AB INVALDA LT

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 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
AB Siauliu Bankas
Nordea Bank Finland Plc Lithuania Branch
AB SEB Bankas
Danske Bank A/S Lithuania Branch
AB bankas Finasta
„Swedbank", AB
UAB Medicinos Bankas
Bank DnB NORD Polska S.A.

The financial statements were approved and signed by the Management and the Board of Directors on 24 February 2014.

Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief financial officer

Interim consolidated and Company's income statements

		Group		Company	
		2013	**2012**	**2013**	**2012**
Continuing operations		Unaudited	Restated	Unaudited	Audited
Revenue					
Residential real estate revenue		2.380	6.968	-	-
Rent and other real estate revenue		21.015	24.012	-	-
Agricultural land rent revenue		1.258	1.476	-	
Information technology revenue		50.195	40.718	-	-
Facility management revenue		14.559	11.708	-	-
Other production and services revenue		8,812	11,674	-	-
Total revenue		**98,219**	**96,556**	**-**	**-**
Other income	10.3	1.785	3.632	23.244	40.795
Net gains (losses) on disposal of subsidiaries, associates and joint ventures		1,333	1,282	(517)	(1,052)
Net gains (losses) from fair value adjustments on investment property		10,047	(8,709)	-	-
Net changes in fair value of financial assets	10.1	1.540	3.567	1.426	836
Gain on the split-off	9	84,819	-	65,741	-
Changes in inventories of finished goods and work in progress		(32)	(67)	-	-
Raw materials and consumables used		(33.560)	(26.715)	(21)	(22)
Changes in residential real estate		(1.967)	(4.973)	-	-
Employee benefits expenses		(24.173)	(24.906)	(2.242)	(2.858)
Impairment, write-down, allowances and provisions	12	4.826	867	(5.419)	(13.156)
Premises rent and utilities		(13.306)	(14.277)	(167)	(171)
Depreciation and amortisation		(3.979)	(4.328)	(41)	(72)
Repair and maintenance of premises		(6.899)	(5.061)	(54)	-
Other expenses		(13.808)	(16.155)	(939)	(1.212)
Operating profit (loss)		**104.845**	**713**	**81.011**	**23.088**
Finance costs		(2.332)	(3.865)	(335)	(906)
Share of profit (loss) from associates and joint ventures		7.120	8.665	-	-
Profit (loss) before income tax		**109,633**	**5,513**	**80,676**	**22,182**
Income tax	7	(3.169)	(365)	(1,691)	(1,235)
Profit (loss) for the period from continuing		**106,464**	**5,148**	**78,985**	**20,947**
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	9	3,962	26,997	-	-
PROFIT (LOSS) FOR THE PERIOD		**110,426**	**32,145**	**78,985**	**20,947**
Attributable to:					
Equity holders of the parent		109,164	24,771	78,985	20,947
Non-controlling interests		1,262	7,374	-	-
		110,426	**32,145**	**78,985**	**20,947**
Basic earnings (deficit) per share (in LTL)	13	3.18	0.47	2.30	0. 40
Basic earnings (deficit) per share (in LTL) from continuing operations		3.09	0.47	2.30	0. 40
Diluted earnings (deficit) per share (in LTL)	13	3.18	0.47	2.30	0. 40
Diluted earnings (deficit) per share (in LTL) from continuing operations		3.09	0.47	2.30	0. 40

Interim consolidated and Company's statements of comprehensive income

	Group		Company	
	2013	2012	2013	2012
	Unaudited	Restated	Unaudited	Audited
PROFIT (LOSS) FOR PERIOD	**110,426**	**32,145**	**78,985**	**20,947**
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Reclassification adjustment for gain (loss) included in profit or loss	-	-	-	-
Income tax	-	-	-	-
	-	-	-	-
Exchange differences on translation of foreign operations	(120)	43	-	-
Share of other comprehensive income (loss) of associates	(4)	(6)	-	-
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(124)**	**37**	**-**	**-**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods				
Re-measurement gains (losses) on defined benefit plans	-	(161)	-	-
Share of other comprehensive income (loss) of associates - re-measurement gains (losses) on defined benefit plans	26	-	-	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**26**	**(161)**	**-**	**-**
Other comprehensive income (loss) for the period, net of tax	**(98)**	**(124)**	**-**	**-**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**110,328**	**32,021**	**78,985**	**20,947**
Attributable to:				
Equity holders of the parent	109,090	24,683	78,985	20,947
Non-controlling interests	1,238	7,338	-	-

Interim consolidated and Parent Company's income statements

	Group		Company	
	IV Quarter 2013	**IV Quarter 2012**	**IV Quarter 2013**	**IV Quarter 2012**
Continuing operations	Unaudited		Unaudited	
Revenue				
Residential real estate revenue	-	43	-	-
Rent and other real estate revenue	4,713	5,573	-	-
Agricultural land rent revenue	259	1,111	-	
Information technology revenue	19,171	16,785	-	-
Facility management revenue	4,278	3,237	-	-
Other production and services revenue	1,771	2,790	-	-
Total revenue	**30,192**	**29,539**	**-**	**-**
Other income	420	885	1,048	2,932
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	-	-	-	-
Net gains (losses) from fair value adjustments on investment property	9,724	514	-	-
Net changes in fair value on financial assets	860	(4,651)	746	(4,692)
Changes in inventories of finished goods and work in progress	620	29	-	-
Raw materials and consumables used	(14,610)	(10,570)	(24)	(6)
Changes in residential real estate	-	(21)	-	-
Employee benefits expenses	(5,461)	(7,044)	(443)	(800)
Impairment, write-down, allowances and provisions	4,393	(66)	(5,868)	(514)
Premises rent and utilities	(3,289)	(4,381)	(41)	(47)
Depreciation and amortisation	(896)	(1,107)	(10)	(15)
Repair and maintenance of premises	(2,365)	(1,192)	(54)	-
Other operating expenses	(3,098)	(5,395)	(197)	(410)
Operating profit (loss)	**16,490**	**(3,460)**	**(4,843)**	**(3,552)**
Finance costs	(612)	(591)	(57)	(125)
Share of profit (loss) from associates and joint ventures	1,068	(722)	-	-
Profit (loss) before income tax	**16,946**	**(4,773)**	**(4,900)**	**(3,677)**
Income tax	(2,499)	30	(1,076)	468
Profit (loss) for the period from continuing operations	**14,447**	**(4,743)**	**(5,976)**	**(3,209)**
Discontinued operation				
Profit/(Loss) after tax for the period from a discontinued operation	-	7,448	-	-
PROFIT (LOSS) FOR THE PERIOD	**14,447**	**2,705**	**(5,976)**	**(3,209)**
Attributable to:				
Equity holders of the parent	14,195	514	(5,976)	(3,209)
Non-controlling interests	252	2,191	-	-
	14,447	**2,705**	**(5,976)**	**(3,209)**
Basic earnings (deficit) per share (in LTL)	0.41	0.01	0.17	(0.06)
Basic earnings (deficit) per share (in LTL) from continuing operations	0.41	(0.09)	0.17	(0.06)
Diluted earnings (deficit) per share (in LTL)	0.41	0.01	0.17	(0.05)
Diluted earnings (deficit) per share (in LTL) from continuing operations	0.41	(0.09)	0.17	(0.05)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	IV Quarter 2013	**IV Quarter 2012**	**IV Quarter 2013**	**IV Quarter 2012**
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	**14,447**	**2,705**	**(5,976)**	**(3,209)**
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Reclassification adjustment for gain (loss) included in profit or loss	-	-	-	-
Income tax	-	-	-	-
	-	-	-	-
Exchange differences on translation of foreign operations	(65)	2	-	-
Share of other comprehensive income (loss) of associates	(4)	(6)	-	-
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(69)**	**(4)**	**-**	**-**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods				
Re-measurement gains (losses) on defined benefit plans	-	(161)	-	-
Share of other comprehensive income (loss) of associates - re-measurement gains (losses) on defined benefit plans	26	-	-	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**26**	**(161)**	**-**	**-**
Other comprehensive income (loss) for the period, net of tax	**(43)**	**(165)**	**-**	**-**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**14,404**	**2,540**	**(5,976)**	**(3,209)**
Attributable to:				
Equity holders of the parent	14,166	393	(5,976)	(3,209)
Non-controlling interests	238	2,147	-	-

