and consolidation adjustments'. 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 1st Quarter ended 31 March 2014:

Period ended 31 March 2014	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Inter-segment transactions and consolidation adjustments	Total
Revenue									
Sales to external customers	-	5,298	287	-	10,105	4,015	1,465	-	21,170
Inter-segment sales	-	4	-	-	17	506	-	(527)	-
Total revenue	-	5,302	287	-	10,122	4,521	1,465	(527)	21,170
Results									
Other income	-	67	-	-	41	7	942	(771)	286
Net losses from fair value adjustment on investment property	-	573	-	-	-	-	-	-	573
Net gain (losses) on disposal of subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	-
Net changes in fair value on financial assets	-	-	-	-	-	-	212	-	212
Segment expenses	-	(5,167)	(278)	-	(9,783)	(4,052)	(2,508)	1,298	(20,490)
Impairment, write-down and allowance	-	12	(38)	-	-	-	-	-	(26)
Share of profit (loss) of the associates and joint ventures	1,607	-	-	(162)	-	-	(175)	-	1,270
Profit (loss) before income tax	1,607	787	(29)	(162)	380	476	(64)	-	2,995
Income tax	-	(88)	2	-	(74)	(71)	(28)	-	(259)
Net profit (loss) for the period	1,607	699	(27)	(162)	306	405	(92)	-	2,736
Attributable to:									
Equity holders of the parent	1,607	699	(27)	(162)	272	405	(80)	-	2,714
Non-controlling interests	-	-	-	-	34	-	(12)	-	22

In the 2nd Quarter of 2014 entities, operating in agricultural land, real estate and information technology segments, were transferred to newly separated companies (note 18). Moreover, loans granted to entities operating in agricultural land segment, were transferred. Therefore, interest expenses would not decrease operating results of agricultural land segment in newly split-off entity. Profit before income tax of agricultural land segment for 1st Quarter of 2014, without deduction of interest expenses of the Group's loans, would be LTL 198 thousand.

4 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the 1st Quarter ended 31 March 2013:

Period ended 31 March 2013	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Inter-segment transactions and consolidation adjustments	Total
Revenue									
Sales to external customers	-	8,688	395	-	8,668	2,996	2,459	-	23,206
Inter-segment sales	-	296	-	-	24	249	-	(569)	-
Total revenue	-	8,984	395	-	8,692	3,245	2,459	(569)	23,206
Results									
Other income	-	72	4	-	-	8	1,923	(1,441)	566
Net losses from fair value adjustment on investment property	-	128	(4)	-	-	-	-	-	124
Net gain (losses) on disposal of subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	-
Net changes in fair value on financial assets	-	-	-	-	-	-	(1,029)	-	(1,029)
Segment expenses	-	(9,515)	(523)	-	(8,782)	(3,487)	(4,002)	(2,010)	(24,299)
Impairment, write-down and allowance	-	138	-	-	-	20	-	-	158
Share of profit (loss) of the associates and joint ventures	-	(54)	-	(404)	-	-	(1)	-	(459)
Profit (loss) before income tax	-	(247)	(128)	(404)	(90)	(214)	(650)	-	(1,733)
Income tax	-	(252)	14	-	81	30	93	-	(34)
Discontinued operation	3,185	-	-	-	-	-	-	-	3,185
Net profit (loss) for the period	3,185	(499)	(114)	(404)	(9)	(184)	(557)	-	1,418
Attributable to:									
Equity holders of the parent	2,298	(499)	(114)	(404)	(25)	(184)	(557)	-	515
Non-controlling interests	887	-	-	-	16	-	-	-	903

The following table represents segment assets of the Group operating segments as at 31 March 2014 and 31 December 2013:

Segment assets	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Elimi-nation	Total
At 31 March 2014	75,687	155,196	38,554	11,330	27,015	9,588	98,033	(48,284)	367,119
At 31 December 2013	74,079	156,067	36,447	11,607	27,732	9,084	97,848	(46,918)	365,946

