

**Public joint-stock company Invalda LT****CONFIRMATION OF RESPONSIBLE PERSONS**

30 May 2014

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (article 22) of the Republic of Lithuania, management of Invalda LT, AB hereby confirms that, to the best our knowledge, the attached Company's and Consolidated Interim Condensed Financial Statements for the 3 months of 2014 are prepared in accordance with International Financial Reporting Standarts (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of Invalda LT and Consolidated Group. Present Consolidated Interim Report includes a fair review of the development and performance of the business.

**ENCLOSURE:**

1. Company's and Consolidated Interim Financial Statements for 3 months of 2014.
2. Consolidated Interim Report for 3 months of 2014.

President



Darius Šulnis

Chief Financier



Raimondas Rajeckas

# AB INVALIDA 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

**AB INVALIDA LT**

**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

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## **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)

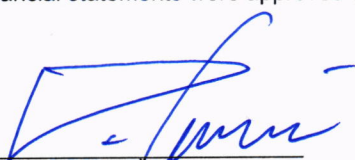
### **Principal place of business and company code**

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

### **Bankers**

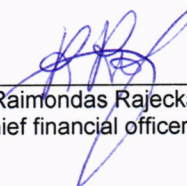
AB DNB Bankas  
Šiaulių Bankas AB  
Nordea Bank Finland Plc Lithuania Branch  
AB SEB Bankas  
Danske Bank A/S Lithuania Branch  
Bankas Finasta AB  
"Swedbank", AB  
Citadele bankas AB  
UAB Medicinos Bankas  
DNB Bank Polska S. A.

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



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Mr. Darius Šulnis  
President



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Mr. Raimondas Rajeckas  
Chief financial officer

**AB INVALIDA LT**
**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**Interim consolidated and Company's income statements**

		Group		Company	
		1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013
		Unaudited		Unaudited	
<b>Continuing operations</b>					
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	-	-
<b>Total revenue</b>		<b>21,170</b>	<b>23,206</b>	-	-
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)
<b>Operating profit (loss)</b>		<b>2,573</b>	<b>(763)</b>	<b>1,180</b>	<b>(298)</b>
Finance costs	9.2	(848)	(511)	(127)	(65)
Share of profit (loss) of associates and joint ventures		1,270	(459)	-	-
<b>Profit (loss) before income tax</b>		<b>2,995</b>	<b>(1,733)</b>	<b>1,053</b>	<b>(363)</b>
Income tax credit (expenses)	7	(259)	(34)	(63)	(19)
<b>Profit (loss) for the period from continuing operations</b>		<b>2,736</b>	<b>(1,767)</b>	<b>990</b>	<b>(382)</b>
<b>Discontinued operation</b>					
Profit/(Loss) after tax for the period from discontinued operation	13	-	3,185	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>2,736</b>	<b>1,418</b>	<b>990</b>	<b>(382)</b>
Attributable to:					
Equity holders of the parent		2,714	515	990	(382)
Non-controlling interests		22	903	-	-
		<b>2,736</b>	<b>1,418</b>	<b>990</b>	<b>(382)</b>
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)

AB INVALIDA LT

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Company's statements of comprehensive income

	Group		Company	
	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013
	Unaudited		Unaudited	
<b>Profit (loss) for the year</b>	<b>2,736</b>	<b>1,418</b>	<b>990</b>	<b>(382)</b>
<b>Other comprehensive income (loss)</b>				
<i>Other comprehensive income (loss) that may be subsequently reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	31	18	-	-
Share of other comprehensive income (loss) of associates	(5)	-	-	-
<b>Net other comprehensive income (loss) that may be subsequently reclassified to profit or loss</b>	<b>26</b>	<b>18</b>	<b>-</b>	<b>-</b>
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss</i>	-	-	-	-
Share of other comprehensive income (loss) of associates - re-measurement gains (losses) on defined benefit plans	-	-	-	-
<b>Net other comprehensive income (loss) not to be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>26</b>	<b>18</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>2,762</b>	<b>1,436</b>	<b>990</b>	<b>(382)</b>
Attributable to:				
Equity holders of the parent	2,734	529	990	(382)
Non-controlling interests	28	907	-	-
<b>Total comprehensive income attributable to equity holders of the parent arising from:</b>				
Continuing operations	2,734	(1,769)	990	(382)
Discontinued operations	-	2,298	-	-
	<b>2,734</b>	<b>529</b>	<b>990</b>	<b>(382)</b>

AB INVALIDA LT

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

(all amounts are in LTL thousand unless otherwise stated)

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
	Unaudited	Audited	Unaudited	Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
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
<b>Total non-current assets</b>	<b>296,500</b>	<b>294,616</b>	<b>112,294</b>	<b>109,633</b>
<b>Current assets</b>				
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
<b>Total current assets</b>	<b>70,619</b>	<b>71,330</b>	<b>64,624</b>	<b>64,933</b>
Assets of disposal group classified as held-for-sale	-	-	-	-
<b>Total assets</b>	<b>367,119</b>	<b>365,946</b>	<b>176,918</b>	<b>174,566</b>

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AB INVALDA LT

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

(all amounts are in LTL thousand unless otherwise stated)

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
	Unaudited	Audited	Unaudited	Audited
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Equity attributable to equity holders of the parent</b>				
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
	<b>221,626</b>	<b>218,826</b>	<b>160,973</b>	<b>159,983</b>
<b>Non-controlling interests</b>	<b>402</b>	<b>360</b>	-	-
<b>Total equity</b>	<b>222,028</b>	<b>219,186</b>	<b>160,973</b>	<b>159,983</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
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	-	-
<b>Total non-current liabilities</b>	<b>19,096</b>	<b>73,938</b>	-	-
<b>Current liabilities</b>				
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
<b>Total current liabilities</b>	<b>125,995</b>	<b>72,822</b>	<b>15,945</b>	<b>14,583</b>
<b>Total liabilities</b>	<b>145,091</b>	<b>146,760</b>	<b>15,945</b>	<b>14,583</b>
<b>Total equity and liabilities</b>	<b>367,119</b>	<b>365,946</b>	<b>176,918</b>	<b>174,566</b>

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**AB INVALIDA LT**

**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and Company's statements of changes in equity**

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



**AB INVALIDA LT**

**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

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

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

AB INVALIDA LT

INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED  
31 MARCH 2014

(all amounts are in LTL thousand unless otherwise stated)

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

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

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

AB INVALIDA LT

INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED  
31 MARCH 2014

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and Company's statements of cash flows**

	Group		Company	
	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Cash flows from (to) operating activities</b>				
Net profit (loss) for the period	2,736	1,418	990	(382)
<b>Adjustments for non-cash items and non-operating activities:</b>				
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)
	<b>2,395</b>	<b>5,360</b>	<b>(656)</b>	<b>(1,183)</b>
<b>Changes in working capital:</b>				
(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)	-
<b>Cash flows (to) from operating activities</b>	<b>1,759</b>	<b>1,375</b>	<b>(1,407)</b>	<b>(1,126)</b>
Income tax (paid)	(22)	(40)	-	(4)
<b>Net cash flows (to) from operating activities</b>	<b>1,737</b>	<b>1,335</b>	<b>(1,407)</b>	<b>(1,130)</b>

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

	Group		Company	
	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013
<b>Cash flows from (to) investing activities</b>	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
<b>Net cash flows (to) investing activities</b>	<b>311</b>	<b>16,809</b>	<b>113</b>	<b>22,014</b>
<b>Cash flows from (to) financing activities</b>				
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)
<b>Net cash flows (to) from financial activities</b>	<b>(2,553)</b>	<b>(44,944)</b>	<b>458</b>	<b>(44,432)</b>
<b>Impact of currency exchange on cash and cash equivalents</b>	<b>1</b>	<b>23</b>	<b>1</b>	<b>23</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(504)</b>	<b>(26,777)</b>	<b>(835)</b>	<b>(23,525)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>6,463</b>	<b>56,092</b>	<b>2,515</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>5,959</b>	<b>29,315</b>	<b>10,005</b>

*(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 1<sup>st</sup> 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 1<sup>st</sup> 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 4<sup>th</sup> quarter. The agriculture segment earned a bigger operational profit in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter. The investment properties usually are revaluated in the Group at the end of financial year.

## AB INVALIDA LT

### INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

(all amounts are in LTL thousand unless otherwise stated)

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#### 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.



**AB INVALIDA LT**
**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**4 Segment information (cont'd)**

 The following table present revenues and profit information regarding the Group's business segments for the 1<sup>st</sup> 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
<b>Revenue</b>									
Sales to external customers	-	5,298	287	-	10,105	4,015	1,465	-	21,170
Inter-segment sales	-	4	-	-	17	506	-	(527)	-
<b>Total revenue</b>	-	5,302	287	-	10,122	4,521	1,465	(527)	21,170
<b>Results</b>									
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)
<b>Net profit (loss) for the period</b>	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 2<sup>nd</sup> 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 1<sup>st</sup> Quarter of 2014, without deduction of interest expenses of the Group's loans, would be LTL 198 thousand.