Interim consolidated and Company's statements of financial position

		Group		Company	
		As at 31 December 2013	**As at 31 December 2012**	**As at 31 December 2013**	**As at 31 December 2012**
ASSETS		Unaudited	Audited	Unaudited	Audited
Non-current assets					
Property, plant and equipment		5,416	47,471	33	127
Investment properties		180,548	225,587	-	-
Intangible assets		8,334	11,390	50	13
Investments into subsidiaries	8	-	-	52,840	98,119
Investments into associates and joint ventures	8	87,110	48,799	25,108	685
Investments available-for-sale		1,705	2,859	1,705	1,817
Loans granted		-	-	21,398	82,862
Long term trade and other receivables		1,202	5,156	1,202	-
Other non-current assets		2,848	2,848	-	-
Deferred income tax asset		8,420	19,624	8,008	17,401
Total non-current assets		**295,583**	**363,734**	**110,344**	**201,024**
Current assets					
Inventories		2,959	39,564	-	-
Trade and other receivables		20,238	35,833	1,354	273
Current loans granted		30,297	31,730	55,033	104,193
Prepaid income tax		504	1,521	-	3
Prepayments and deferred charges		654	3,441	45	155
Financial assets at fair value through profit loss	14	5,602	32,974	5,602	32,974
Deposits and financial assets held to maturity	5	-	21,418	-	41
Restricted cash		5,636	3,602	-	-
Cash and cash equivalents	5	6,460	56,092	2,515	33,530
Total current assets		**72,350**	**226,175**	**64,549**	**171,169**
Total assets		**367,933**	**589,909**	**174,893**	**372,193**

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

		Group		Company	
		As at 31 December 2013	**As at 31 December 2012**	**As at 31 December 2013**	**As at 31 December 2012**
EQUITY AND LIABILITIES		Unaudited	Audited	Unaudited	Audited
Equity					
Equity attributable to equity holders of the parent					
Share capital	9,11	24,834	51,802	24,834	51,802
Own shares	9	(20,813)	-	(20,813)	-
Share premium	9	33,139	60,747	33,139	60,747
Reserves	9	97,293	241,523	95,685	220,967
Retained earnings		86,409	38,883	27,465	27,045
		220,862	**392,955**	**160,310**	**360,561**
Non-controlling interests		**366**	**23,241**	**-**	**-**
Total equity		**221,228**	**416,196**	**160,310**	**360,561**
Liabilities					
Non-current liabilities					
Non-current borrowings		55,941	98,737	-	-
Financial lease liabilities		181	423	-	-
Government grants		46	152	-	-
Provisions		-	396	-	-
Deferred income tax liability		15,355	15,116	-	-
Other non-current liabilities		2,627	4,831	-	-
Total non-current liabilities		**74,150**	**119,655**	**-**	**-**
Current liabilities					
Current portion of non-current borrowings		43,845	6,071	-	-
Current portion of financial lease liabilities		33	206	-	-
Current borrowings	12	10,047	549	12,682	9,125
Trade payables		10,271	28,373	305	55
Income tax payable		90	114	-	-
Provisions		-	227	-	-
Advances received		2,196	4,272	-	-
Derivative financial instruments		-	-	-	-
Convertible bonds		-	-	-	-
Other current liabilities	15	6,073	14,246	1,596	2,452
Total current liabilities		**72,555**	**54,058**	**14,583**	**11,632**
Total liabilities		**146,705**	**173,713**	**14,583**	**11,632**
Total equity and liabilities		**367,933**	**589,909**	**174,893**	**372,193**

(the end)

Consolidated and Company's statements of changes in equity

Group		Share capital	Own shares	Share premium	Fair value reserves	Legal and other reserves	Foreign currency translation reserve	Retained earnings (accumulated deficit)	Subtotal	Non-controlling interests	Total equity
		Equity attributable to equity holders of the parent			Reserves						
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 year of 2013		-	-	-	-	-	(96)	22	(74)	(24)	(948)
Other comprehensive income (loss) for the year of 2013		-	-	-	-	-	-	109,164	109,164	1,262	110,426
Total comprehensive income (loss) for the year of 2013		**-**	**-**	**-**	**-**	**-**	**(96)**	**109,186**	**109,090**	**1,238**	**110,328**
Acquisition of minority in associates		-	-	-	-	-	-	240	240	-	240
Share based payments		-	-	-	-	-	-	-	-	(344)	(344)
Dividends of subsidiaries		-	-	-	-	-	-	-	-	(311)	(311)
Changes in reserves		-	-	-	-	23	-	(23)	-	-	-
Acquired minority of subsidiaries	8	-	-	-	-	-	-	(4)	(4)	(196)	(200)
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	-	7	7
Disposal of subsidiaries		-	-	-	-	9	-	(9)	-	-	-
Own shares buy back	9	-	(72,658)	-	-	-	-	-	(72,658)	-	(72,658)
Decrease of share capital	9	(6,279)	51,845	-	-	(45,566)	-	-	-	-	-
Changes due to split-off	9	(20,689)	-	(27,608)	-	(98,600)	-	(61,864)	(208,761)	(23,269)	(232,030)
Balance as at 31 December 2013 (unaudited)		**24,834**	**(20,813)**	**33,139**	**-**	**97,355**	**(62)**	**86,409**	**220,862**	**366**	**221,228**

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**	**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 2011(audited)		**51,660**	**-**	**34,205**	**-**	**20,299**	**-**	**280,046**	**386,210**	**29,151**	**415,361**
Profit (loss) for the year of 2012		-	-	-	-	-	-	24,771	24,771	7,374	32,145
Other comprehensive income (loss) for the year of 2012		-	-	-	-	-	34	(122)	(88)	(36)	(124)
Total comprehensive income for the year of 2012		**-**	**-**	**-**	**-**	**-**	**34**	**24,649**	**24,683**	**7,338**	**32,021**
Acquisition of minority in associates		-	-	-	-	-	-	871	871		871
Share based payments		-	-	-	-	-	-	-	-	(93)	(93)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(10,829)	(10,829)
Changes in reserves		-	-	-	-	275,093	-	(275,093)	-	-	-
Own shares buy back	9	-	(59,659)	-	-	-	-	-	(59,659)	-	(59,659)
Conversion of convertible bonds into share capital	11	5,898	-	26,542	-	-	-	6,098	38,538	-	38,538
Decrease of share capital	9	(5,756)	59,659	-	-	(53,903)	-	-	-	-	-
Acquired minority of subsidiaries	8	-	-	-	-	-	-	2,312	2,312	(2,326)	(14)
Balance as at 31 December 2012 (audited)		**51,802**	**-**	**60,747**	**-**	**241,489**	**34**	**38,883**	**392,955**	**23,241**	**416,196**