4 Segment information (cont'd)

The following table represents segment liabilities of the Group operating segments as at 31 March 2014 and 31 December 2013:

Segment liabilities	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Elimi-nation	Total
At 31 March 2014	-	123,879	21,259	-	25,131	5,563	17,543	(48,284)	145,091
At 31 December 2013	-	125,437	19,124	-	26,199	5,464	17,454	(46,918)	146,760

5 Cash and cash equivalents

	Group		Company	
	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013
Cash at bank	5,855	6,298	1,680	2,515
Cash in hand	-	16	-	-
Cash in transit	95	149	-	-
Term deposits with the maturity up to 3 months	-	-	-	-
	5,959	6,463	1,680	2,515

On 31 March 2014, the Group and the Company have placed also with the banks term deposits with the maturity more than 3 months.

	Group	Company
Deposit's certificate of AB bankas Snoras	10,910	10,910
Accumulated interest of term deposits	55	55
Less allowance for impairment as consequence of AB bankas Snoras insolvency	(10,965)	(10,965)
	-	-

For the period of publication of the terms of the split-off the Company had deposited LTL 1,390 thousand to secure liabilities of unpaid dividends (note 18). Nordea bank had deducted the amount of LTL 1,618 thousand of the Group's restricted cash to cover overdue instalments of borrowings (note 11).

6 Dividends

In 2014 and 2013 dividends were not declared.

7 Income tax

	Group		Company	
	1st Quarter 2014	1st Quarter 2013	1st Quarter 2014	1st Quarter 2013
Components of income tax expense				
Current income tax charge	(235)	(89)	(9)	(4)
Prior year current income tax correction	-	-	-	-
Deferred income tax income (expense)	(24)	55	(54)	(15)
Income tax (expenses) income charged to the income statement	(259)	(34)	(63)	(19)

8 Investment into subsidiaries and associates

During the 1st Quarter the Company has established UAB Invalda LT Investments by investing LTL 1,381 thousand. This entity has applied to the Bank of Lithuania for the asset management company license. Also, the Company has invested LTL 30 thousand to newly established entities UAB INVL Baltic Real Estate (current name – UAB Proprietas), UAB INVL Baltic Farmland (current name – UAB Cooperor), UAB INVL Technology (current name – UAB Inventio). These entities are dormant yet.

During the 1st Quarter 2014 the subsidiaries, which invest in agriculture land, and two subsidiaries, which hold investments, were split-off as preparing for the Company's split-off. Therefore, the Group now has these subsidiaries UAB Kvietnešys, UAB Kvietukas, UAB Laukaitis, UAB Lauknešys, UAB Vasarojus, UAB Žiemkentys, UAB Žiemgula, UAB Žemėja, UAB Žemgalė, UAB Deltuvis, UAB Justum.

In January 2013 the Group acquired 5.27 % of the shares of AB NRD for LTL 200 thousand. The value of the additional interest acquired was LTL 196 thousand. The negative difference equal to LTL 4 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders equity

9 Other revenues and expenses

9.1. Net changes in fair value on financial assets

	Group		Company	
	1st Quarter 2014	**1st Quarter 2013**	**1st Quarter 2014**	**1st Quarter 2013**
Gain (loss) from financial assets designated at fair value through profit and loss on initial recognition	(115)	(2,111)	(115)	(2,111)
Net gain (loss) from financial assets held for trading	327	1,082	327	1,082
Net gain (loss) from financial assets at fair value, total	*212*	*(1,029)*	*212*	*(1,029)*
Realised (loss) gain from available-for-sale investments	-	-	-	-
	212	(1,029)	212	(1,029)

9.2. Finance expenses

	Group		Company	
	1st Quarter 2014	**1st Quarter 2013**	**1st Quarter 2014**	**1st Quarter 2013**
Interest expenses	(513)	(497)	(126)	(65)
Other finance expenses	(335)	(14)	(1)	-
	(848)	(511)	(127)	(65)