**AB INVALIDA LT**
**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**4 Segment information (cont'd)**

 The following table present revenues and profit information regarding the Group's business segments for the 1<sup>st</sup> 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
<b>Revenue</b>									
Sales to external customers	-	8,688	395	-	8,668	2,996	2,459	-	23,206
Inter-segment sales	-	296	-	-	24	249	-	(569)	-
<b>Total revenue</b>	<b>-</b>	<b>8,984</b>	<b>395</b>	<b>-</b>	<b>8,692</b>	<b>3,245</b>	<b>2,459</b>	<b>(569)</b>	<b>23,206</b>
<b>Results</b>									
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
<b>Net profit (loss) for the period</b>	<b>3,185</b>	<b>(499)</b>	<b>(114)</b>	<b>(404)</b>	<b>(9)</b>	<b>(184)</b>	<b>(557)</b>	<b>-</b>	<b>1,418</b>
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

**AB INVALIDA LT****INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**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	Agriculture	Information technology	Facility management	Other production and service	Elimination	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	-	-	-	-
	<u>5,959</u>	<u>6,463</u>	<u>1,680</u>	<u>2,515</u>

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)
	<u>-</u>	<u>-</u>

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**

Components of income tax expense	Group		Company	
	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013
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	<u>(259)</u>	<u>(34)</u>	<u>(63)</u>	<u>(19)</u>

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(all amounts are in LTL thousand unless otherwise stated)

**8 Investment into subsidiaries and associates**

During the 1<sup>st</sup> 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 1<sup>st</sup> 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	
	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> 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
<i>Net gain (loss) from financial assets at fair value, total</i>	<i>212</i>	<i>(1,029)</i>	<i>212</i>	<i>(1,029)</i>
<i>Realised (loss) gain from available-for-sale investments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<b>212</b>	<b>(1,029)</b>	<b>212</b>	<b>(1,029)</b>

**9.2. Finance expenses**

	Group		Company	
	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2014	1 <sup>st</sup> Quarter 2013
Interest expenses	(513)	(497)	(126)	(65)
Other finance expenses	(335)	(14)	(1)	-
	<b>(848)</b>	<b>(511)</b>	<b>(127)</b>	<b>(65)</b>

**AB INVALIDA LT****INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

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**9.3. Other income**

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

**10 Investment properties**

In February of 2014 the Group has acquired a flat, located in Kalvariju 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 Kalvariju 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 Invalidos 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 Invalidos 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.

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(all amounts are in LTL thousand unless otherwise stated)

**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****1<sup>st</sup> 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)
<b>Operating profit (loss)</b>	<b>3,758</b>
Finance cost	(2)
<b>Profit (loss) before income tax</b>	<b>3,756</b>
Income tax credit (expense)	(571)
<b>Profit (loss) for the period</b>	<b>3,185</b>

Earnings per share in LTL:

**2013<sup>1st</sup> Quarter 2013**

Basic from discontinued operations (LTL per share)	0.05
Diluted from discontinued operations (LTL per share)	0.05

**1<sup>st</sup> Quarter 2013**

Operating cash flows	3,847
Investing cash flows	(1,577)
Financing cash flows	(43)
<b>Total cash flows</b>	<b>2,227</b>

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(all amounts are in LTL thousand unless otherwise stated)

**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:

<b>Calculation of weighted average for the three months ended 31 March 2014</b>	<b>Number of shares (thousand)</b>	<b>Par value (LTL)</b>	<b>Issued/90 (days)</b>	<b>Weighted average (thousand)</b>
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

<b>Calculation of weighted average for the three months ended 31 March 2013</b>	<b>Number of shares (thousand)</b>	<b>Par value (LTL)</b>	<b>Issued/90 (days)</b>	<b>Weighted average (thousand)</b>
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:

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
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 1<sup>st</sup> Quarter 2014 and 2013 diluted earnings per share of the Group and Company is the same as basic earnings per share.

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(all amounts are in LTL thousand unless otherwise stated)

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

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

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.



**AB INVALIDA LT****INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**16 Other current liabilities**

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

**17 Related party transactions**

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

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

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

**AB INVALIDA LT****INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**17 Related party transactions (cont'd)**The Company's transactions with related parties during the 1<sup>st</sup> Quarter 2013 and related quarter-end balances were as follows:

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

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

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

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

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

**AB INVALIDA LT****INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

**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:

	<b>The Company before split-off</b>	<b>AB „INVL Baltic Real Estate”</b>	<b>AB „INVL Baltic Farmland”</b>	<b>AB „INVL Technology”</b>	<b>The Company after split-off</b>
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
<b>Total assets</b>	<b>176,207</b>	<b>54,448</b>	<b>25,462</b>	<b>4,581</b>	<b>91,716</b>
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
<i>Total equity</i>	<i>160,513</i>	<i>49,599</i>	<i>23,194</i>	<i>4,173</i>	<i>83,547</i>
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
<i>Total liabilities</i>	<i>15,694</i>	<i>4,849</i>	<i>2,268</i>	<i>408</i>	<i>8,169</i>
<b>Total equity and liabilities</b>	<b>176,207</b>	<b>54,448</b>	<b>25,462</b>	<b>4,581</b>	<b>91,716</b>

**AB INVALIDA LT**

**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(all amounts are in LTL thousand unless otherwise stated)

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**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

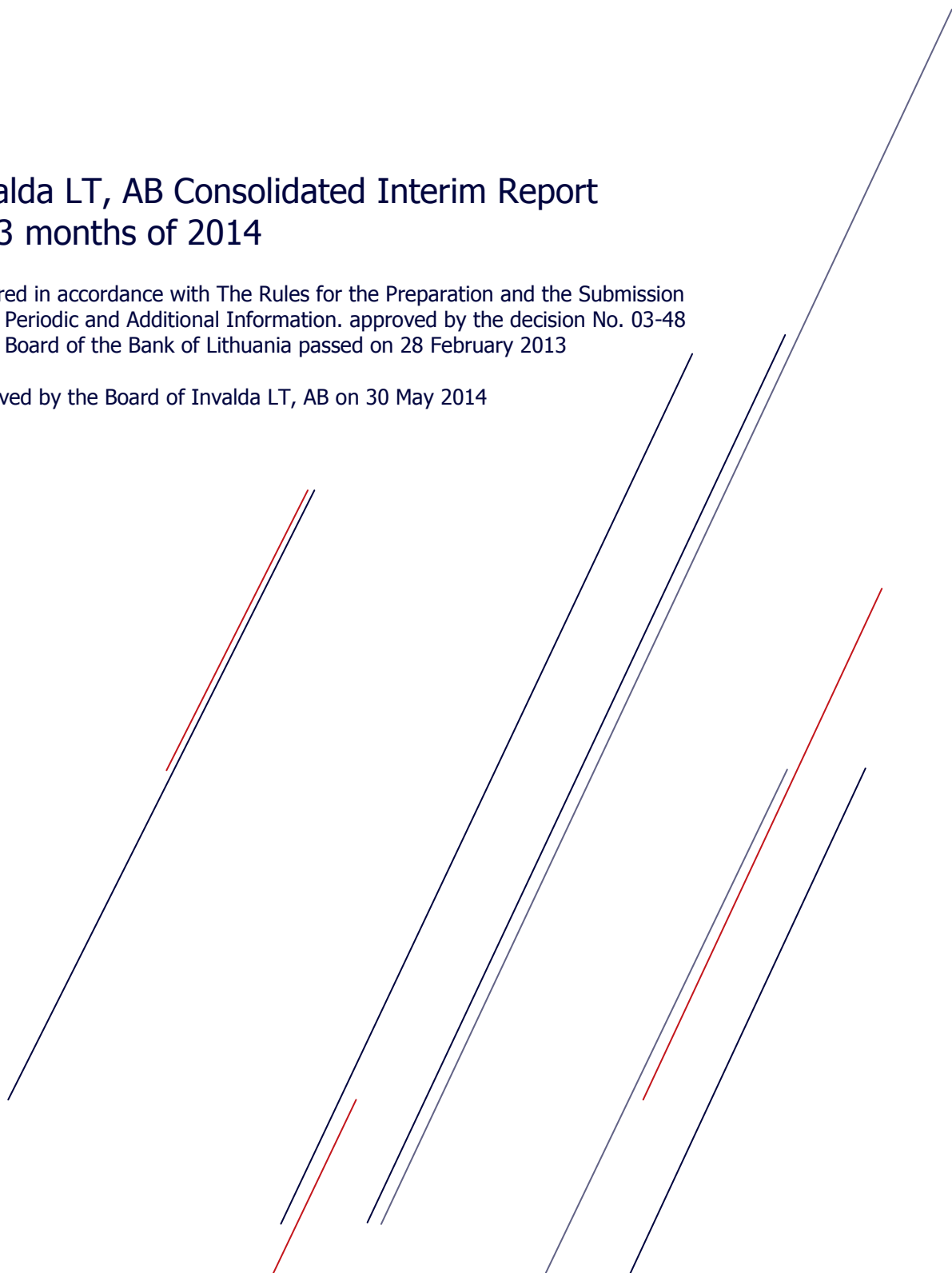
On 28 April 2014 the Company signed the agreement with AB Invalda Privatus Kapitalas regarding sale of 45.4% of shares in AB Vilniaus Baldai. The transaction was completed on 28 May 2014. Shares sale price after deduction of dividends received (LTL 15,527 thousand), amounted to LTL 64,671 thousand. The 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 2<sup>nd</sup> 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%.

# Invalda LT, AB Consolidated Interim Report for 3 months of 2014

Prepared in accordance with The Rules for the Preparation and the Submission of the Periodic and Additional Information. approved by the decision No. 03-48 of the Board of the Bank of Lithuania passed on 28 February 2013

Approved by the Board of Invalda LT, AB on 30 May 2014



**Translation note:**

**This version of the Annual Report is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.**

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## I. GENERAL INFORMATION

### 1. Reporting period for which the report is prepared

The report is prepared for 3 months of 2014 (January – March), but material events that took place after the reporting period are disclosed as well. The report is unaudited.

### 2. General information about the Issuer and other companies comprising the Issuer's group

#### 2.1. Information about the Issuer

Name of the Issuer	The public joint-stock Invalda LT, hereinafter Invalda LT, AB
Code	121304349
Address	Seimyniskiu str. 1A. LT-09312 Vilnius. Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	<a href="mailto:info@InvaldaLT.com">info@InvaldaLT.com</a>
Website	<a href="http://www.invaldalt.com">www.invaldalt.com</a>
Legal form	public limited liability company
Date and place of registration	20 March 1992. Register of Enterprise of Vilnius
Register in which data about the Company are accumulated and stored	Register of Legal Entities

#### 2.2. Information on company's goals, philosophy and strategy

Invalda LT is one of the major investment companies in Lithuania and seeks to become one of the leading asset management companies in the region.