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 2012 (audited)		**51,802**	**-**	**60,747**	**5,756**	**215,211**	**27,045**	**360,561**
Profit (loss) for the year of 2013		-	-	-	-	-	78,985	78,985
Acquired own shares	9	-	(72,658)	-	-	-	-	(72,658)
Decrease of share capital	9	(6,279)	51,845	-	-	(45,566)	-	-
Split-off	9	(20,689)	-	(27,608)	(2,616)	(77,100)	(78,565)	(206,578)
Balance as at 31 December 2013 (unaudited)		**24,834**	**(20,813)**	**33,139**	**3,140**	**92,545**	**27,465**	**160,310**

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 2011 (audited)		**51,660**	**-**	**34,205**	**-**	**-**	**274,870**	**360,735**
Profit (loss) for the year of 2012		-	-	-	-	-	20,947	20,947
Conversion of convertible bonds into share capital	11	5,898	-	26,542	-	-	6,098	38,538
Changes in reserves		-	-	-	5,756	269,114	(274,870)	-
Acquired own shares	9	-	(59,659)	-	-	-	-	(59,659)
Decrease of share capital	9	(5,756)	59,659	-	-	(53,903)	-	-
Balance as at 31 December 2012 (audited)		**51,802**	**-**	**60,747**	**5,756**	**215,211**	**27,045**	**360,561**

Consolidated and Company's statements of cash flows

	Group		Company	
	2013	**2012**	**2013**	**2012**
	Unaudited	Restated	Unaudited	Audited
Cash flows from (to) operating activities				
Net profit (loss) for the period	110,426	32,145	78,985	20,947
Adjustments for non-cash items and non-operating activities:				
Valuation (gain) loss, net	(10,047)	8,709	-	-
Depreciation and amortization	6,008	9,715	41	72
(Gain) loss on disposal of tangible assets	35	(159)	-	-
Realized and unrealized loss (gain) on investments	(1,540)	(3,567)	(1,426)	(836)
(Gain) loss on disposal of subsidiaries, associates	(1,333)	(1,282)	517	1,052
Gain on the split-off	(84,819)	-	(65,741)	-
Share of net loss (profit) of associates and joint ventures	(7,120)	(8,665)	-	-
Interest (income)	(1,684)	(3,656)	(6,331)	(12,025)
Interest expenses	2,335	3,716	335	906
Deferred taxes	3,234	1,597	1,687	1,235
Current income tax expenses	285	1,587	4	-
Allowances	(4,797)	(793)	5,419	13,156
Change in provisions	(29)	(73)	-	-
Share based payment	(344)	(93)	-	-
Dividend (income)	(71)	(18)	(16,841)	(28,758)
Loss (gain) from other financial activities	(29)	140	(24)	140
	10,510	**39,303**	**(3,375)**	**(4,111)**
Changes in working capital:				
(Increase) decrease in inventories	(1,652)	(1,613)	-	-
Decrease (increase) in trade and other receivables, (acquisition) of the claims	(10,732)	(2,824)	(10,984)	172
Decrease (increase) in other current assets	(42)	(804)	28	(32)
Transfer to term deposits	-	-	-	-
(Decrease) increase in trade payables	1,702	(6,104)	49	(563)
(Decrease) increase in other current liabilities	(396)	3,276	(44)	(553)
Cash flows (to) from operating activities	**(610)**	**31,234**	**(14,326)**	**(5,087)**
Income tax (paid) return	(164)	(554)	(4)	-
Net cash flows (to) from operating activities	**(774)**	**30,680**	**(14,330)**	**(5,087)**

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

	Notes	Group		Company	
		2013	**2012**	**2013**	**2012**
Cash flows from (to) investing activities		Unaudited	Restated	Unaudited	Audited
(Acquisition) of non-current assets (except investment properties)		(7,290)	(17,506)	(46)	(21)
Proceeds from sale of non-current assets (except investment properties)		47	383	(46)	-
(Acquisition) of investment properties		(3,126)	(3,427)	-	-
Proceeds from sale of investment properties		1,636	6,129	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired	8	(6)	-	(4,432)	-
Proceeds from sales of subsidiaries, net of cash disposed		(64)	-	74	-
(Acquisition) of associates and joint ventures	8	(12,070)	-	(12,070)	-
Proceeds from sales of associates and joint ventures	8	-	3,797	-	3,797
Cash of the subsidiaries left the Group in the split-off		(23,402)	-	-	-
Loans (granted)		(9,978)	(30,825)	(19,402)	(65,081)
Repayment of granted loans		41,586	41,711	55,237	58,684
Transfer to/from term deposits		13,419	77,171	-	48,339
Dividends received		15,940	15	16,830	28,756
Interest received		1,414	4,928	3,299	3,329
(Acquisition) of and proceeds from sales of held-for-trade and available-for-sale investments		20,131	11,555	20,131	5,258
Net cash flows (to) investing activities		**38,237**	**93,931**	**59,575**	**83,061**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
(Acquisition) and changes of non-controlling interests and increase of share capital		(200)	(14)	-	(155)
Acquisition of own shares	9	(72,658)	(59,659)	(72,658)	(59,659)
Payment according to terms of split-off		(13,200)	-	(13,200)	-
Interest of convertible bonds		-	4,788	-	4,788
Dividends (paid) to equity holders of the parent		(567)	(99)	(567)	(99)
Dividends (paid) to non-controlling interests		(311)	(9,817)	-	-
		(86,936)	(64,801)	(86,425)	(55,125)
Cash flows related to other sources of financing					
Proceeds from loans		27,388	4,060	31,178	150
(Repayment) of loans		(23,193)	(25,009)	(20,599)	(1,217)
Interest (paid)		(2,178)	(2,929)	(438)	-
Financial lease (payments)		(166)	(388)	-	-
Transfer (to)/from restricted cash		(2,034)	(681)	-	-
Other cash flows from financing activities		-	-	-	-
		(183)	(24,947)	10,141	(1,067)
Net cash flows (to) from financial activities		**(87,119)**	**(89,748)**	**(76,284)**	**(56,192)**
Impact of currency exchange on cash and cash equivalents		**24**	**(117)**	**24**	**(140)**
Net (decrease) increase in cash and cash equivalents		**(49,632)**	**34,746**	**(31,015)**	**21,642**
Cash and cash equivalents at the beginning of the period	5	**56,092**	**21,346**	**33,530**	**11,888**
Cash and cash equivalents at the end of the period	5	**6,460**	**56,092**	**2,515**	**33,530**

(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.

AB Invalda LT is incorporated and domiciled in Lithuania. AB Invalda LT 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. The Company gives the priority to furniture manufacturing, real estate, agricultural land, agriculture, IT infrastructure and facilities 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. AB Invalda LT 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 twelve months ended 31 December 2013 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 2012.

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 2012, except adoption of new Standards and Interpretations as of 1 January 2013, noted below.

Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

The amendments change the disclosure of items presented in other comprehensive income. It require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'statement of profit or loss and other comprehensive income'. The amended standard change presentation of Group's financial statements, but have no impact on the Group's financial position or performance.

IAS 19 *Employee Benefits (Amendment)*

The amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. The Group has to recognise all actuarial gains and losses in other comprehensive income, not in the profit or loss as currently, and to present service cost and net interest in separate line in the income statement. Due to this amendment were restated the Group's income statement and statement of comprehensive income for the year ended 31 December of 2013.

2 Basis of preparation and accounting policies

Amendments to IAS 12 *Deferred Tax: Recovery of Underlying Assets*

The amendment introduced a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. SIC-21, Income Taxes – Recovery of Revalued Non-Depreciable Assets, which addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16, Property, Plant and Equipment, was incorporated into IAS 12 after excluding from its scope investment properties measured at fair value. The amendment has no impact in the Group's financial statements for the year ended 31 December of 2013.

IFRS 13 *Fair value measurement*

IFRS 13 aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. The amendment has no impact in the Group's financial statements for the year ended 31 December of 2013.

Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendment will have an impact on disclosures but will have no effect on measurement and recognition of financial instruments. The amendment has no impact in the Group's financial statements for the year ended 31 December of 2013.

<u>Improvements to IFRS</u> (issued in May 2012)

The improvements consist of changes to five standards.
- IFRS 1 *First–time adoption of International Financial Reporting Standards* was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, *Borrowing costs*, retrospectively by first-time adopters.
- IAS 1 *Presentation of Financial Statements* was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements.
- IAS 16 *Property, Plant and Equipment* was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory.
- IAS 32 *Financial Instruments: Presentation* was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12.
- IAS 34 *Interim Financial Reporting* was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

As a result of the amendment, the Group now also includes disclosure of total segment liabilities.

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 (in previous year the revaluation was made on 30 September 2012).

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 the subsidiary operating in this segment became an associate of the Group.

Real estate

The real estate segment is involved in investment in commercial real estate and its rent. The subsidiaries which activities 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 due to the split-off of the Company. In these financial statements the agricultural land segment is newly separated.

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, buying grain, providing 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, 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.

Facilities management

The facilities management segment is involved in facilities management of dwelling-houses, commercial and public real estate properties, as well as construction management.

Other production and service segments

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. 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 year ended 31 December 2013:

Period ended 31 December 2013	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Elimi-nation	Total continuing operations
Revenue									
Sales to external customers	-	23,395	1,258	-	50,195	14,559	8,812	-	98,219
Inter-segment sales	-	495	-	-	79	933	2	(1,509)	-
Total revenue	-	23,890	1,258	-	50,274	15,492	8,814	(1,509)	98,219
Results									
Other income	-	260	10	-	128	62	5,581	(4,256)	1,785
Net losses from fair value adjustment on investment property	-	(1,256)	11,303	-	-	-	-	-	10,047
Net gain (losses) on disposal of subsidiaries, associates and joint ventures	-	-	-	-	-	1,333	-	-	1,333
Gain on the split-off	-	-	-	-	-	-	84,819	-	84,819
Net changes in fair value on financial assets	-	-	-	-	114	-	1,426	-	1,540
Segment expenses	-	(25,429)	(1,796)	-	(49,442)	(15,175)	(13,979)	5,765	(100,056)
Impairment, write-down and allowance	-	5,145	(74)	-	(178)	(90)	23	-	4,826
Share of profit (loss) of the associates and joint ventures	3,152	(95)	-	4,427	-	-	(364)	-	7,120
Profit (loss) before income tax	3,152	2,515	10,701	4,427	896	1,622	86,320	-	109,633
Income tax	-	429	(1,636)	-	(172)	(249)	(1,541)	-	(3,169)
Discontinued operation**	3,962	-	-	-	-	-	-	-	3,962
Net profit (loss) for the period	7,114	2,944	9,065	4,427	724	1,373	84,779	-	110,426
Attributable to:									
Equity holders of the parent	6,010	2,944	9,065	4,427	542	1,373*	84,803	-	109,164
Non-controlling interests	1,104	-	-	-	182	-	(24)	-	1,262

*The Group sold a dormant company UAB Cmanagement for the LTL 1. Since the equity was negative, the Group earned a profit. Without this one-time transaction the facility management segment would have earned a profit of LTL 40 thousand.

** AB Vilniaus Baldai became an associate of the Group due to the split-off of the Company. According to IFRS 5 the results of the subsidiary until the split-off are presented as discontinued operations as a single amount.

4 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the year ended 31 December 2012:

Period ended 31 December 2012	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Elimi-nation	Total continuing operations
Revenue									
Sales to external customers	-	30,761	1,476	-	40,598	11,674	11,673	-	96,182
Inter-segment sales	-	1,748	-	-	171	1,460	2	(3,007)	374
Total revenue	-	32,509	1,476	-	40,769	13,134	11,675	(3,007)	96,556
Results									
Other income	-	432	13	-	59	247	10,128	(7,247)	3,632
Net losses from fair value adjustment on investment property	-	(12,840)	4,131	-	-	-	-	-	(8,709)
Net gain (losses) on disposal of subsidiaries, associates and joint ventures	-	(755)	-	-	-	-	2,037	-	1,282
Net changes in fair value on financial assets	-	-	-	-	-	-	3,567	-	3,567
Segment expenses	-	(35,043)	(2,671)	-	(41,868)	(13,807)	(17,212)	10,254	(100,347)
Impairment, write-down and allowance	-	883	(68)	-	(88)	73	67	-	867
Share of profit (loss) of the associates and joint ventures	-	(37)	-	8,675	-	-	27	-	8,665
Profit (loss) before income tax	-	(14,851)	2,881	8,675	(1,128)	(353)	10,289	-	5,513
Income tax	-	1,380	(443)	-	9	59	(1,370)	-	(365)
Discontinued operation**	26,997	-	-	-	-	-	-	-	26,997
Net profit (loss) for the period	26,997	(13,471)	2,438	8,675	(1,119)	(294)	8,919	-	32,145
Attributable to:									
Equity holders of the parent	19,475	(13,470)	2,438	8,675	(942)	(294)	8,889	-	24,771
Non-controlling interests	7,522	(1)	-	-	(177)	-	30	-	7,374

The following table represents segment assets of the Group operating segments as at 31 December 2013 and 31 December 2012:

Segment assets	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Elimi-nation	Total continuing operations
At 31 December 2013	75,406	155,542	36,444	11,705	27,551	9,174	98,024	(45,913)	367,933
At 31 December 2012	98,504	232,383	43,778	48,114	27,236	9,853	249,236	(119,195)	589,909

The following table represents segment liabilities of the Group operating segments as 31 December 2013 and 31 December 2012:

Segment liabilities	Furniture production	Real estate	Agricultural land	Agricul-ture	Information technology	Facility manage-ment	Other production and service	Elimi-nation	Total continuing operations
At 31 December 2013	-	124,936	19,122	-	26,012	5,453	17,095	(45,913)	146,705
At 31 December 2012	26,495	188,208	31,276	-	25,453	7,654	13,822	(119,195)	173,713

5 Cash and cash equivalents

	Group		Company	
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Cash at bank	6,284	32,194	2,515	9,719
Cash in hand	27	15	-	-
Cash in transit	149	72	-	-
Term deposits with the maturity up to 3 months	-	23,811	-	23,811
	6,460	56,092	2,515	33,530

On 31 December 2013, 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)
	-	-

As at 31 December 2012, the Group and the Company have placed term deposits at banks with the maturity of more than 3 months:

	Group	Company
Deposits with the maturity between 3 and 6 months	9,020	-
Deposits with the maturity more than 6 months	12,316	-
Deposit's certificate of AB Bankas Snoras	20,000	20,000
Accumulated interest	182	141
Less allowance for impairment as consequence of AB Bankas Snoras insolvency	(20,100)	(20,100)
	21,418	41

6 Dividends

In 2013 and 2012 dividends were not declared.

