

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED NOT-AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 PREPARED ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's income statements

		Group		Company	
		2009	2008	2009	2008
Revenue					
Furniture production revenue		148,966	137,523	-	-
Residential real estate income		8,207	92,906	-	-
Rent and other real estate income		28,121	34,848	-	-
Information technology revenue		25,380	28,679	-	-
Other production and services revenue		6,650	15,478	-	-
Total revenue		217,324	309,434	-	-
Gain (loss) from investments and on sale of investment properties	10.1	4,956	10,058	(9,825)	77,930
Other income		1,773	3,657	7	26
Valuation gains			7,578	-	-
Valuation losses		(71,986)	(42,226)	-	-
Changes in inventories of finished goods and work in progress		2,999	1,400	-	-
Raw materials and consumables used		(110,246)	(124,506)	(22)	(43)
Salaries and related expenses		(33,606)	(47,860)	(1,772)	(2,355)
Depreciation and amortisation		(9,968)	(9,857)	(130)	(151)
Subcontractor expenses		(5,095)	(6,686)	-	-
Premises rent and utilities		(15,156)	(15,687)	(174)	(399)
Fees for securities		(87)	(151)	(58)	(128)
Vehicles maintenance costs		(2,598)	(3,283)	(198)	(221)
Other taxes		(2,870)	(2,707)	(586)	(259)
Advertising and other promotion expenses		(321)	(2,797)	(27)	(46)
Repair and maintenance of premises		(6,716)	(5,376)	(9)	(1)
Residential real estate cost of sales		(7,988)	(75,582)	-	-
Other operating expenses		(8,668)	(9,235)	(2,480)	(2,307)
Allowance for assets	13	(43,877)	(39,547)	(107,129)	(77,265)
Finance income	10.3	2,564	11,091	21,483	34,481
Finance expenses	10.2	(31,412)	(45,441)	(22,536)	(27,852)
Share of profit (loss) from associates and joint ventures		9,948	(7,000)	-	-
Profit (loss) before tax		(111,030)	(94,723)	(123,456)	1,410
Income tax	8	16,772	(2,388)	3,252	184
Profit (loss) for the period from continuing operations		(94,258)	(97,111)	(120,204)	1,594
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	11	6,070	5,558	-	-
PROFIT (LOSS) FOR THE PERIOD		(88,188)	(91,553)	(120,204)	1,594
Attributable to:					
Equity holders of the parent		(91,084)	(90,140)	(120,204)	1,594
Minority interest		(2,896)	(1,413)	-	-
Basic and diluted earnings (loss) per share (in LTL)		(2,14)	(2,12)		
Continued operation basic and diluted earnings (loss) per share (in LTL)		(2,28)	(2,25)		

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CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	2009	2008	2009	2008
Profit (loss) for period	(88,188)	(91,553)	(120,204)	1,594
Continuing operation				
Net (loss) gain on available-for-sale financial assets	292	-	-	-
Reclassification adjustment for loss included in profit or loss	(9)	-	-	-
Income tax	-	-	-	-
	283	-	-	-
Net (loss) / gain on cash flow hedges	(47)	(308)	-	-
Income tax	8	46	-	-
	(39)	(262)		
Exchange differences on translation of foreign operations	293	(149)	-	-
Share of other comprehensive income of associates	(2,997)	(20,093)	-	-
Other comprehensive income for the period from continuing operation	(2,460)	(20,504)	-	-
Discontinued operations				
Net (loss) gain on available-for-sale financial assets	207	(2,427)	-	-
Reclassification adjustment for loss included in profit or loss	1,153	199	-	-
Income tax	(115)	362	-	-
Other comprehensive income for the period from discontinued operation	1,245	(1,866)	-	-
Other comprehensive income for the period, net of tax	(1,215)	(22,370)	-	-
Total comprehensive income for the period, net of tax	(89,403)	(113,923)	(120,204)	1,594
Attributable to:				
Equity holders of the parent	(92,299)	(112,502)	(120,204)	1,594
Minority interest	2,896	(1,421)		