Invalda LT, AB started the activity in 1991 as the company Invalda, AB. From 1991 until 1997 it operated as an investment public company established during the state property privatization, which was implemented in accordance to the State Property Primary Privatization law of the Republic of Lithuania. From 1997 until 2003 the company operated as a licenced holding investment company (the license was issued by the Securities Commission of Lithuania). Company's equities have been traded on the NASDAQ OMX Vilnius Exchange since 1995. Since 2013 the company continues its activity under the new name Invalda LT. On 29 April 2014 the Split-Off of Invalda LT, AB was completed. Three companies INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology comprising 47,95% of Invalda LT assets calculated in book values, were split-off from Invalda LT. Invalda LT is split-off in order to redesign its business model according to classical asset management principles. Invalda LT, AB is split-off in order to redesign its business model according to classical asset management principles.

#### 2.3. Information about the Issuer's group of companies

Major part of Invalda LT group assets was concentrated in Lithuania, and the key entities operated in the furniture manufacturing, real estate, agricultural land, agriculture, information technology (IT) infrastructure, facility management sectors on 31 March 2014.

After completion of the split-off of Invalda LT, AB in 29 April 2014 and completion of the deal of Vilniaus Baldai, AB on 28 May 2014, group companies operate in the agriculture and facility management sectors. Invalda LT owns 100 percent of shares in Invalda LT Investments, a company seeking to receive the asset management company licence issued by the Bank of Lithuania.

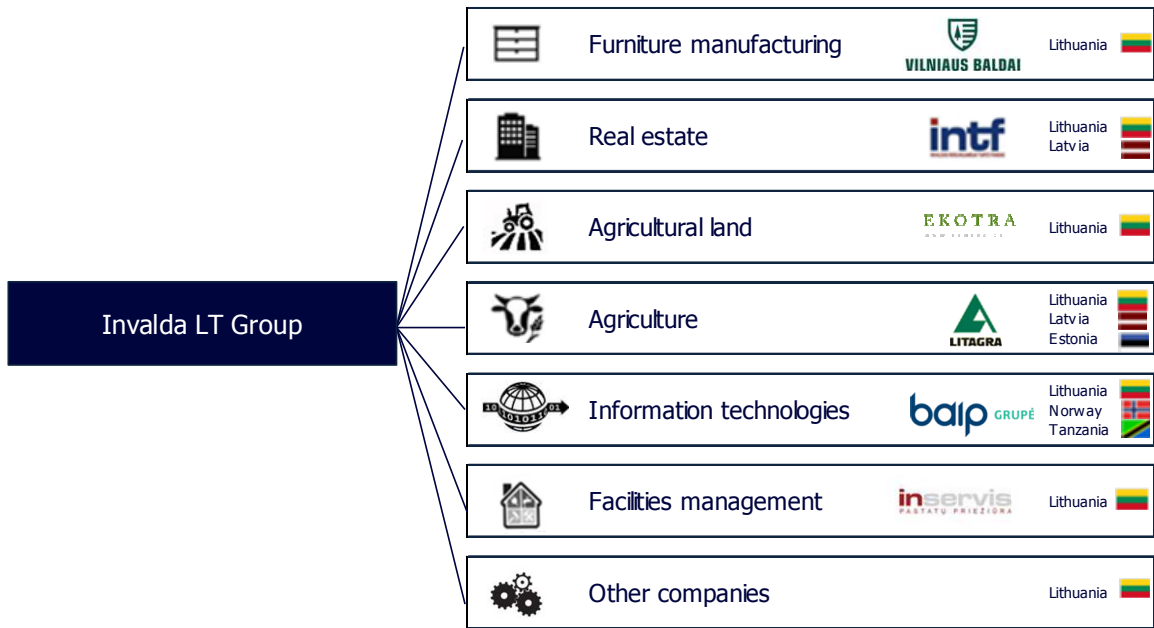


Fig. 2.3.1. The main sectors of Invalda LT, AB group as of 31 March 2014

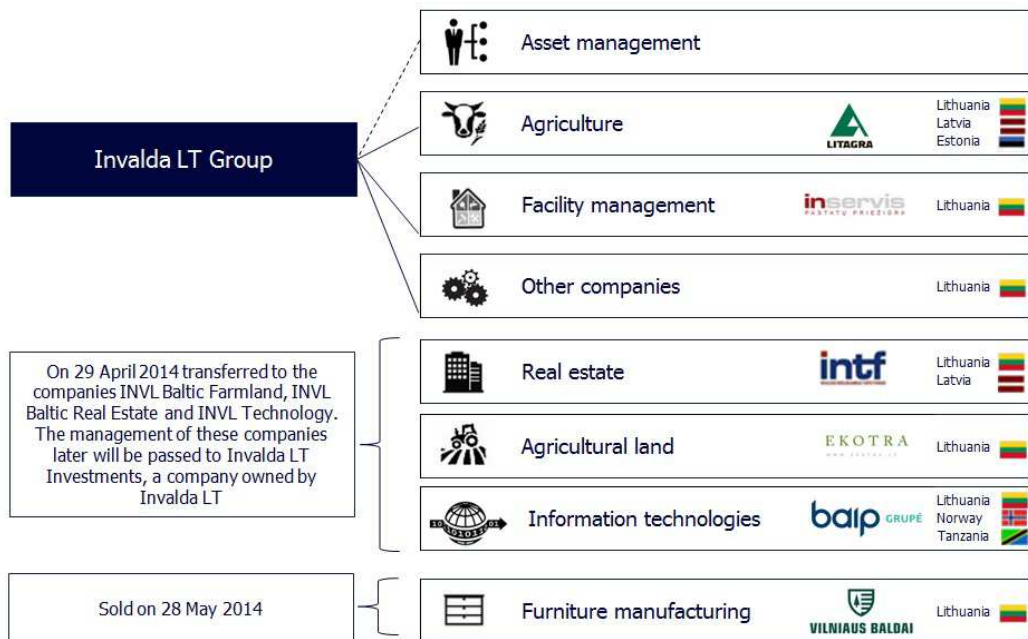
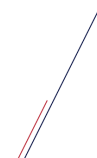


Fig. 2.3.2. The main sectors of Invalda LT, AB group as 30 May 2014





### 3. Agreements with intermediaries on public trading in securities

Invalda LT, AB has signed agreements with these intermediaries:

- Finasta, AB FMI (Maironio str. 11. Vilnius. Lithuania. tel. +370 5 278 6833) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- Bank Finasta, AB (Maironio str. 11. Vilnius. tel. +370 5 203 2233) – the agreement on management of securities account, the agreement on investment services;
- Siauliu Bankas, AB (Tilzes str. 149. Siauliai. Lithuania. tel. +370 41 595 607) – the agreement on management of securities account and intermediation;
- DnB Bankas, AB (J. Basanaviciaus str. 26. Vilnius. Lithuania. tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas, AB (Gedimino ave. 12. Vilnius. Lithuania. tel. +370 5 268 2370) – the agreement on securities accounting;
- Medicinos Bankas, UAB (Pamenkalnio str. 40. Vilnius. Lithuania. tel. +370 5 264 4845) - the agreement on management of securities account;
- Danske Bank A/S, Lithuania branch (Saltoniskiu str. 2. Vilnius. Lithuania. tel. +370 5 521 6666) - the agreement on investment services;
- FMI Orion Securities, UAB (A. Tumeno str. 4. block B. Vilnius. Lithuania. tel. +370 5 231 3841) - the agreement on investment services;
- Dom Maklerski BZ WBK S.A. (Pl. Wolnosci str. 15. 60-967 Poznan. Poland. tel. +48 61 856 48 80) – the agreement of intermediation;
- AB SEB Pank (Tornimae str. 2. 15010 Tallin. Estonia. tel. +372 6657 772) - the agreement of intermediation.

### 4. Information on Issuer's branches and representative offices

Invalda LT, AB has no branches or representative offices.

## II. INFORMATION ABOUT SECURITIES

### 5. The order of amendment of Issuer's Articles of Association

The Articles of Association of Invalda LT, AB may be amended by resolution of the General Shareholders' Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania). Actual wording of the Articles of Association is dated as of 29 April 2014. The document has been published on the company's website.

### 6. Structure of the authorized capital

Table 6.1. Structure of Invalda LT, AB authorised capital as of 31 March 2014.

Type of shares	Number of shares. units	Total voting rights granted by the issued shares. units	Nominal value. LTL	Total nominal value. LTL	Portion of the authorised capital. %
Ordinary registered shares	24,833,551	22,797,297	1	24,833,551	100

Table 6.2. Structure of Invalda LT, AB authorised capital as of 30 May 2014\*.

Type of shares	Number of shares. units	Total voting rights granted by the issued shares. units	Nominal value. LTL	Total nominal value. LTL	Portion of the authorised capital. %
Ordinary registered shares	11,865,993	11,865,993	1	11,865,993	100

\* The reduced amount of shares was influenced by the completion of the split-off procedure of the company on 29 April 2014. Companies INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology were created on the relevant part of the assets, equity and liabilities separated in the split-off procedure from Invalda LT, AB.

All shares are fully paid-up and no restrictions apply on their transfer.

#### 6.1. Information about the Issuer's treasury shares

Since the beginning of 2014 until the end of the reporting period the company did not implemented share acquisition. Since the beginning of the reporting period of the company the amount of own shares owned by the company totalled to 2,036,254 shares. Shares have been cancelled after completion of the split-off of Invalda LT on 29 April 2014.