7 Income tax

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Components of income tax expense				
Current income tax charge	189	(208)	(4)	-
Prior year current income tax correction	(149)	52	-	-
Deferred income tax income (expense)	(3,209)	(209)	(1,687)	(1,235)
Income tax (expenses) income charged to the income statement	(3,169)	(365)	(1,691)	(1,235)

8 Investment into subsidiaries and associates

During the 1st Quarter of 2013 the subsidiaries, which invest in agricultural land, and two subsidiaries, which hold investments, were split-off as preparing of 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.

In April 2013 the Group acquired 70% of the shares of 360° Smart Consulting Ltd for LTL 12 thousand to implement the projects of the information technology segment in Tanzania as resident. Later the entity changed its name to Norway Registers Development East Africa Limited. The net assets of the entity was LTL 25 thousand, the non-controlling interest was increased by LTL 7 thousand due to the acquisition.

On 31 May 2013 the split-off of AB Invalda was completed, due to this the Group have changed significantly. The split-off is described in detail in note 9.

In May 2013 the 100% of the shares of UAB Cmanagement was sold for the LTL 1. The Company suffered loss of LTL 367 thousand on the sale of the shares, because there was recognised impairment of LTL 367 thousand for this investment in previous years, therefore, the impairment was reversed and overall impact on profit or loss of the Company was equal to nil. The Group had earned the profit of LTL 1,333 thousand, because the equity of the subsidiary was negative. Also the liquidation of Invalda Lux S.a.r.l., which was established in Luxembourg, was completed in May. The Company recognised the loss of LTL 150 thousand in the caption "Gains (losses) on disposal of subsidiaries, associates and joint ventures", but the impairment of the same amount was reversed.

In August 2013 the Group has established new subsidiary UAB NRD CS in the information technology infrastructure segment by investing LTL 10 thousand.

In November 2013 the Company and the Group has additionally invested LTL 96 thousand to increase share capital of UAB MGK Invest and UAB Įmonių Grupė Inservis.

Additional acquisition of AB Vilniaus Baldai

The official tender offer to buy up shares in AB Vilniaus Baldai was implemented from 15 July 2013 until 29 July 2013, during which the Company acquired 6.05% of shares (235,093 shares) of AB Vilniaus Baldai with par value of LTL 4, for the total amount of LTL 12,070 thousand. On the basis of preliminary assessment the fair value of acquired part of identifiable net assets is LTL 8,696 thousand. In the carrying amount of associates is recognised goodwill of LTL 3,374 thousand. After the tender offer implementation AB Invalda LT owns 45.40 percent of shares of AB Vilniaus Baldai.

Reconstruction of companies investing in agricultural land

On 31 July 2013 the Company has acquired 100% of shares of UAB Puškaitis, UAB Žemynėlė, UAB Žemgalė, UAB Kvietukas, UAB Vasarojus, UAB Lauknešys from subsidiary UAB Aktyvus Valdymas for LTL 4,166 thousand.

In order to reconstruct parcels owned by the companies investing in agricultural land so that each company manages geographically close parcels located in one or several regions of Lithuania and at the same time to simplify management of the land and reduce operating expenses, the companies' splitting up by mode of parcelling out was initiated. For this purpose, 17 companies were incorporated in August 2013 by investing LTL 170 thousand: UAB Avižėlė, UAB Beržytė, UAB Dirvolika, UAB Duonis, UAB Kupiškio Žemgalė (after reorganization was renamed to UAB Žemgalė), UAB Linažiedė, UAB Marijampolės Puškaitis (after reorganization was renamed to UAB Puškaitis), UAB Pakruojo Kvietukas (after reorganization was renamed to UAB Kvietukas), UAB Pakruojo Laukaitis (after reorganization was renamed to UAB Laukaitis), UAB Panevėžio Vasarojus (after reorganization was renamed to UAB Vasarojus), UAB Pasvalio Lauknešys (after reorganization was renamed to UAB Lauknešys), UAB Pasvalio Žiemkentys (after reorganization was renamed to UAB Žiemkentys), UAB Pušaitis, UAB Sėja, UAB Vilkaviškio Ekotra (after reorganization was renamed to UAB Ekotra), UAB Vilkaviškio Žemynėlė (after reorganization was renamed to UAB Žemynėlė) and UAB Žalvė. On 30 September 2013 mentioned above entities were taken over the assets and liabilities of the nine companies, which have ended activities as consequence of reorganisation: UAB Ekotra, UAB Puškaitis, UAB Žemynėlė, UAB Žemgalė, UAB Kvietukas, UAB Laukaitis, UAB Vasarojus, UAB Lauknešys, UAB Žiemkentys.

8 Investment into subsidiaries and associates (cont'd)

Establishment of companies (increase of share capital) in 2012

During 2012 the Company and the Group has invested LTL 155 thousand to increase share capital of Invalda Lux S.a.r.l. and LTL 18,650 thousand additionally to increased share capital of UAB Naujoji Švara, UAB Žemvesta, UAB Rovelija, UAB Saistas, UAB Ineturas, UAB Minijos valda, UAB IBC logistika converting loans granted to shares. In January 2012 UAB Justiniškių Valda and UAB Justiniškių Aikštelė, which owned investment property previously owned by UAB Jurita, were separated from UAB Jurita. The new separated entities were assigned to real estate segment. The Group has established two real estate investment companies by investing by cash LTL 30 thousand: UAB Laukseja (investment in the agricultural land), UAB Danės Gildija (project of apartments building in Klaipėda) and UAB Kopų Vėtrungės (project of apartments building in Nida). Also investment properties with carrying value of LTL 7,970 thousand, located in Klaipėda, were invested into share capital of UAB Danės Gildija, and investment properties with carrying value of LTL 3,990 thousand, located in Nida, were invested into share capital of UAB Kopų Vėtrungės. The Group has invested LTL 10 thousand by establishing UAB IPP integracijos projektai and additionally invested LTL 2,120 thousand to increased share capital of UAB Informatikos pasaulis, UAB Vitma, UAB IŽB 1, UAB Lauksėja, UAB Puškaitis mainly converting loans granted to shares.

AB Umega

On 12 January 2012, the sale of 29.27% of shares of AB Umega according to the agreement signed on 30 November 2011 was completed. Price for the shares sold equal to LTL 3,745 thousand. The Group has earned a profit of LTL 2,037 thousand. In the Company statements, the price for the shares sold was equal to the carrying amount of the investments. In the caption "Net gains (losses) on disposal of subsidiaries, associates and joint ventures" of the Company's income statements was presented loss of LTL 298 thousand (the price of the shares was less as initial acquisition cost). Therefore, in the caption "Impairment, write-down and provisions" of the Company's income statements was presented impairment reversal of the same amount - LTL 298 thousand.