9.3. Other income

	Group		Company	
	1st Quarter 2014	1st Quarter 2013	1st Quarter 2014	1st Quarter 2013
Interest income	261	555	979	2,333
Other income	25	11	26	3
	286	566	1,005	2,336

10 Investment properties

In February of 2014 the Group has acquired a flat, located in Kalvarijų 11A, Vilnius, for LTL 330 thousand. In April 2014 the last flat of the above mentioned building was acquired for LTL 360 thousand. By the opinion of management prices of these transactions better reflects value of the building, located in Kalvarijų 11A, as the whole. According to prices of these transactions the earlier acquired flats of this building were revalued as at 31 March 2014. Therefore, the Group has recognised LTL 573 thousand of the fair value adjustment on investment properties.

11 Borrowings

On 28 February 2014 the borrowings of LTL 36,464 thousand of subsidiaries UAB INTF Investicija and UAB Sago have matured. The agreement with the bank regarding the extension of terms of borrowings was not reached and the subsidiaries have defaulted. Therefore, the management of subsidiaries initiated bankruptcy procedures (note 18). The main creditors of subsidiaries are Nordea Bank Finland Plc Lithuania Branch and the Group. The fair value of investment properties owned by these subsidiaries was LTL 29,000 thousand as at 31 March 2014. In March of 2014 the bank had deducted the amount of LTL 265 thousand of the restricted cash to cover instalments of borrowings.

Due to above mentioned default, according to the terms of credit agreements between AB Invaldos nekilnojamojo turto fondas and Nordea bank, the bank had demanded to repay LTL 3,739 thousand earlier than is set in the credit agreement. By the opinion of management the amount which has to be paid to the bank is LTL 1,156 thousand. Dispute is settled in the court. The bank had deducted the amount of LTL 1,351 thousand of the restricted cash of the entity to cover the above mentioned liability. The mature of the borrowings of AB Invaldos nekilnojamojo turto fondas is 15 December 2015. The entity pay instalments according to repayment schedule of borrowing. The bank assumes that entity inappropriately fulfils its obligation. Therefore, according to IAS 1, the borrowing was reclassified to current liabilities. According to repayment schedule the entity has to repay to the bank the amount of LTL 51,281 thousand of borrowings during 2015.

12 Acquisition of own shares

From 19 February 2013 until 5 March 2013 the Company implemented share buy-back through the market of official offer. Maximum number of shares to be acquired was 5,180,214. Share acquisition price established at LTL 8,287 per share. All offered shares were bought-back, the Company has paid for own shares LTL 42,956 thousand, including brokerage fees. Acquired own shares do not have voting rights.

13 Discontinued operation

Since due to the split –off in 2013 it was lost a control of AB Vilniaus Baldai, therefore according to IFRS 5, the result of this subsidiary is presented as discontinued operations. Below detailed profit or loss caption of discontinued operation is presented:

	Group
	1st Quarter 2013
Sales revenue	35,080
Other income	115
Changes in inventories of finished goods, work in progress and residential real estate	(2,402)
Raw materials and consumables	(19,842)
Employee benefits expenses	(4,516)
Impairment, write-down and provisions	-
Premises rent and utilities	(911)
Depreciation and amortization	(1,097)
Repairs and maintenance cost of premises	(1,190)
Other expenses	(1,479)
Operating profit (loss)	**3,758**
Finance cost	(2)
Profit (loss) before income tax	**3,756**
Income tax credit (expense)	(571)
Profit (loss) for the period	**3,185**

Earnings per share in LTL:	20131st Quarter 2013
Basic from discontinued operations (LTL per share)	0.05
Diluted from discontinued operations (LTL per share)	0.05

	1st Quarter 2013
Operating cash flows	3,847
Investing cash flows	(1,577)
Financing cash flows	(43)
Total cash flows	**2,227**

14 Earnings per share

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

The weighted average number of shares for the three months ended 31 March 2014 and 2013 were as follows:

Calculation of weighted average for the three months ended 31 March 2014	Number of shares (thousand)	Par value (LTL)	Issued/90 (days)	Weighted average (thousand)
Shares issued as at 31 December 2013	22,797	1	90/90	22,797
Shares issued as at 31 March 2014	22,797			22,797