After completion of the split-off of Invalda LT, the authorised capital is LTL 11 865 993, it is divided into 11 865 993 ordinary registered shares with nominal value LTL 1 each. The total amount of voting rights in Invalda LT, AB (ISIN LT0000102279) equals to 11 865 993 units.

## 7. Trading in Issuer's and Issuer's group companies securities as well as securities, which are deemed to be a significant financial investment to the Issuer on a regulated market

### 7.1. Trading in securities of the Issuer

Table 7.1.1. Main characteristics of Invalda LT, AB shares admitted to trading

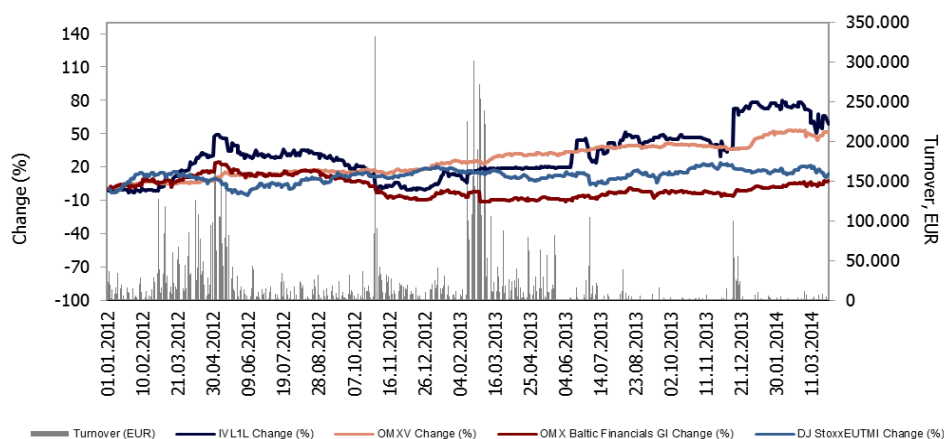
	Data as of 31 March 2014	Data as of 30 May 2014
Shares issued, units	24,833,551	11,865,993
Shares with voting rights, units	22,797,297	11,865,993
Nominal value, LTL	1	1
Total nominal value, LTL	24,833,551	11,865,993
ISIN code	LT0000102279	
Name	IVL1L	
Exchange	NASDAQ OMX Vilnius	
List	Baltic Main List (since 1 January 2008)	
Listing date	19 December 1995	
Indrawn into indexes	VILSE (OMX Vilnius Index) EUETMP (STOXX EU Enlarged TMI (Price), EUR) OMXBBCPP (OMX Baltic Benchmark Capped Price Index) OMXBBPI (OMX Baltic Benchmark Price Index) OMXBPI (OMX Baltic All Share Price Index) B40PI (OMX Baltic Financials Price Index) TE1P (STOXX All Europe Total Market Price Index) B8000PI (OMX Baltic Financials PI) B8700PI (OMX Baltic Finl Svc PI)	

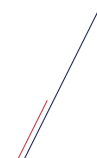
Company uses no services of liquidity providers.

Table 7.1.2. Trading in Invalda LT, AB shares

	3 months of 2012	3 months of 2013	3 months of 2014
Share price, EUR			
- open	1.930	1.970	3.380
- high	2.280	2.340	3.490
- low	1.871	1.960	2.930
- medium	2.070	2.216	3.280
- last	2.274	2.310	3.140
Turnover, units	670,763	1,544,840	38,533
Turnover, EUR	1,373,700.95	3,491,796.76	127,371.53
Traded volume, units	1,429	2,595	172

Fig. 7.1.3. Turnover of Invalda LT, AB shares, change of share price and indexes





## 7.2. Trading Issuer's group companies securities as well as securities, which are deemed to be a significant financial investment to the Issuer

Shares of Invalda LT, AB group company Vilniaus Baldai, AB are admitted to trading in NASDAQ OMX Vilnius Main List. Invalda LT owned shares in Vilniaus Baldai, AB during the reporting period.

### 7.2.1. Trading in shares of Vilniaus Baldai, AB

Table 7.2.1.1. Main characteristics of Vilniaus Baldai, AB shares admitted to trading

ISIN code	LT0000104267
Name	VBL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List
Listing date	5 June 2000
Share issue, units	3,886,267
Nominal value, LTL	4
Total nominal value, LTL	15,545,068

Table 7.2.1.2. Trading in Vilniaus Baldai, AB shares

	3 months of 2012	3 months of 2013	3 months of 2014
Share price, EUR			
- open	10.300	14.500	14.000
- high	13.500	16.900	15.200
- low	10.300	14.200	13.100
- medium	11.900	15.128	14.551
- last	13.100	16.300	14.300
Turnover, units	13,417	23,175	9,970
Turnover, EUR	157,036.94	352,064.6	142,931.4
Traded volume, units	205	322	219

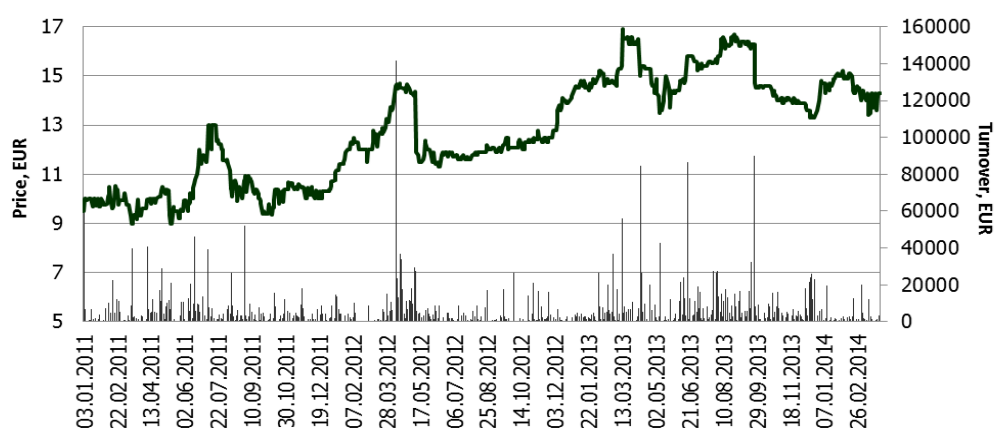


Fig. 7.2.1.1. Turnover and share price of Vilniaus Baldai, AB

## 8. Shareholders

### 8.1. Information about shareholders of the company

The Shareholders of Invalda LT, AB Alvydas Banys, LJB Investments, UAB, Irena Ona Mišeikienė, Indrė Mišeikytė, Greta Mišeikytė-Myers, Darius Šulnis, Lucrum investicija, UAB, have signed the agreement on the implementation of a long-term corporate governance policy, so their votes are countable together .

Table 8.1.1. Shareholders who held title to more than 5% of Invalda LT, AB authorised capital and/or votes as of 31 March 2014.

Name of the shareholder or company	Number of shares held by the right of ownership. units	Share of the authorised capital held, %	Share of the votes. %		
			Share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total (together with the persons acting in concert), %
LJB Investments. UAB code 300822575. Juozapavičiaus g. 9A. Vilnius	6,939,824	27.95	30.44	61.15	91.59
Irena Ona Mišeikienė	6,588,732	26.53	28.90	62.69	
Darius Šulnis	0,00	0.00	0.00	91.59	
Lucrum Investicija. UAB code 300806471. Šeimyniškių str. 3. Vilnius	4,690,572	18.89	20.58*	71.01	
Alvydas Banys	1,750,000	7.05	7.68	83.91	
Indrė Mišeikytė	455,075	1.83	2.00	89.59	
Greta Mišeikytė-Myers	455,075	1.83	0.00	91.59	

\*Lucrum Investicija, UAB has additionally 2 % of votes granted by the shares sold by the repurchase agreement.

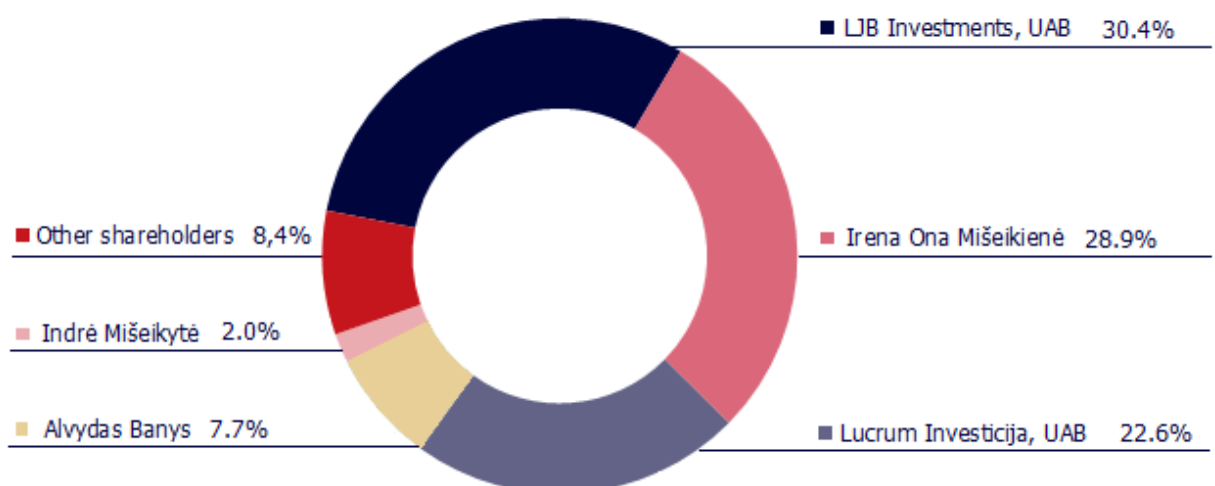


Fig. 8.1.2. Votes as of 31 March 2014

Table 8.1.3. Shareholders who held title to more than 5% of Invalda LT, AB authorised capital and/or votes as of 30 May 2014.