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's income statements

	Group		Company	
	IV Quarter 2009	IV Quarter 2008	IV Quarter 2009	IV Quarter 2008
Revenue				
Furniture production revenue	43,589	35,714	-	-
Residential real estate income	2,460	3,908	-	-
Rent and other real estate income	7,063	8,616	-	-
Information technology revenue	7,546	10,643		
Other production and services revenue	1,585	3,046	-	-
Total revenue	62,243	61,927	-	-
Gain (loss) from investments and on sale of investment properties	13	1,188	(2,024)	(9,355)
Other income	453	1,838	(3)	1
Valuation gains	-	-	-	-
Valuation losses	(72,098)	(42,490)	-	-
Changes in inventories of finished goods and work in progress	3,215	1,679	-	-
Raw materials and consumables used	(33,637)	(36,471)	(5)	(6)
Salaries and related expenses	(8,242)	(13,097)	(438)	(703)
Depreciation and amortisation	(2,389)	(2,954)	(30)	(37)
Subcontractor expenses	(612)	(2,836)	-	-
Premises rent and utilities	(3,790)	(3,991)	(51)	(104)
Fees for securities	(15)	(44)	(5)	(28)
Vehicles maintenance costs	(755)	(740)	(62)	(50)
Other taxes	(758)	(786)	(48)	(99)
Advertising and other promotion expenses	(84)	(1,224)	(9)	(8)
Repair and maintenance of premises	(2,533)	(1,591)	-	-
Residential real estate cost of sales	(2,879)	(4,314)	-	-
Other operating expenses	(2,800)	(2,202)	(216)	(892)
Allowance for assets	10,069	(38,117)	(74,456)	(77,265)
Finance income	767	949	1,905	3,727
Finance expenses	(7,314)	(11,233)	(4,858)	(7,558)
Share of profit (loss) from associates and joint ventures	8,585	(30,357)	-	-
Profit (loss) before tax	(52,561)	(124,866)	(80,300)	(92,377)
Income tax	15,663	1,608	478	2,819
Profit (loss) for the period from continuing operations	(36,898)	(123,258)	(79,822)	(89,558)
Discontinued operation				
Profit/(Loss) after tax for the period from a discontinued operation	(12)	(9,819)	-	-
PROFIT (LOSS) FOR THE PERIOD	(36,910)	(133,077)	(79,822)	(89,558)
Attributable to:				
Equity holders of the parent	(38,804)	(133,530)	(79,822)	(89,558)
Minority interest	1,894	453	-	-
Basic and diluted earnings (loss) per share (in LTL)	(0.90)	(3.14)		
Continued operation basic and diluted earnings (loss) per share (in LTL)	(0.93)	(2.86)		

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CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	IV Quarter 2009	IV Quarter 2008	IV Quarter 2009	IV Quarter 2008
Profit (loss) for period	(36,910)	(133,077)	(79,822)	(89,558)
Continuing operation				
Net (loss) gain on available-for-sale financial assets	292	-	-	-
Reclassification adjustment for loss included in profit or loss	(9)	-	-	-
Income tax	-	-	-	-
	283	-	-	-
Net (loss) / gain on cash flow hedges	50	(308)	-	-
Income tax	(12)	46	-	-
	38	(262)	-	-
Exchange differences on translation of foreign operations	-	(234)	-	-
Share of other comprehensive income of associates	1,463	(32,830)	-	-
Other comprehensive income for the period from continuing operation	1,784	(33,326)	-	-
Discontinued operations				
Net (loss) gain on available-for-sale financial assets	(11)	(902)	-	-
Reclassification adjustment for loss included in profit or loss	7	199	-	-
Income tax	1	133	-	-
Other comprehensive income for the period from discontinued operation	(3)	(570)	-	-
Other comprehensive income for the period, net of tax	1,781	(33,896)	-	-
Total comprehensive income for the period, net of tax	(35,129)	(166,973)	(79,822)	(89,558)
Attributable to:				
Equity holders of the parent	(37,023)	(167,418)	(79,822)	(89,558)
Minority interest	1,894	445	-	-

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CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of financial position