Other sales and acquisitions

In April 2012 the Company has acquired 24% of shares of UAB Aikstentis (currently a dormant entity attributed to the real estate segment). Amount of LTL 2,309 thousand was attributed to the non-controlling interest, so it was reduced by this amount, and, respectively, retained earnings attributable to equity holders of the parent were increased. The reason for a large attribution was that in 2010 prospectively applying the new requirement of IAS 27 net losses equal to LTL 2,343 thousand were not attributed to the non-controlling interest of UAB Aikstentis, and due to the sale of UAB Broner (previous subsidiary of UAB Aikstentis) net profit of LTL 2,316 thousand was attributed to the non-controlling interest.

In June 2012 the loans with amount of LTL 807 thousand granted to real estate entity SIA Uran, operating in Latvia, were converted into 50 % shares of the entity. These shares were sold for LTL 52 thousand. In the profit (loss) statement a loss of 755 thousand was recognised.

In August 2012 the Group has acquired 0.65 % of shares of UAB NRD for LTL 13 thousand. The value of the additional interest acquired was LTL 17 thousand. The positive 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 Split-off, discontinued operation, acquisition of own shares

On 20 November 2012 the Extraordinary General Shareholders Meeting of the Company approved drawing up of the terms of the Company's split-off and authorized the Board to prepare the terms of split-off. On 13 February 2013 the split-off terms were published to public. The Extraordinary General Shareholders Meeting approved the terms of the Company's split-off on 9 April 2013.The new name of the Company after the split-off is AB Invalda LT. The name of new established company after split-off is AB Invalda Privatus Kapitalas. In the split-off approximately 45.45 percent of the total assets, liabilities and the equity of the Company was allocated to AB Invalda Privatus Kapitalas. According to the split-off terms some assets were allocated not proportionally (in full to one or other side), some assets was allocated proportionally (investment into the furniture production and agriculture segments). The entities that invest into agricultural land were split-off in the 1st Quarter 2013 into separate legal entities (see Note 8). New entities were allocated in full to one or other side. Remaining assets were allocated under there principle that transferred assets to AB Invalda Privatus Kapitalas would constitute approximately 45.45 percent of total assets of the Company as of the day of executing of the Transfer – acceptance certificates.

Split-off of the Company was ended on 31 May 2013.

9 Split-off, discontinued operation, acquisition of own shares (cont'd)

During the six month ended 30 June 2013 the Company implemented two share buy-back. The first share buy-back was implemented from 19 February until 5 March 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 42,950 thousand, including brokerage fees. The second share buy-back was implemented from 10 April until 24 May through the market of official offer according to the split-off terms. The shareholders holding the shares with the nominal value of less than 1/10 of the authorized capital of the Company, except the shareholders whose rights to sell shares to the Company during the split – off were limited according to the split – off terms, had a right within 45 days after approval of the split – off terms by the general meeting of shareholders to request that their shares would be redeemed by the Company (until 24 May 2013). The number of shares acquired was 1,099,343. Share acquisition price established at LTL 8,076 per share. The company has paid for own shares LTL 8,889 thousand, including brokerage fees.

According to the terms of the split-off 6,279,557 acquired own shares was cancelled, the reserve for the acquisition of own shares was decreased by LTL 45,566 thousand. Also according to the terms of the split-off 20,689,038 shares, which was owned by the shareholders, which received in exchange shares of AB Invalda Privatus Kapitalas, was cancelled.

After above mentioned transactions the shareholders of the Company were (by votes):

	Number of votes held	**Percentage**
UAB LJB Investments	7,563,974	30.46%
Mrs. Irena Ona Mišeikiene	6,217,082	25.04%
UAB Lucrum Investicija	5,601,621	22.55%
Mr. Darius Šulnis	2,219,762	8.94%
Other minor shareholders	3,231,112	13.01%
Total	24,833,551	100.00%

From 24 September 2013 until 7 October 2013 the third share buy-back was implemented. Maximum number of shares to be acquired was 2,000,000. Share acquisition price established at EUR 2.90 (LTL 10.01) per share**.** During it 1,842,553 shares (7.42% of share capital) was acquired for LTL 18,465 thousand, including brokerage fees. The main shareholders had also sold shares to the Company. The acquired shares were settled on 10 October 2013.

From 16 until 20 December 2013 the forth share buy-back was implemented. Maximum number of shares to be acquired was 248,335. Share acquisition price established at EUR 3.50 (LTL 12.08) per share**.** During it 193,701 shares (0.78% of share capital) was acquired for LTL 2,348 thousand, including brokerage fees. The shares sold only minor shareholders during forth share buy-back. The acquired shares were settled on 30 December 2013.

As at 31 December 2013 the shareholders of the Company were (by votes):

	Number of votes held	**Percentage**
UAB LJB Investments	6,939,824	30.44%
Mrs. Irena Ona Mišeikiene	6,588,732	28.90%
UAB Lucrum Investicija	5,145,647	22.57%
Mr. Alvydas Banys	1,750,000	7.68%
Mrs. Indrė Mišeikytė	455,075	2.00%
Other minor shareholders	1,918,019	8.41%
Total	22,797,297	100.00%

9 Split-off, discontinued operation, acquisition of own shares (cont'd)

Share buy-back in 2012

The share buy-back program was exercised on 2 – 15 May 2012. 10 percent of own shares – 5,755,794 shares were acquired for LTL 59,659 thousand, including brokerage fees (for each share – LTL 10.358). Acquired own shares do not have voting rights. On 24 May 2012 the shareholders of the Company decided to reduce the share capital to LTL 51,802,146 by annulling own shares. On 6 August 2012, the new version of the Articles of Association of the Company was registered. According to the Articles of Association the share capital was reduced from LTL 57,557,940 to LTL 51,802,146 by cancelling 5,755,794 ordinary registered shares with par value of LTL 1, which the Company had acquired in May. This way the decision of shareholders' meeting, which occurred on 24 May 2012, was implemented.

Below the split-off of the balance sheet of the Company as at 31 May 2013 according to the split-off terms is presented:

	The Company before split-off	AB Invalda LT	AB Invalda Privatus Kapitalas
Non-current asset			
Property, plant and equipment	151	43	108
Intangible assets	11	11	-
Investiments into subsidiaries	97,653	71,837	25,816
Investiments into associates and joint ventures	631	-	631
Investiments available-for-sale	1,817	1,705	112
Non-current loans granted	96,683	56,223	40,460
Trade and other receivables long term	2,405	2,405	-
Deferred income tax asset	16,977	9,237	7,740
Total non-current assets	**216,328**	**141,461**	**74,867**
Current asset			
Trade and other receivables	791	791	-
Current loans granted	69,893	18,834	51,059
Prepaid income tax	13	13	-
Prepayments and deferred charges	111	28	83
Financial assets at fair value through profit loss	12,647	3,852	8,795
Cash and cash equivalents	25,873	12,673	13,200
Total current assets	**109,328**	**36,191**	**73,137**
TOTAL ASSETS	**325,656**	**177,652**	**148,004**
Equity			
Share capital	45,523	24,834	20,689
Share premium	60,747	33,139	27,608
Reserves	175,401	95,685	79,716
Retained earnings	28,221	15,395	12,826
Total equity	**309,892**	**169,053**	**140,839**
Current liabilities			
Current borrowings	13,907	6,988	6,919
Trade payables	120	56	64
Other current liabilities	1,737	1,555	182
Total current liabilities	**15,764**	**8,599**	**7,165**
Total liabilities	**15,764**	**8,599**	**7,165**
TOTAL EQUITY AND LIABILITIES	**325,656**	**177,652**	**148,004**

9 Split-off, discontinued operation, acquisition of own shares (cont'd)

According to IFRIC 17 the gain on the split-off has to be recognised in the profit or loss as difference between fair value and carrying amount of the transferred assets. Based on the preliminary assessment of the fair value of the transferred assets the Company was recognised gain of LTL 65,741 thousand. The main impact of the gain was resulted from the valuation of 32.78% of shares of AB Vilniaus Baldai as closing market price on 31 May 2013in the NASDAQ OMX exchange. Due to assessment of shares of AB Vilniaus Baldai the Company recognised gain of LTL 57,030 thousand. Another part of the gain was related with transfer of the entities, investing in the agricultural land, and entity, through which was invested in UAB Litagra.