Name of the shareholder or company	Number of shares held by the right of ownership. units	Share of the authorised capital held. %	Share of the votes. %		
			Share of votes given by the shares held by the right of ownership. %	Indirectly held votes. %	Total (together with the persons acting in concert). %
LJB Investments. UAB code 300822575. Juozapavičiaus g. 9A. Vilnius	3,612,330	30.44	30.44	61.15	91.59
Irena Ona Mišeikienė	3,429,435	28.90	28.90	62.69	
Darius Šulnis	0,00	0.00	0.00	91.59	
Lucrum Investicija. UAB code 300806471. Šeimyniškių str. 3. Vilnius	2,441,442	20.58	20.58*	71.01	
Alvydas Banys	910,875	7.68	7.68	83.91	
Indrė Mišeikytė	236,867	2.00	2.00	89.59	
Greta Mišeikytė-Myers	236,867	2.00	0.00	91.59	

\*Lucrum Investicija, UAB has additionally 2 % of votes granted by the shares sold by the repurchase agreement.

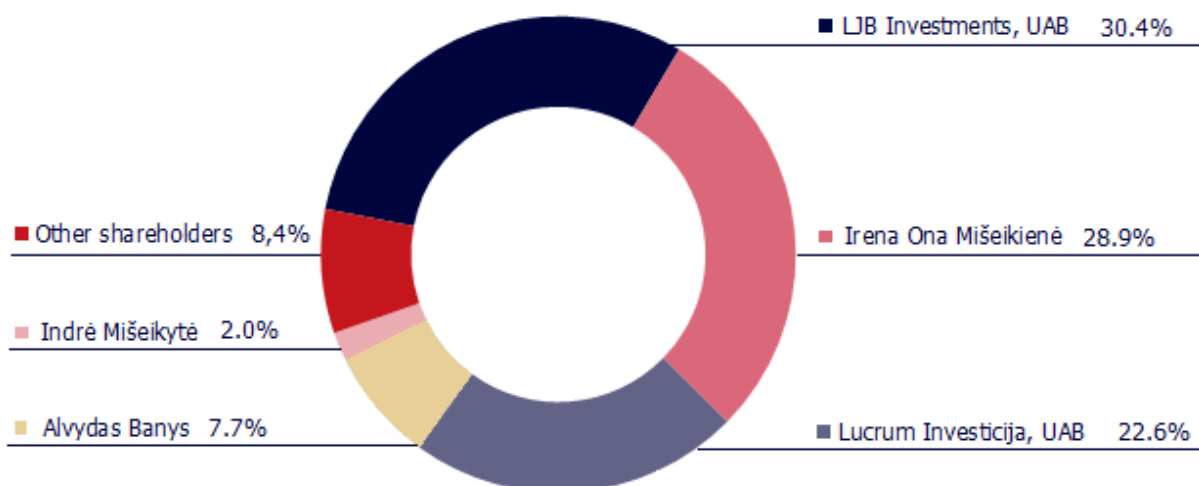


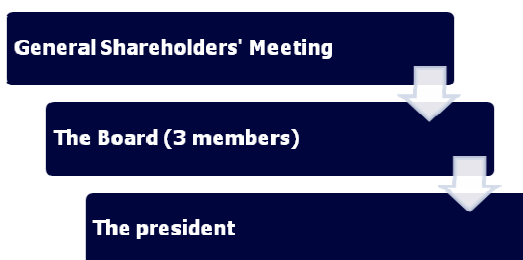
Fig. 8.1.4. Votes as of 30 May 2014

There are no shareholders entitled to special rights of control.

Invalda LT, AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders. that might result in the restriction of shares transfer and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect of being amended or terminated in case of change in the Issuer's control in three months of 2014. As of 31 March 2014 the total amount of shareholders of the company was about 4 thousand. On 29 April 2014 the amount of shareholders of the company consisted of 3.886.

### III. ISSUER'S MANAGING BODIES

#### 9. The managing bodies of the Issuer



The governing bodies of Invalda LT, AB are: the General Shareholders' Meeting, sole governing body – the President and a collegial governing body – the Board. The Supervisory Board is not formed. Information about members of the Board, CFO and the Audit Committee of the Company.

The Board of Invalda LT, AB was elected during the Extraordinary General Shareholders' Meeting on 28 May 2013. The Board was elected for the 4 years term of office. Mr. Banyas was elected as the Chairman of the Board. Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board. Mr. Šulnis was appointed as the President of the company on 22 May 2013.



Alvydas Banyas – Chairman of the Board

The term of office	From 2013 until 2016
Educational background and qualifications	Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economic's Institute of Lithuania's Science Academy.
Work experience	Since 1 July 2013 Invalda LT, AB - Advisor Since 2007 LJB Investments, UAB - Director Since 2007 JLB Property, UAB - Director 1996 – 2006 Invalda, AB - Vice President 1996 – 2007 Nenuorama, UAB - President
Owned amount of shares in Invalda LT, AB as of 31 March 2014	Personally: 1,750,000 units of shares, 7.05 % of authorised capital, 7.68 % of votes. Together with controlled company LJB Investments: 8,689,824 units of shares, 34.99 % of authorized capital, 38.12 % of votes. Total votes (together with the persons acting in concert) – 91.59 %.
Owned amount of shares in Invalda LT, AB as of 30 May 2014	Personally: 910,875 units of shares. 7.68 % of authorised capital – 7.68 % of votes. Together with controlled company LJB Investments: 4,523,205 units of shares, 38.12 % of authorized capital, 38.12 % of votes. Total votes (together with the persons acting in concert) – 91.59 %.
Participation in other companies	Cedus Invest, UAB – Member of the Board BAIP Grupe, UAB – Member of the Board Invalda LT Investments, UAB – Chairman of the Board INVL Baltic Farmland, AB – Chairman of the Board INVL Baltic Real Estate, AB – Chairman of the Board INVL Technology, AB – Chairman of the Board
Owned shares and votes of other companies	LJB Property, UAB – 99.99 %. LJB Investments, UAB – 82.26 % Gulbinu Turizmas, UAB – 7.7 %.



Indrė Mišeikytė – Member of the Board

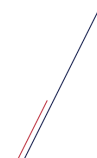
The term of office	From 2013 until 2016
Educational background and qualifications	Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture
Work experience	Since May 2012 Invalda LT, AB - Advisor Since June 2013 Invalda Privatus Kapitalas, AB – Advisor Since 2002 Inreal Valdymas, UAB - Architect Since 2002 Gildeta, UAB - Architect
Owned amount of shares in Invalda LT, AB as of 31 March 2014	Personally: 455,075 units of shares, 1.83 % of authorised capital – 2 % of votes Total votes (together with the persons acting in concert) – 91.59 %.
Owned amount of shares in Invalda LT, AB as of 30 May 2014	Personally: 236,867 units of shares, 2 % of authorised capital – 2 % of votes Total votes (together with the persons acting in concert) – 91.59 %.
Participation in other companies	Invalda Privatus Kapitalas, AB – Member of the Board INVL Baltic Farmland, AB – Member of the Board INVL Baltic Real Estate, AB – Member of the Board INVL Technology, AB – Member of the Board
Owned shares and votes of other companies	DIM Investment, UAB – 25 %. Tuta, UAB – 5.25 %.



Darius Šulnis – Member of the Board, the President

The term of office	From 2013 until 2016
Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker's license (general) No. A109.
Work experience	2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013 Invalda LT, AB – President. 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in Invalda LT, AB as of 31 March 2014	Personally: 0 units of shares, 0,00 % of authorised capital and votes Together with controlled company Lucrum Investicija: 4,690,572 units of shares, 18.89 % of authorised capital, 22.58 % of votes (including votes granted by the shares transferred by the repurchase agreement). Total votes (together with the persons acting in concert) – 91.59 %.

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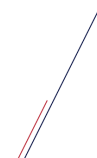
Owned amount of shares in Invalda LT, AB as of 30 May 2014	Personally: 0 units of shares, 0.00 % of authorised capital and votes Together with controlled company Lucrum Investicija: 2,441,442 units of shares, 20.58 % of authorised capital, 22.58 % of votes (including votes granted by the shares transferred by the repurchase agreement). Total votes (together with the persons acting in concert) – 91.59 %.
Participation in other companies	Invalidos Nekilnojamojo Turto Fondas, AB – Chairman of the Board Litagra, UAB – Member of the Board BAIP Grupe, UAB – Chairman of the Board Inservis, UAB – Member of the Board Invalda LT Investments, UAB – director, Member of the Board INVL Baltic Farmland, AB – director, Member of the Board INVL Baltic Real Estate, AB – director, Member of the Board INVL Technology, AB – director, Member of the Board Cedus Invest, UAB – Member of the Board Dommo Grupa, SIA (Latvia) – Member of the Supervisory Board till 5 June 2014 Burusala, SIA (Latvia) – Member of the Supervisory Board till 5 June 2014 Vilniaus Baldai, AB – Member of the Board till 11 June 2014 Kelio Zenklai, UAB – Member of the Board till 2 June 2014
Owned shares and votes of other companies	Lucrum Investicija, UAB – 100 %. Golfas, UAB – 31 %.