	Group			Company	
	As of 31 December 2009	As of 31 December 2008	As of 31 December 2007	As of 31 December 2009	As of 31 December 2008
	unaudited	restated	restated	unaudited	restated
ASSETS					
Non-current assets					
Property, plant and equipment	54,747	65,678	72,734	212	311
Investment properties	253,775	326,872	402,933	-	-
Intangible assets	8,863	18,315	23,546	1	5
Non-current financial assets					
Investments into subsidiaries	9	-	-	81,569	165,361
Investments into associates and joint ventures	9	170,179	237,525	137,762	211,465
Investments available-for-sale		2,812	3,995	1,817	1,817
Granted loans		-	7,978	1,092	27,656
Total non-current financial assets		172,991	249,498	222,240	406,299
Other non-current assets		2,850	2,848	-	-
Deferred tax asset		5,379	5,581	4,144	892
Total non-current assets		498,605	668,792	226,597	407,507
Current assets					
Inventories		36,879	63,941	-	-
Trade and other receivables		21,115	25,433	1	822
Current loans granted		29,434	58,010	79,932	120,582
Prepaid income tax		51	3,202	-	647
Prepayments and deferred charges, other current assets		5,289	2,782	29	67
Financial assets held for trade		9,231	26,463	1,757	3,612
Restricted cash		1,991	15,606	-	-
Cash and cash equivalents	6	3,486	18,217	94	12
Total current assets		107,476	213,654	81,813	125,742
Non-current assets and assets of disposal group classified as held for sale		-	-	-	-
Total assets		606,081	882,446	308,410	533,249

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CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(all amounts are in LTL thousand unless otherwise stated)

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

	Group			Company	
	As of 31 December 2009	As of 31 December 2008	As of 31 December 2007	As of 31 December 2009	As of 31 December 2008
	unaudited	restated	restated	unaudited	restated
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	42,569	42,569	42,569	42,569	42,569
Share premium	50,588	50,588	50,588	50,588	50,588
Reserves	76,531	74,371	41,852	73,383	73,383
Retained earnings	(93,729)	750	131,736	(118,610)	1,594
Foreign exchange reserve	-	(293)	(73)	-	-
Reserves of disposal group classified as held for sale	-	-	28,077	-	-
	75,959	167,985	294,749	47,930	168,134
Minority interest	12,995	9,705	4,137	-	-
Total equity	88,954	177,690	298,886	47,930	168,134
Liabilities					
Non-current liabilities					
Non-current borrowings	13,409	23,619	270,395	4,061	6,364
Financial lease liabilities	100	202	230	-	-
Government grants	5	19	31	-	-
Provisions	123	127	136	-	-
Deferred tax liability	14,304	31,502	33,972	-	-
Derivative financial instruments	138	219	-	-	-
Convertible bonds	-	75,631	-	-	75,631
Other non-current liabilities	-	-	1,280	-	-
Total non-current liabilities	28,079	131,319	306,044	4,061	81,995
Current liabilities					
Current portion of non-current borrowings	282,938	314,561	134,830	101,046	105,653
Current portion of financial lease liabilities	165	206	6,102	-	-
Current borrowings	73,754	209,319	186,821	67,789	172,933
Trade payables	28,508	28,604	26,159	642	1,833
Income tax payable	5,135	3,392	4,729	-	-
Provisions	1,466	-	-	1,466	-
Advances received	1,819	1,902	47,400	-	-
Derivative financial instruments	217	89	-	-	-
Convertible bonds	83,056	-	-	83,056	-
Other current liabilities	11,990	15,364	130,690	2,420	2,701
Total current liabilities	489,048	573,437	536,731	256,419	283,120
Non-current liabilities and liabilities of disposal group directly associated with the assets classified as held-for-sale	-	-	55,168	-	-
Total liabilities	517,127	704,756	897,943	260,480	365,115
Total equity and liabilities	606,081	882,446	1,196,829	308,410	533,249

(the end)

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CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and Parent Company's statements of changes in equity