The assets and liabilities of the Group entities and of the Company transferred from the Group according to the terms of the split-off and recognised in the statement of financial position are follows (inter-group balances are eliminated):

	Carrying amount at the transfer date
Intangible assets	1,013
Investment properties	57,914
Property, plant and equipment	44,071
Investment into associates and joint ventures	24,509
Investments available-for-sale	1,154
Deferred income tax assets	9,690
Inventories	38,075
Trade and other receivables	21,409
Loans granted	936
Prepaid income tax	1,445
Prepayments and deferred charges	2,642
Financial assets at fair value through profit loss	8,795
Term deposits	7,958
Cash and cash equivalents	36,602
Total assets	**256,213**
Deferred income tax liability	(1,506)
Borrowings	(1,438)
Trade payables	(19,824)
Income tax payable	(82)
Advance received	(2,392)
Other liabilities	(9,596)
Total liabilities	**(34,838)**
Total net assets	**221,375**

The Group has recognised gain on the split-off of LTL 84,819 thousand, from which gain on loss of control of AB Vilniaus Baldai was LTL 84,583 thousand. The calculation of it is presented below:

The fair value of transferred shares of AB Vilniaus Baldai	63,347
The carrying amount of transferred part of the net assets	24,906
Gain on the transferred shares	38,441
Fair value of retained shares of AB Vilniaus Baldai	76,038
The carrying amount of retained part of the net assets	29,896
Gain on remeasuring remaining interest to fair value	46,142
Gain total	**84,583**

9 Split-off, discontinued operation, acquisition of own shares (cont'd)

AB Vilniaus Baldai became an associate, which deemed acquisition cost in the Group is equal to the fair value of retained shares of AB Vilniaus Baldai (LTL 76,038 thousand). On the basis of preliminary assessment the fair value of retained part of identifiable net assets is LTL 55,724 thousand. In the carrying amount of associates is recognised goodwill of LTL 20,314 thousand. After split-off the Group has owned 39.35 percent of AB Vilniaus Baldai shares.

Due to split-off the Group transferred 16.76 percent of UAB Litagra shares. On the basis of the preliminary assessment, the fair value of UAB Litagra is equal to its carrying amount, therefore, any gain was not recognised in profit or loss of the Group. The Group has also transferred these entities: UAB Dizaino Institutas, UAB IBC Logistika, UAB Minijos Valda, UAB Riešės Investicija, UAB Naujoji Švara, UAB Ineturas, UAB Elniakampio Namai, UAB projektavimo firma Saistas, UAB BNN, UAB Trakų Kelias, UAB Inreal Valdymas, UAB Inreal, UAB Inreal GEO, UAB Aikstentis. UAB Ente, UAB Justum, UAB Kvietnešys, UAB Šimtamargis, UAB Žemvesta, UAB Deltuvis, UAB Investicijų Tinklas, UAB Fortina, UAB Via Solutions, AB Invetex, UAB Agrobitė, UAB Lauko Gėlininkystės Bandymų Stotis, UAB Žemėpatis, UAB IŽB 1, UAB Lauksėja, UAB Žiemgula, UAB Žemėja, UAB Kopų Vėtrungės, UAB Danės Gildija, UAB Justiniškių Valda, UAB Justiniškių Aikštelė.

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

	Group	
	2013	**2012**
Sales revenue	56,285	229,767
Other income	631	904
Changes in inventories of finished goods, work in progress and residential real estate	(143)	7,555
Raw materials and consumables	(36,457)	(157,986)
Employee benefits expenses	(7,912)	(27,381)
Impairment, write-down and provisions	-	(1)
Premises rent and utilities	(1,757)	(4,548)
Depreciation and amortization	(2,029)	(5,388)
Repairs and maintenance cost of premises	(1,912)	(5,188)
Other expenses	(2,390)	(7,895)
Operating profit (loss)	**4,316**	**29,839**
Finance cost	(3)	(23)
Profit (loss) before income tax	**4,313**	**29,816**
Income tax credit (expense)	(351)	(2,819)
Profit (loss) for the period	**3,962**	**26,997**

10 Other revenues and expenses

10.1. Net changes in fair value on financial assets

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Gain (loss) from shares of Trakcja	278	970	278	970
Other	1,148	2,555	1,148	(134)
Net gain (loss) from financial assets at fair value, total	*1,426*	*3,525*	*1,426*	*836*
Net gain from financial liabilities at fair value through profit or loss (contingent consideration from the acquisition of NRD AS)	*114*	*42*	-	-
	1,540	3,567	1,426	836

10.2. Finance expenses

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Interest expenses	(2,231)	(3,694)	(292)	(906)
Other finance expenses	(101)	(171)	(43)	-
	(2,332)	(3,865)	(335)	(906)

10.3. Other income

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Interest income	1,628	3,161	6,331	12,025
Dividend income	71	18	16,841	28,758
Other income	86	453	72	12
	1,785	3,632	23,244	40,795

11 The conversion of the convertible bonds

The application from the bondholders to convert LTL 32,400 thousand par value bonds (par value of one bond is LTL 100) into the shares of the Company was received on 28 March 2012. The bonds were converted into 5,898,182 shares of LTL 1 par value on 30 March 2012, when new By-laws of the Company were registered. After the conversion, share capital of the Company was increased by LTL 5,898 thousand up to LTL 57,558 thousand and divided into 57,557,940 shares of LTL 1 par value. The conversion price of new shares is LTL 5.50 per share. During the 2^{st} Quater of 2012 the bond holders paid back of earlier received interest of LTL 4,788 thousand and had forfeited the accrued interest of LTL 2,386 thousand as at 30 March 2012. All these amounts were reversed through equity. The current income tax expenses of LTL 1,076 thousand was presented in the equity also. So total positive impact for the Company's and the Group's equity was amounted to LTL 6,098 thousand.

12 Borrowings

After split-off the Company together with AB Invalda Privatus Kapitalas had announced tender offer to buy up shares of AB Vilniaus Baldai. Since according to the law it is required to accumulate all money, which could to require, if all remaining shareholder of AB Vilniaus Baldai would be respond to the tender offer, the loan of LTL 17,000 thousand was took out from DNB bank in June 2013. After implementation of the tender offer AB Invalda LT the loan was repaid in July 2013.