Raimondas Rajeckas – CFO

Educational background and qualifications	Vilnius University, Faculty of Economics.
Work experience	Since 2006 Invalda LT, AB – CFO 2001 – 2006 Valmeda, AB – CFO 2000 – 2001 Galincius, AB – CFO 2000 – 2001 Invalidos Marketingas, UAB (current name Inreal Valdymas. UAB) – CFO 2000 – 2002 Gildeta, AB – Accountant 1998 – 2000 Invalda, AB – Accountant
Owned amount of shares in Invalda LT, AB	-
Participation in other companies	Invalda LT Investments, UAB – Member of the Board INVL Baltic Real Estate, UAB – Director INVL Baltic Farmland, UAB – Director INVL Technology, UAB – Director Propietas, UAB – Director Cooperor, UAB – Director Inventio, UAB – Director INVL Fondai, UAB – Director Aktyvo, UAB – Director Aktyvus Valdymas, UAB – Director Finansu Rizikos Valdymas, UAB – Director Iniciatyvos Fondas, VSI – Director MBGK, UAB – Director MGK Invest, UAB – Director RPNG, UAB – Director Regenus, UAB – Director Cedus Invest, UAB – Director Consult Invalda, UAB – Director Cedus, UAB – Director





## 10. Information about the Audit Committee of the company

The Audit Committee consists of 2 members, one of which is independent. The members of the Audit Committee are elected by the General Shareholders' Meeting of Invalda LT, AB. The main functions of the Audit Committee should be the following:

- provide recommendations to the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the process of preparation of financial reports of the company;
- monitor the efficiency of the internal control and risk management systems of the company. Once a year review the need of the internal audit function.
- monitor the implementation of the audit firm's recommendations and comments imposed by the Board and the manager of the company.

On 30 August 2013 the General Shareholders meeting removed the Audit Committee in corpore and elected new Committee members: Danutė Kadanaitė, a lawyer at Legisperitus, UAB and Tomas Bubinas, a Chief Operating Officer at Biotechpharma, UAB (independent member).



Danutė Kadanaitė – Member of the Audit Committee

The term of office	Since 2013 until 2016
Educational background and qualifications	2004 – 2006 Mykolas Romeris University, Faculty of Law, Master in Financial Law 2000 – 2004 m. Faculty of Law, BA in Law 1997 International School of Management
Work experience	Since 2009 Lawyer, Legisperitus, UAB 2008 – 2009 Lawyer, Finasta FBC 2008 – Lawyer, Invalda, AB 1999 – 2002 Administrator, Office of Attorney of Law Arturas Sukevicius 1994 – 1999 Legal Consultant, Financial brokerage company Apyvarta, UAB
Owned amount of shares in Invalda LT, AB	-



Tomas Bubinas – Independent Member of the Audit Committee

The term of office	Since 2013 until 2016
Educational background and qualifications	2004 – 2005 Baltic Management Institute (BMI), Executive MBA 1997 – 2000 Association of Chartered Certified Accountants, ACCA, Fellow Member 1997 Lithuanian Sworn Registered Auditor 1988 – 1993 Vilnius University, Msc. in Economics
Work experience	Since 2013 Chief Operating Officer at Biotechpharma, UAB 2010 – 2012 Senior Director, Operations, TEVA Biopharmaceuticals (USA) 1999 – 2001 Senior Manager, PricewaterhouseCoopers 1994 – 1999 Senior Auditor, Manager, Coopers & Lybrand.
Owned amount of shares in Invalda LT, AB	-



## **11. Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Members of the Board, the President and CFO**

Within three months period of 2014 the calculated remuneration for the Board members of Invalda LT, AB (as employees of the Company) amounted to 188 thousand litas, that is on the average 20.9 thousand litas per month for each member.

The calculated remuneration to the president of the Company and CFO totalled to 136 thousand litas, on the average 22.7 thousand litas per month for each.

During the reporting period the Issuer transferred no assets, granted no guarantees, paid no bonuses or dividends and made no special payouts for the Company's managers and CFO.

## **IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY**

### **12. Overview of the Issuer and its group activity**

#### **12.1. Significant Issuer's and its group events during the reporting period and since the end of it, affect on the financial statements**

##### **The Company**

- On 5 February 2014 the General Shareholders Meeting of Invalda LT, AB approved the preparation of the terms of the Spli-off of Invalda LT, AB. The Board was authorized to draw up the terms of split-off of Invalda LT, AB. The approval of the shareholders of Invalda LT to prepare the split-off terms will allow to realize decision to concentrate into asset management business.
- On 24 February 2014 Invalda LT, AB announced unaudited results of Invalda LT group for the period for 12 months of 2013. Consolidated net profit attributable to shareholders of Invalda LT, AB totalled to LTL 109.2 million (EUR 31.6 million). Total consolidated net profit amounted to LTL 110.4 million (EUR 32 million). The net profit of Invalda LT, AB for 12 months of 2013 amounted to LTL 79 million (EUR 22.9 million).
- On 27 February 2014 Invalda LT, AB announced about establishment of the company Invalda LT Investments, UAB that will provide asset management services. The company will apply for asset management company licence issued by the Bank of Lithuania. Alvydas Banys, the Chairman of the Board of Invalda LT, Darius Šulnis and Raimondas Rajeckas, the CFO of Invalda LT were elected to the Board of Invalda LT Investments, UAB.
- On 21 March 2014 Invalda LT informed about drawn - up split-off terms of the public joint - stock company Invalda LT. According to the terms, three companies INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology, on the moment of the announcement comprising 47.95% of Invalda LT assets calculated in book values, will be split-off from Invalda LT. Invalda LT is split-off in order to redesign its business model according to classical asset management principles. Shareholders' shares in the public joint-stock company Invalda LT will be annulled at the end of the day of registration in the Register of Legal Entities the split-off companies: public joint-stock company INVL Technology, public joint-stock company INVL Baltic Real Estate and a public joint-stock company INVL Baltic Farmland. The annulled shares will be exchanged for the relevant part of shares of the split-off companies according to the rules stated in the split-off terms. 52.05 % of assets, equity and liabilities (calculated in book values) will stay in Invalda LT, 14.45% will be transferred to INVL Baltic Farmland, 30.9 % - will be transferred to INVL Baltic Real Estate and 2.6 % will be transferred to INVL Technology.
- On 1 April 2014 it was announced that Invalda LT Investments, UAB a company of Invalda LT, applied for the asset management company license issued by the Bank of Lithuania. The license will grant the right to manage private equity, real estate and investment funds.
- On 7 April 2014 Invalda LT announced audited results of Invalda LT, AB group for for 2013. Consolidated net profit attributable to shareholders of Invalda LT, AB totalled to LTL 107.3 million (EUR 31.1 million). Total consolidated net profit amounted to LTL 108.5 million (EUR 31.4 million). The net profit of Invalda LT, AB for 2013 amounted to LTL 81 million (EUR 23.5 million).
- Seeking to ensure smooth implementation of the split-off process of Invalda LT, the Board of Invalda LT on 15 April 2014 decided to halt trading in Invalda LT shares on NASDAQ OMX Vilnius stock exchange from 23 April 2014 till the end of the split-off.

- On 28 April 2014 Invalda LT signed the agreement with Invalda Privatus Kapitalas regarding acquisition of 45.45% of Cedus Invest shares thus increasing stake in the company up to 100 %, and undertake all loans of the company. On 28 April 2014 Invalda LT signed the agreement with Invalda Privatus Kapitalas regarding sale of 45.4% of stake in Vilnius Baldai AB. Invalda LT will receive LTL 80.198 million (EUR 23.23 million) for 45.4 % stake in Vilnius Baldai. A part of money from the sale will be invested into Litagra, UAB.
- On 28 April 2014 General Shareholders Meetings of Invalda LT and the split-off companies INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology were held. Resolutions regarding registration of the offices and election of the Members of the Boards were adopted during General Shareholders Meetings of INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology. Darius Šulinis, Alvydas Banys and Indrė Miškeikytė, current Members of the Board of Invalda LT, were elected to the Boards of three newly established companies. General Shareholders Meeting of Invalda LT approved the Split-off as well as terms of the Split-off. Articles of associations of the split-off companies as well as new Articles of associations of Invalda LT and financial statements of 2013 were approved during the Meeting as well.
- On 29 April 2014 the Split-off of Invalda LT was completed. Three newly established companies INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology operate in the market. The authorised capital of Invalda LT, AB after the split - off amounts to LTL 11.866 million (EUR 3.44 million), INVL Baltic Real Estate - LTL 7.044 million (EUR 2.04 million), INVL Baltic Farmland - LTL 3.294 million (EUR 0.954 million) and INVL Technology - LTL 592.7 thousand (EUR 171.6 thousand).
- On 13 May 2014 trading in shares of Invalda LT was renewed.
- On May 20 2014 Invalda LT, AB announced that INVL Technology, INVL Baltic Farmland and INVL Baltic Real Estate, companies split-off from Invalda LT, will be listed on NASDAQ OMX Vilnius stock exchange since 4 June. INVL Technology, INVL Baltic Farmland and INVL Baltic Real Estate later will apply for closed-end investment company licenses, thus becoming similar to funds. The management of companies will be transferred to Invalda LT Investments, established by Invalda LT, which seeks management company license.
- On 28 May 2014 Invalda LT announced about completion of the transactions regarding sale of 45.4 % stake in Vilnius Baldai and expansion of its share in Litagra, one of the largest agricultural business companies in the Baltic states, up to 36.9 %. Invalda LT has received LTL 80.198 million (EUR 23.227 million) for Vilnius Baldai shares and dividends. LTL 24.124 million (EUR 6.987 million) out of this amount, were paid for 45.45 % of Cedus Invest shares. After this acquisition Invalda LT increased its stake in Cedus Invest up to 100 %, and undertook all loans of the company. Cedus Invest owns 36.9 % of Litagra shares.