Group	Equity attributable to equity holders of the parent									
	Share capital	Share premium	Discontinued operations	Fair value reserves	Legal and other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance as of 31 December 2007	42,569	50,588	28,077	552	41,300	(73)	136,131	299,144	6,056	305,200
Retrospective restatement due buildings value of AB Vilniaus Baldai	-	-	-	-	-	-	(4,395)	(4,395)	(1,919)	(6,314)
Balance as of 31 December 2007	42,569	50,588	28,077	552	41,300	(73)	131,736	294,749	4,137	298,886
Total comprehensive income for the year ended 31 December of 2008	-	-	-	(2,128)	-	(141)	(110,233)	(112,502)	(1,421)	(113,923)
Dividends	-	-	-	-	-	-	(12,771)	(12,771)	-	(12,771)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(233)	(233)
Investments into subsidiaries	-	-	-	-	-	-	-	-	892	892
Changes in reserves	-	-	-	-	34,647	-	(34,647)	-	-	-
Minority of subsidiaries acquired	-	-	-	-	-	-	(1,491)	(1,491)	(523)	(2,014)
Sales of subsidiaries	-	-	-	-	-	(79)	79	-	(45)	(45)
Minority interest on sale of AB "Girių bizonas"	-	-	-	-	-	-	-	-	6,898	6,898
Discontinued operation	-	-	(28,077)	-	-	-	28,077	-	-	-
Balance as of 31 December 2008	42,569	50,588	-	(1,576)	75,947	(293)	750	167,985	9,705	177,690

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CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
(all amounts are in LTL thousand unless otherwise stated)

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

Group	Equity attributable to equity holders of the parent									
	Share capital	Share premium	Discontinued operations	Fair value reserves	Legal and other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance as of 31 December 2008	42,569	50,588	-	(1,576)	75,947	(293)	750	167,985	9,705	177,690
Total comprehensive income for the year ended 31 December of 2009	-	-	1,245	244	-	293	(94,081)	(92,299)	2,896	(89,403)
Minority of subsidiaries acquired	-	-	-	-	-	-	(4)	(4)	(15)	(19)
Sales of subsidiaries	-	-	(215)	(74)	-	-	277	(12)	(10)	(22)
Investments into subsidiaries	-	-	-	-	-	-	-	-	347	347
Changes in reserves	-	-	(153)	-	824	-	(671)	-	-	-
Share based payments (information technology segment)	-	-	-	-	289	-	-	289	72	361
Discontinued operation	-	-	(877)	1,314	(437)	-	-	-	-	-
Balance as of 31 December 2009	42,569	50,588	-	(92)	76,623	-	(93,729)	75,959	12,995	88,954

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

(all amounts are in LTL thousand unless otherwise stated)

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

Company	Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	Total
Balance as of 31 December 2007	42,569	50,588	4,501	34,500	47,153	179,311
Total comprehensive income for the year ended 31 December of 2008	-	-	-	-	1,594	1,594
Changes in reserves	-	-	(244)	34,626	(34,382)	-
Dividends paid	-	-	-	-	(12,771)	(12,771)
Balance as of 31 December 2008	42,569	50,588	4,257	69,126	1,594	168,134
Company	Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	Total
Balance as of 31 December 2008	42,569	50,588	4,257	69,126	1,594	168,134
Total comprehensive income for the year ended 31 December of 2009	-	-	-	-	(120,204)	(120,204)
Balance as of 31 December 2009	42,569	50,588	4,257	69,126	(118,610)	47,930

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and Parent Company's cash flow statements

	Group		Company	
	2009	2008	2009	2008
Cash flows from (to) operating activities				
Net profit (loss)	(88,188)	(91,553)	(120,204)	1,594
Adjustments for non-cash items:				
Valuation gain, net	71,986	34,648	-	-
Depreciation and amortization	9,968	11,986	130	151
(Gain) loss on disposal of property, plant and equipment	(277)	8,628	(2)	(18)
(Gain) loss from investments	1,433	21,753	9,825	(77,930)
(Gain) loss on disposal of subsidiaries, associates	(20,347)	(68,748)	-	-
Share of net profits of associates and joint ventures	(9,948)	7,000	-	-
Interest (income)	(2,444)	(9,148)	(12,469)	(13,836)
Interest expenses	30,577	47,258	22,429	27,694
Deferred taxes	(20,520)	(6,896)	(3,252)	(184)
Current income tax expenses	3,652	5,358	-	-
Allowance for assets	38,691	41,530	107,129	77,265
Change in provisions	1,462	(9)	-	-
Dividend (income)	-	(5,106)	(9,000)	(20,478)
Loss (gain) from other financial activities	-	-	86	(7)
	16,045	(3,299)	(5,328)	(5,749)
Changes in working capital:				
(Increase) decrease in inventories	6,018	67,942	-	-
Decrease (increase) in trade and other receivables	2,181	2,296	(1)	45
Decrease in other current assets	(2,508)	20,702	38	(11)
(Decrease) increase in trade payables	2,112	2,445	(485)	217
Income tax paid	(42)	(6,408)	500	-
(Decrease) increase in other current liabilities	(1,405)	(83,299)	74	(117,524)
Net cash flows (to) from operating activities	22,401	379	(5,202)	(123,022)