In December 2013 the Company has signed short-term loan agreement with Šiaulių bankas for the loan of LTL 8,632 thousand. Until the year-end the Company was used LTL 7,768 thousand from the loan. Using proceeds from the loan, 50 percent of the claim to Latvian entity SIA Dommo Biznesa Parks was acquired from the bank, which operates in Latvia and previously financed the entity. Also the claim to Latvia entity SIA Dommo Grupa was acquired from AB Invalda Privatus Kapitalas in exchange to the claim to UAB Broner. The above mentioned claims were proportionally allocated between the Company and AB Invalda Privatus Kapitalas during the split-off. Those two Latvian entities compound one group and own about 12,800 square meters of warehouse space and over 58 hectares of land around Riga, suitable for the development of logistics purposes. The Company together with other business partners, having other 50 percent of the claim, had previously invested into the above mentioned Latvian entities. Due to economic crisis these entities were in the process of bankruptcy. After acquisition of the claim from the bank, the bankruptcy process will be terminated, the entities will continue to operate, and the Company and the Group will have the right to 50 percent of entities' generated cash flows. Until the acquisition of the claim, the Company valued to LTL nil the granted loans to Latvian entities. After this acquisition and consider the carrying value of exchanged claims, the Company and the Group recognised reversal of impairment amounting to LTL 4,422 thousand.

13 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 year ended 31 December 2013 and 2012 were as follows:

Calculation of weighted average for the year 2013	**Number of shares (thousand)**	**Par value (LTL)**	**Issued/365 (days)**	**Weighted average (thousand)**
Shares issued as at 31 December 2012	51,802	1	365/365	51,802
Acquired own shares as at 8 March 2013	(5,180)	1	298/365	(4,229)
Acquired own shares as at 27 May 2013	(1,099)	1	218/365	(656)
Decrease of shares capital as at 31 May 2013	(20,689)	1	214/365	(12,130)
Acquired own shares as at 10 October 2013	(1,843)	1	81/365	(414)
Acquired own shares as at 30 December 2013	(194)	1	1/365	(1)
Shares issued as at 31 December 2013	22,797	1	-	34,372

Calculation of weighted average for the year 2012	**Number of shares (thousand)**	**Par value (LTL)**	**Issued/366 (days)**	**Weighted average (thousand)**
Shares issued as at 31 December 2011	51,660	1	366/366	51,660
Shares issued as at 30 March 2012	5,898	1	276/366	4,448
Own shares acquired on 18 May 2012	(5,756)	1	227/366	(3,570)
Shares issued as at 31 December 2012	51,802	1	-	52,538

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

	Group		**Company**	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Net profit (loss), attributable to the equity holders of the parent from continuing operations	106,306	5,296	78,985	20,947
Net profit, attributable to the equity holders of the parent from discontinued operation	2,858	19,475	-	-
Net profit (loss), attributable to equity holders of the parent for basic earnings	109,164	24,711	78,985	20,947
Weighted average number of ordinary shares (thousand)	34,372	52,538	34,372	52,538
Basic earnings (deficit) per share (LTL)	3.18	0.47	2.30	0.40

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

13 Earnings per share (cont'd)

The following table reflects the share data used in the diluted earnings per share computations for the year 2012:

	Number of shares (thousand)	Issued/366 (days)	Weighted average (thousand)
Weighted average number of ordinary shares for basic earnings per share	-	-	52,538
Potential shares from convertible bond of LTL 25 million (issued on 1 December 2008)	4,545	90/366	1,117
Potential shares from convertible bond of LTL 7.44 million (issued on 8 January 2010)	1,353	90/366	333
Weighted average number of ordinary shares for diluted earnings per share	-	-	53,988

The following table reflects the income data used in the diluted earnings per share computations for the year 2012:

	Group	Company
	31 December 2012	31 December 2012
Net profit (LTL thousand), attributable to the equity holders of the parent for basic earnings	24,771	20,947
Interest on convertible bond	768	768
Net profit (LTL thousand), attributable to equity holders of the parent for diluted earnings	25,539	21,742
Weighted average number of ordinary shares (thousand)	53,988	53,988
Diluted earnings(deficit) per share (LTL)	0.47	0.40

14 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 December 2013:

	Level 1	Level 2	Level 3	Total balance
Assets				
Shares of Trakcja	1,609	-	-	1,609
Held-for-trade securities	3,993	-	-	3,993
Total Assets	5,602	-	-	5,602
Liabilities	-	-	-	-

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2012:

	Level 1	Level 2	Level 3	Total balance
Assets				
Shares of Trakcja	9,958	-	-	9,958
Held-for-trade securities	7,748	15,268	-	23,016
Total Assets	17,706	15,268	-	32,974
Liabilities	-	-	-	-

During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements. Financial assets in Level 2 was sold in 1st Quarter 2013.

15 Other current liabilities

	Group		Company	
	As of 31 December 2013	As of 31 December 2012	As of 31 December 2013	As of 31 December 2012
Employee benefits	2,497	7,095	109	391
Other	3,576	7,151	1,487	2,061
Total other current liabilities	6,073	14,246	1,596	2,452

16 Related party transactions

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

The Company's transactions with related parties during the year 2013 and related year-end balances were as follows:

2013 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	5,708	217	69,506	4,907
Rent and utilities	-	70	-	-
Dividends	16,770	-	-	-
Other	59	90	151	5
	22,537	377	69,657	4,912
Liabilities to shareholders and management	-	-	-	-

The Company's transactions with related parties during the year 2012 and related year-end balances were as follows:

2012 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	10,201	138	166,683	9,124
Rent and utilities	-	155	-	6
Dividends	28,740	-	-	-
Other	-	26	49	-
	38,941	319	166,732	9,130
Liabilities to shareholders and management	-	-	-	-

The Group's transactions with related parties during the year 2013 and related year-end balances were as follows:

2013 Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	435	-	22,336	-
Real estate income	2	-	-	-
IT segment	112	-	-	-
Dividends	15,880	-	-	-
Other	60	3	285	-
	16,488	3	22,621	-
Liabilities to shareholders and management	85	-	-	-

In June 2013 the Group has granted loan of LTL 9 million to the Company's shareholder, which was fully repaid on July 2013.

16 Related party transactions (cont'd)

The Group's transactions with related parties during the year 2012 and related year-end balances were as follows:

2012 Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	48	-	6,653	-
Rent and utilities	22	-	40	-
Other	-	-	-	-
	70	-	6,693	-
Liabilities to shareholders and management	1,367	-	708	-

During 2012 the Group and the Company has accrued interest expenses of LTL 768 thousand for owners of convertible bonds, which become the shareholder of the Company. Upon conversion the accrued interest was reversed.

17 Events after the reporting period

The Extraordinary General Shareholders Meeting of the company, held on 5 February 2014, adopted resolution to approve of preparation of the terms of split-off of AB Invalda LT. The approval of the shareholders of the Company to prepare the split-off terms will allow realizing the earlier announced decision to concentrate into asset management business. It is planned to separate agricultural land, real estate and information technologies entities from the Company. These entities will apply for closed-end investment company licenses. All shareholders of the Company (presently there are about 4000 shareholders of the company) will proportionally own shares in the separated entities. All the shares of the newly established companies are planned to be quoted on the NASDAQ OMX Vilnius Exchange. It is expecting to announce the split-off terms in the first quarter of 2014.