Calculation of weighted average for the three months ended 31 March 2013	Number of shares (thousand)	Par value (LTL)	Issued/90 (days)	Weighted average (thousand)
Shares issued as at 31 December 2012	51,802	1	90/90	51,802
Acquired own shares as at 8 March 2013	(5,180)	1	23/90	(1,324)
Shares issued as at 31 March 2013	46,622			50,478

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

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Net profit (loss), attributable to equity holders of the parent for basic earnings	2,714	515	990	(382)
Weighted average number of ordinary shares (thousand)	22,797	50,478	22,797	50,478
Basic earnings (deficit) per share (LTL)	0.12	0.01	0.04	(0.01)

During the 1st Quarter 2014 and 2013 diluted earnings per share of the Group and Company is the same as basic earnings per share.

15 Financial assets and 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 2014:

	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets designated upon initial recognition at fair value through profit or loss				
- Infrastructure construction and energy sector – equity securities	-	-	-	-
Financial assets held for trading				
Equity securities				
- Food industry	2,214	-	-	2,214
- Bank sector	2,106	-	-	2,106
Total Assets	4,320	-	-	4,320
Liabilities	-	-	-	-

The following table presents the group's assets and liabilities that are measured at fair value on 31 December 2013:

	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets designated upon initial recognition at fair value through profit or loss				
- Infrastructure construction and energy sector – equity securities	1,609	-	-	1,609
Financial assets held for trading				
Equity securities				
- Food industry	2,126	-	-	2,126
- Bank sector	1,867	-	-	1,867
Total Assets	5,602	-	-	5,602
Liabilities	-	-	-	-

During the three months ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements; the Group has not any Level 3 financial instruments. The valuation principles of financial instruments have not changed from ones disclosed in the recent annual financial statements.

The available-for-sale financial assets owned by the Group are measured at cost in accordance with IAS 39 because their fair value cannot be measured reliably, as they have no quoted market prices in an active market.

The carrying amounts of financial instruments that are not carried at fair value in the statements of financial position approximates their fair value, except bank borrowings, which valuation is not changed from disclosed in the recent annual financial statements.

16 Other current liabilities

	Group		Company	
	As of 31 March 2014	**As of 31 December 2013**	**As of 31 March 2014**	**As of 31 December 2013**
Employee benefits	3,192	2,545	274	109
Other	4,118	3,763	2,372	1,487
Total other current liabilities	7,310	6,308	2,646	1,596

17 Related party transactions

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

The Company's transactions with related parties during the 1st Quarter 2014 and related quarter-end balances were as follows:

1st quarter 2014 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	927	64	70,820	4,601
Rent and utilities	-	-	-	-
Payables for share capital of subsidiaries	-	-	-	932
Other	26	16	523	2
	953	80	71,343	5,535
Liabilities to shareholders and management	-	-	-	-

17 Related party transactions (cont'd)

The Company's transactions with related parties during the 1st Quarter 2013 and related quarter-end balances were as follows:

1st quarter 2013 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	2,007	65	165,219	8,035
Rent and utilities	-	45	-	60
Dividends	-	-	-	-
Other	-	11	271	5
	2,007	121	165,490	8,100
Liabilities to shareholders and management	-	-	-	-

The Group's transactions with related parties during the 1st Quarter 2014 and related quarter-end balances were as follows:

1st quarter 2014 Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	175	-	21,744	-
Information technology segment	54	-	4	-
Other	-	-	206	-
	229	-	21,954	-
Liabilities to shareholders and management	-	-	-	-

The Group's transactions with related parties during the 1st Quarter 2013 and related quarter-end balances were as follows:

1st quarter 2013 Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	8	-	6,718	-
Rent and utilities	2	-	-	-
Other	-	-	9	-
	10	-	6,727	-
Liabilities to shareholders and management	9	-	717	-