#### **Change of business model of Invalda LT, AB**

- Business model of Invalda LT is redesigned according to classical asset management principles. Company seeks to become one of the leading asset management companies in the region and receive the main income from management activity.
- The Split-Off of Invalda LT, AB was completed on 29 April 2014. Three newly established companies INVL Baltic Farmland, INVL Baltic Real Estate and INVL Technology operate in the market. From Invalda LT, AB, the company continuing its activity after the split-off, companies INVL Baltic Farmland, which is going to invest into agricultural land, INVL Baltic Real Estate, which will invest into real estate and INVL Technology, which will invest into information technology companies, were created on the basis of the separated part of assets, equity and liabilities,. These companies will apply for closed-end investment company licenses and will be similar to investment funds.
- 17 companies investing into agricultural land and loans granted to them were transferred to INVL Baltic Farmland. Presently 17 companies altogether own about 3 thousand hectare of land, the consolidated equity at the end of 2013 amounted to LTL 34.3 million (EUR 9.9 million).
- Invaldos Nekilnojamojo Turto Fondas and Rovelija, loans granted to the company Rovelija and assets in Latvia related to the real estate logistics project were transferred to INVL Baltic Real Estate. Consolidated equity of INVL Baltic Real Estate, would amount to LTL 44.2 million (EUR 12.8 million), assets - LTL 150.6 million (EUR 43.6 million), as of the end of 2013.
- 80 percent of BAIP Group shares were transferred to INVL Technology. As it was announced earlier, unaudited revenues of BAIP Group increased by 25% in 2013 and reached LTL 50.7 million (EUR 14.7 million). Meanwhile EBITDA (earnings before interest, taxes, depreciation and amortization) increased by 63 percent and reached LTL 4.4 million (EUR 1.3 million).
- Shares of the newly established companies will be quoted on the NASDAQ OMX Vilnius Exchange since 4 June.

- All the shareholders of Invalda LT, which is more than 3800, proportionally to their owned amount of shares will participate in the capital of the new companies. 52.05 % of asset, equity and liabilities (according to book value) of Invalda LT stay in Invalda LT, 14.45% were given in INVL Baltic Farmland, 30.9% - in INVL Baltic Real Estate and 2.6% in INVL Technology.

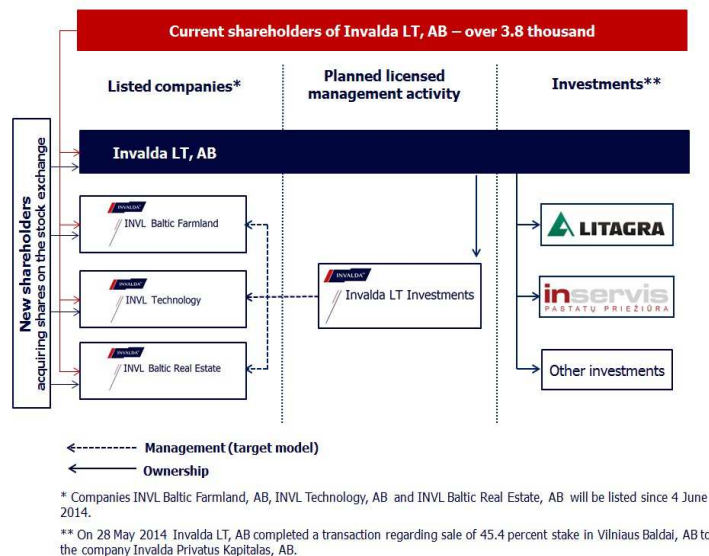


Fig. 12.1.1. Planned group structure

## The Sectors<sup>1</sup>

**Note: Descriptions and results of the sectors show data as of 31 March 2014**

### Agricultural sector

In the agricultural sector Invalda LT, AB owned 20.1 % of Litagra,UAB (one of the largest groups of agriculture companies in the Baltic states) shares through the company Cedus Invest by the time of the reporting period.



In the first quarter, comparing with the same period in 2013, Litagra turnover reduced by 7,3 percent to LTL 67 million, earnings before interest, taxes, depreciation and amortization (EBITDA) fell by 27 percent to LTL 2,7 million and losses amounted to LTL 0,3 million (2013 January-March profit reached LTL 0,8 million).

The first quarter, due to seasonality, is characterized by a relatively small volume of business. Adverse weather conditions contributed to comparatively worse result this year.

It was announced in late April that Invalda LT Board had finished review of Litagra strategic alternatives and decided to enlarge the stake. On 28 May 2014 under LTL 24.124 million transaction, Invalda LT has acquired 45.45 percent of Cedus Invest shares and loans granted to the company from Invalda Privatus Kapitalas. This transaction increased Invalda LT stake in the company to 100 percent. Cedus Invest owns 36.9 percent of Litagra shares.

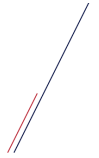
Invalda LT believes that the whole company's potential is still unused, so it expects to contribute to both the organic growth of Litagra Group and the market consolidation through acquisitions. Litagra operates in several different agricultural and food processing segments of Lithuania, Latvia and Estonia, and is involved in the global food supply chain. A wide range of activities and possible business geography, based on the traditional competitive industries in the region, opens up diverse opportunities for growth and development.

Table 12.1.3. Results of the Litagra, UAB group

Million litas	3 months of 2012	3 months of 2013	3 months of 2014
Sales	36.9	72.3	67.0
EBITDA	1.1	3.7	2.7
Net result, according to the data provided by the company	(2.6)	0.8	(0.3)

More information on the services and activity of the sector is provided on <http://www.litagrargroup.lt>

<sup>1</sup> After completion of the deal with Invalda Privatus Kapitalas, AB regarding sale of Invalda LT owned shares in Vilniaus Baldai, AB on 28 May 2014, Invalda LT increased stake of owned shares in Litagra, UAB, group companies operate in the agriculture and facility management sectors.



### Facility management sector

Invalda LT, AB owns facility management companies – Inservis, (former company name – Inreal Pastatu Priežiura) Priemiestis, Jurita and Naujosios Vilnios Turgaviete.

The companies of facility management sector are providing facility management, engineering systems oversight, audit and incidents management, indoor air quality testing, multi-apartment house management, installation, repair, cleaning and other services.

The operating results in building maintenance industry has improved – main cause for that were changes made in 2013, focused on increasing efficiency. New office was opened in Panevezys in the first quarter, which attracted customers (supermarkets Babilonas, Kubas, Makveza, AQ Wiring Systems and others) and allowed to become one of the leading building services providers in the city.



Table 12.1.4. Results of the facility management sector

Million litas	3 months of 2012	3 months of 2013	3 months of 2014
Sales	3.0	3.2	4.5
EBITDA	0.03	0.0	0.7
Net profit	(0.1)	(0.2)	0.4

### Furniture manufacturing sector

In the furniture manufacturing sector Invalda LT, AB controls 45.4 % in Vilniaus Baldai, AB (28 May 2014 Invalda LT sold owned stake in Vilniaus Baldai to Invalda Privatus Kapitalas, AB. Invalda LT has received LTL 80.198 million (EUR 23.227 million) for Vilniaus Baldai shares and dividends). Vilniaus Baldai, AB is the leading furniture manufacturing company in Lithuania which exports almost all its production to the Swedish concern IKEA. Vilniaus Baldai, AB produces mass production furniture made of wood particle boards, using the most modern honeycomb substrate technology that helps to reduce the weight of a massive panel.



Sales of Vilniaus Baldai amounted to LTL 52.914 million in first quarter of 2014 – 50 percent more than during the same period in 2013 (LTL 35.135 million). Net profit, respectively, increased from LTL 3.185 million to LTL 5,486 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 52 percent from LTL 4.817 million to LTL 7.342 million.

The better results were caused by steady increase in production, which was influenced by the success of new products. The company has been recently giving great attention to product quality improvement, as well as intensely preparing for children room furniture production.

For the year 2013 the company allocated LTL 34.2 million of dividends, LTL 8.8 per share. Vilniaus Baldai, AB exports almost all its production, which is bought by Swedish concern IKEA.

Table 12.1.5. Results of the furniture manufacturing sector

Million litas	3 months of 2012	3 months of 2013	3 months of 2014
Sales	58.5	35.1	52.9
EBITDA	8.5	4.8	7.3
Net result	6.1	3.2	5.5
Capitalisation	175.8	218.7	191.9

### Real estate sector

In the real estate sector Invalda LT has invested in commercial rental property. Group companies own a total of 61,3 thousand square meters of their own premises in Vilnius and Riga, and 27,3 thousand square meters third party premises in Vilnius and Kaunas.

Improvement of the main results is related to increases in rental prices and the decline in the available space.

In March 2014, the Vilnius Regional Court has received requests to raise up the insolvency proceedings of the Group companies Sago and INTF investicija. Companies became insolvent when the financing bank decided not to renew loan agreements. Both projects were uncompetitive in the current market conditions, therefore, the bankruptcy procedure was the best solution to protect the interests of creditors. Bankruptcy proceedings will not have adverse effects on the Group performance, as both companies have been recorded in Invalda LT financial statements at nil value.

Upon completion of Invalda LT split-off, the real estate sector enterprises (all except Sago, UAB) were transferred to INVL Baltic Real Estate, which from 4 June will be listed on NASDAQ OMX Vilnius Stock Exchange.



Table 12.1.6. Result of the real estate sector

Million litas	3 months of 2012	3 months of 2013	3 months of 2014
Value of the real estate:	220.1	202.1	145.4
Shareholders equity (inc. loans from Invalda LT)	99.7	109.7	47.2
Loans from credit institutions	121.4	99.9	93.3
Rental income	4.2	4.0	4.0
From this owned by clients	1.3	1.3	1.4
Change of the real estate value	0.0	0.1	0.6
Companies' sales result. allowance and other non-monetary items	0.0	0.1	0.0
Result of the real estate sector	0.3	(0.5)	0.7

### Agricultural land sector

The main event in agricultural land market has been the legislative changes, restricting investors to acquire land. Since 1 January 2014, new changes came into force, extending the pre-emptive right to acquire land for landowners; since 1 May 2014, when the land market is opened to foreigners, even broader restrictions came into force. Land purchasers are required to have relevant experience in the field of agriculture, and the transactions need permission of the National Land Authority. In addition, not only the purchase of land has been limited, but an acquisition of agricultural land managing companies' shares too. Limitations are more strict than in other European Union countries and may be opposing to the rules of free movement of capital within European Union. After the adoption of amendments further increase of agricultural land portfolio in Lithuania is limited.