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AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

(all amounts are in LTL thousand unless otherwise stated)

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

	Group		Company	
	2009	2008	2009	2008
Cash flows from (to) investing activities				
(Acquisition) of tangible non-current assets (except investment properties)	(4,154)	(15,451)	(32)	(73)
Proceeds from sale of tangible non-current assets (except investment properties)	151	1,095	7	168
(Acquisition) of investment properties	(558)	(5,834)	-	-
Proceeds of sale of investment properties	3,262	34,345	-	-
(Acquisition) of subsidiaries, net of cash acquired	-	(1,619)	-	(1,636)
Proceeds from sales of subsidiaries	9,955	48,223	48,779	50,192
(Acquisition) of associates	(129)	(18,215)	(129)	(18,215)
Proceeds from sales of associates	84,423	58,513	84,423	25,537
Loans (granted)	(32,603)	(174,630)	(49,391)	(137,265)
Repayment of granted loans	28,214	197,050	45,222	101,735
Dividends received	-	5,106	-	7,000
Interest received	2,444	6,209	3,093	2,537
(Acquisition) of minority interest	400	(1,830)	(6,819)	(13,848)
Other cash flow from investing activities	7,064	(12,172)	(645)	-
Net cash flows (to) investing activities	98,469	120,790	124,508	16,132
Cash flows from (to) financing activities				
Cash flows related to company shareholders				
Issue of shares	-	-	-	-
Dividends (paid)	(69)	(12,282)	(69)	(12,282)
Dividends to minority	-	(233)	-	-
	(69)	(12,515)	(69)	(12,282)
Cash flows related to other sources of financing				
Proceeds from loans	45,579	241,839	34,799	335,192
Issue of bonds	-	-	-	-
(Repayment) of loans	(171,485)	(276,561)	(137,850)	(197,987)
Interest (paid)	(23,152)	(39,807)	(16,031)	(18,051)
Financial lease (payments)	(89)	(6,408)	-	-
Transfer from restricted cash	13,615	(15,606)	-	-
Other cash flows from financing activities	-	-	(73)	-
	(135,532)	(96,543)	(119,155)	119,154
Net cash flows from financial activities	(135,601)	(109,058)	(119,224)	106,872
Impact of currency exchange on cash and cash equivalents	-	-	-	-
Net (decrease) increase in cash and cash equivalents	(14,731)	12,111	82	(18)
Cash and cash equivalents at the beginning of the year	6 18,217	6,106	12	30
Cash and cash equivalents at the end of the year	6 3,486	18,217	94	12

(the end)

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INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(all amounts are in LTL thousand unless otherwise stated)

Notes to the financial statements

1 General information

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

AB Invalda is the company actively managing its investments by acquiring and restructuring businesses, applying modern methods of management and funding, diversifying risks. The Company receives income from managed companies and / or exiting businesses thus providing return to shareholders of the Company. Striving to obtain the highest effectiveness of investments and profitability to shareholders, AB Invalda concentrates to the priority segments, such as pharmacy, roads and bridges construction, furniture manufacturing, real estate and information technology.

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 year ended 31 December 2009 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 2008.

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 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009, noted below.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (effective for financial years beginning on or after 1 January 2009).

The amendment to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statements. The new requirements affect only the parent's separate financial statements and do not have an impact on the consolidated financial statements. These amendments are applied prospectively and will have no impact on the financial position or performance of the Company.