18 Events after the reporting period

New split-off of the Company

The Extraordinary General Shareholders Meeting of the Company, held on 5 February 2014, adopted resolution to approve the preparation of the terms of split-off of AB Invalda LT. The split-off terms were announced on 21 March 2014. The Extraordinary General Shareholders Meeting approved the terms of the Company's split-off on 28 April 2014. The Split-off was completed on 29 April 2014. According to the terms, three entities AB INVL Baltic Farmland, AB INVL Baltic Real Estate and AB INVL Technology, comprising 47.95% of the Company assets calculated at carrying amounts, were split-off from the Company. These entities will apply for closed-end investment company licenses. The split-off of the Company will allow realizing the earlier announced plan to concentrate into asset management business. Entities, operating in agricultural land, real estate and information technology segments, and three newly established entities (note 8), which initial names were the same as the split-off entities, were transferred to newly split-off entities (UAB Sago was not transferred). Shares were allocated proportionally to all shareholders of the Company (presently there are about 4000 shareholders of the Company) in the separated entities. All the shares of the newly established companies will be listed on the NASDAQ OMX Vilnius Exchange from 4 June 2014.

Below the split-off of the balance sheet of the Company according to the split-off terms is presented as at 29 April 2014:

	The Company before split-off	**AB „INVL Baltic Real Estate"**	**AB „INVL Baltic Farmland"**	**AB „INVL Technology"**	**The Company after split-off**
Percent		30.90%	14.45%	2.60%	52.05%
Intangible assets	62				62
Property, plant and equipment	43				43
Investments into subsidiaries	54,540	39,373	6,112	4,013	5,042
Investments into associates and joint ventures	25,108				25,108
Investments available for sale	1,705				1,705
Investments held for trade	4,251				4,251
Deferred income tax asset	7,302		68		7,234
Loans granted	81,220	14,915	18,943	414	46,948
Prepayments	46	5			41
Trade and other receivables	166				166
Cash and cash equivalents	1,764	155	339	154	1,116
Total assets	**176,207**	**54,448**	**25,462**	**4,581**	**91,716**
Share capital	22,797	7,044	3,294	593	11,866
Share premium	33,139	10,240	4,789	861	17,249
Reserves	76,909	23,765	11,113	2,000	40,031
Retained earnings	27,668	8,550	3,998	719	14,401
Total equity	*160,513*	*49,599*	*23,194*	*4,173*	*83,547*
Borrowings	13,074	4,849	2,268	408	5,549
Trade payables	15				15
Income tax payable	14				14
Other liabilities	2,591				2,591
Total liabilities	*15,694*	*4,849*	*2,268*	*408*	*8,169*
Total equity and liabilities	**176,207**	**54,448**	**25,462**	**4,581**	**91,716**

18 Events after the reporting period (cont'd)

The bankruptcy of subsidiaries

In March 2014 management of UAB Sago and UAB INTF Investicija has applied to the court regarding bankruptcy (note 11). On 29 April 2014, when split-off was completed, UAB INTF Investicija has left the Group. On 16 May 2014 after the court decision regarding bankruptcy of UAB Sago came to force, The Group has ceased to control this entity also.

Disposal of AB Vilniaus Baldai and additional acquisition of UAB Litagra

On 28 April 2014 the Company signed the agreement with AB Invalda Privatus Kapitalas regarding sale of 45.4% of shares in AB Vilniaus Baldai. The transaction was completed on 28 May 2014. Shares sale price after deduction of dividends received (LTL 15,527 thousand), amounted to LTL 64,671 thousand. The company will recognise the profit of LTL 45,019 thousand from the shares sale. The equity of the Group will increase by LTL 4,511 thousand during 2nd Quarter of 2014.

On 28 April 2014 the Company signed the agreement with AB Invalda Privatus Kapitalas regarding purchase of 45.45% of shares of UAB Cedus Invest and loans granted by seller to this entity for LTL 24,124 thousand. UAB Cedus Invest owns shares of UAB Litagra. So the Group has increased owned shares of UAB Litagra from 20.12% till 36.88%.