Upon completion of Invalda LT split-off, 17 agricultural land managing companies were transferred to INVL Baltic Farmland, AB, whose shares will be listed on the NASDAQ OMX Vilnius Stock Exchange since 4 June 2014.

Table 12.1.7. Major indicators of agricultural land sector are presented below:

	3 months of 2012	3 months of 2013	3 months of 2014
Value of agricultural land, LTL million	35.3	42.2	37.0
Shareholders' equity (incl. loans from Invalda LT, AB), LTL million	32.8	42.3	34.5
Rental income, LTL million	0.3	0.4	0.3
Result of the agricultural land sector, LTL million	(0.1)	(0.1)	0.0

*Note:* Arable land equaled to 3016 hectare in the end of March 2014. Compared with 3 months of 2013, the owned amount of agricultural land decreased due to the split-off of Invalda, AB, Invalda Privatus Kapitalas, AB became the owner of 9 companies holding 2071.7 hectares of land.

## IT sector

In Lithuania BAIP group companies in the first quarter of 2014 signed a contract with State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania for the creation of ITIS\_EU module mini one-stop shop. Furthermore, a hardware and software supply, installation and configuration contract worth LTL 2.247 million (EUR 0.65 million) was signed and partially implemented with the University of Vilnius, which together with the Lithuanian and Belarusian partners is currently carrying out a project -Social, economic development and promotion of entrepreneurship through the development of a cross-border R&D and innovation network in the field of cloud computing. Three year computer equipment lease and workplace maintenance service agreement was signed with Litgrid, AB, with a maximum value of the contract amounting to LTL 1.462 million (EUR 0.42 million).

BAIP group cyber security competence centre NRD CS added new solutions for responding to national malware outbreaks and child abuse content to its technology portfolio. In addition, NRD CS joined the Council on CyberSecurity - an independent, expert, not-for-profit organization based in Washington DC - as a Provider Member, focused on competencies and supporting the work of the Council. Cyber security technological capacity strengthening contract was signed with Lithuanian Railways (Lietuvos Geležinkeliai, AB).

Supply and Implementation of an eRegistry System in Mauritius Project has contributed to the positive first quarter results of the whole BAIP group. In November, 2013 the first stage of the Project - modernization and optimization of the RGD - was finished, and currently the second stage is being implemented - the services are being made available online. The whole project (with 5 year maintenance) is worth LTL 9.3 million (EUR 2.69 million). Additionally, LTL 0.437 million (EUR 0.13 million) contract was signed with Mauritius Registrar-General's Department (RGD) for the expansion of the data centre, warranty maintenance and business continuity services.

In Burundi two contracts have been signed, and 3 BAIP group companies, led by BAIP, are currently implementing Burundi Central Bank data centre infrastructure modernisation and 5 year maintenance project, financed by the World Bank and worth LTL 6.79 million (EUR 1.97 million).

BAIP group will continue its business development in East Africa, where the company is currently implementing a programme for young businesses and science projects. BAIP group is looking for young perspective businesses that could be connected to European information technology businesses, scientists and mentors, seeking to finance them and invest in their development.

In addition, BAIP group companies have signed a contract with Fredskorpset Norway (FK) which will support and finance young employee exchange among BAIP group companies in Norway and Tanzania. During 21 month period, implemented in three 7-month-long rounds, a total of 17 young professionals from Tanzania and Europe will intern at NRD and NRD EA respectively. As a result of this programme, up to 20 new IT jobs in East Africa will be created, BAIP group operations in East Africa will receive local support and a cluster of new IT services will be developed. The first round of exchange will take place from the 11th of August, 2014 to the 10th of March, 2015. Total value of the project is almost LTL 1.564 million (EUR 0.45 million).

INVL Technology, AB which was split-off from Invalda LT on 29 April 2014, owns 80% of BAIP Group shares. Shares of the company will be listed on the NASDAQ OMX Vilnius Stock Exchange since 4 June 2014

Table 12.1.8. Results of IT sector<sup>2</sup>

Million litas	3 months of 2012	3 months of 2013	3 months of 2014
Sales	7.2	8.7	10.1
EBITDA	0.4	0.6	1.1
Net profit (loss)	(0.6)	0.0	0.3

More information on the services and activity of the sector is provided on [www.baipgrupe.lt](http://www.baipgrupe.lt); [www.baip.lt](http://www.baip.lt); [www.nrd.no](http://www.nrd.no); [www.nrd.lt](http://www.nrd.lt); [www.nrd.co.tz](http://www.nrd.co.tz); [www.nrdcs.lt](http://www.nrdcs.lt)



<sup>2</sup> Norway Registers Development AS (NRD) results are consolidated from December 2011.

## 12.2. Issuer's and its group companies' performance results

Table 12.2.1. Income for the period 2012-2014, thousand litas

	Company's			Group's		
	3 months of 2012	3 months of 2013	3 months of 2014	3 months of 2012	3 months of 2013	3 months of 2014
<b>Sales income</b>	-	-	-	<b>82,559</b>	<b>23,206</b>	<b>21,170</b>
- furniture manufacturing	-	-	-	58,501	-	-
- real estate	-	-	-	12,124	8,984	5,302
- agricultural land	-	-	-	344	395	287
- information technology	-	-	-	7,153	8,692	10,122
- facility management	-	-	-	3,013	3,245	4,521
- other companies	-	-	-	2,272	2,459	1,465
- elimination	-	-	-	(848)	(569)	(527)
<b>Gain (loss) from investments</b>	<b>11,847</b>	<b>(1,029)</b>	<b>212</b>	<b>16,295</b>	<b>(1,029)</b>	<b>212</b>
<b>Other income</b>	<b>3,203</b>	<b>2,336</b>	<b>1,005</b>	<b>1,597</b>	<b>566</b>	<b>286</b>
- interest income	3,202	2,333	979	1,313	555	261
- dividend income	-	-	-	-	-	-
- other income	1	3	26	284	11	25
<b>Change in value of investment properties</b>	-	-	-	<b>49</b>	<b>124</b>	<b>573</b>

Table 12.2.2. Main items of financial statements, thousand litas

	Company's			Group's		
	3 months of 2012	3 months of 2013	3 months of 2014	3 months of 2012	3 months of 2013	3 months of 2014
Non current assets	123,224	202,439	112,294	374,379	363,744	296,500
Current assets	291,149	125,108	64,624	293,527	175,575	70,619
Assets classified as held for sale	-	-	-	-	-	-
Equity	410,279	317,223	160,973	472,253	374,732	222,028
Equity attributable to equity holders of the parent Company	410,279	317,223	160,973	441,441	350,741	221,626
Minority interest	-	-	-	30,812	23,991	402
Non-current liabilities	-	-	-	140,571	120,095	19,096
Current liabilities	4,094	10,324	15,945	55,082	44,492	125,995
Result before taxes	13,268	(363)	1,053	23,685	(1,733)	2,995
Net result	11,006	(382)	990	20,409	1,418	2,736
<b>Net result attributable to holders of the parent Company</b>	-	-	-	<b>18,814</b>	<b>515</b>	<b>2,714</b>



Table 12.2.3. Equity and liabilities

Million litas	3 months of 2012	3 months of 2013	3 months of 2014
<b>Equity</b>	410.3	317.2	161.0
Liabilities to financial institutions	-	-	8.7
From this long term	-	-	-
Liabilities to group companies	0.4	8.0	4.6
Bonds	-	-	-
Other liabilities	3.7	2.3	2.6
Total liabilities	4.1	10.3	15.9
<b>Total Equity and Liabilities</b>	<b>414.4</b>	<b>327.5</b>	<b>176.9</b>

### 13. Activity plans and forecast of the Issuer and it's group

The business model of Invalda LT is redesigned according to classical asset management principles. Invalda LT seeks to receive the main income from the assets management business and to become one of the leading asset management companies in the region. The reorganization will allow investors to select the asset or business in which they would like to invest. The Investors will be able to select the sector, the risk level as well as the term of the investments. By licensing the activities and being under the supervision of the Bank of Lithuania, there will be an increase in transparency and reduction in investment risk. The raised new capital will allow to implement larger projects.

### 14. A description of the principal risks and uncertainties

During the first quarter of this year there were no material changes from the information about the principal risks and uncertainties disclosed in the latest annual report.

### 15. Significant investments made during the reporting period

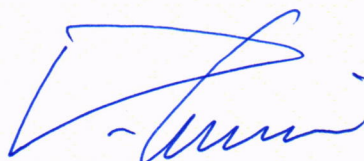
During the reporting period Invalda LT. AB has not made any major acquisitions. More detail about investments are described in the section 8 of the financial statements.

After the reporting period Invalda LT signed the agreement with Invalda Privatus Kapitalas regarding acquisition of 45.45% of Cedus Invest shares thus increasing stake in the company up to 100 %. and undertake all loans of the company on 28 April 2014. On the same day Invalda LT signed the agreement with Invalda Privatus Kapitalas regarding sale of 45.4% of stake in Vilniaus Baldai. AB. On 28 May 2014 Invalda LT announced about completion of the transactions regarding sale of 45.4 % stake in Vilniaus Baldai and expansion of its share in Litagra, one of the largest agricultural business companies in the Baltic states, up to 36.9 %. Invalda LT has received LTL 80.198 million (EUR 23.227 million) for Vilniaus Baldai shares and dividends. LTL 24.124 million (EUR 6.987 million) out of this amount, were paid for 45.45 % of Cedus Invest shares. After this acquisition Invalda LT increased its stake in Cedus Invest up to 100 %, and undertook all loans of the company. Cedus Invest owns 36.9 % of Litagra shares.

### 16. Information on the related parties' transactions

Information on the related parties' transactions is disclosed in consolidated and Company's financial statements explanatory notes.

The president



Darius Šulnis