Besides, a new version of IFRS 1 was issued in November 2008. It retains the substance of the previous version, but within a changed structure and replaces the previous version of IFRS 1 (effective for financial years beginning on or after 1 July 2009 once adopted by the EU).

Amendment to IFRS 2 Share-based Payment (effective for financial years beginning on or after 1 January 2009).

The amendment clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The amendment will have no impact on the financial position or performance of the Group, as the Group does not have share-based payments.

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2 Accounting principles (cont'd)

IFRS 8 *Operating Segments* (effective for financial years beginning on or after 1 January 2009).

The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 replaces IAS 14 *Segment Reporting*. The Group determined in accordance with IFRS 8 and report the same operating segments as the business segments previously identified under IAS 14. In the annual financial statements will be finally identified reportable operating segments by the quantitative thresholds.

Amendment to IAS 1 *Presentation of Financial Statements* (effective for financial years beginning on or after 1 January 2009).

This amendment introduces a number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements when they are restated retrospectively. The Group is preliminary decided all items of recognised income and expense present in two linked statements.

Amendment to IAS 23 *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2009).

The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional requirements of the Standard, currently the Group and the Company apply borrowing costs capitalisation option of effective IAS 23; therefore, there will be no impact on the Group's and the Company's financial statements on the adoption of the revised standard.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for financial years beginning on or after 1 January 2009).

The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

Improvements to IFRSs

In May 2008 IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard; most of the changes are effective for financial years beginning on or after 1 January 2009. The Group anticipates that these amendments to standards will have no material effect on the financial statements.

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Clarification that all of a subsidiary's assets and liabilities are classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary after the sale.
- IFRS 7 *Financial Instruments: Disclosures*. Removal of the reference to 'total interest income' as a component of finance costs.
- IAS 1 *Presentation of Financial Statements*. Assets and liabilities classified as held for trading in accordance with IAS 39 are not automatically classified as current in the balance sheet.
- IAS 8 *Accounting Policies, Change in Accounting Estimates and Errors*. Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.
- IAS 10 *Events after the Reporting Period*. Clarification that dividends declared after the end of the reporting period are not obligations.
- IAS 16 *Property, Plant and Equipment*. Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Also, replaced the term "net selling price" with "fair value less costs to sell".
- IAS 18 *Revenue*. Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.
- IAS 19 *Employee Benefits*. Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.

2 Accounting principles (cont'd)

- IAS 20 *Accounting for Government Grants and Disclosures of Government Assistance*. Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.
- IAS 23 *Borrowing Costs*. The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.
- IAS 27 *Consolidated and Separate Financial Statements*. When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- IAS 28 *Investment in Associates*. If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. In addition, an investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance.
- IAS 29 *Financial Reporting in Hyperinflationary Economies*. Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.
- IAS 31 *Interest in Joint ventures*: If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- IAS 34 *Interim Financial Reporting*. Earnings per share are disclosed in interim financial reports if an entity is within the scope of IAS 33.
- IAS 36 *Impairment of Assets*. When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- IAS 38 *Intangible Assets*. Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.
- IAS 39 *Financial Instruments: Recognition and Measurement*. Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.
- IAS 40 *Investment Property*. Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.
- IAS 41 *Agriculture*. Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced the term 'point-of-sale costs' with 'costs to sell'.

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2 Accounting principles (cont'd)

IFRIC 13 *Customer Loyalty Programmes* (effective for financial years beginning on or after 1 January 2009).

This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled. The Group does not maintain customer loyalty programmes, therefore, this interpretation will have no impact on the financial position or performance of the Group.

IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for financial years beginning on or after 1 January 2009).

This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan. The Group does not have defined benefit plans, therefore, the interpretation will have no impact on the financial position or performance of the Group.

3 Retrospective restatement

AB Vilnius Baldai restated retrospective carrying value of buildings from revalued amount to at cost in line with uniformly used accounting policies of the Group. This resulted in a change of depreciation expenses, deferred tax liability and expenses and carrying value of inventories.

The Group and the Company restated retrospective carrying value of investments into associates and other non-current liability as of 31 December 2008 – continuing involvement asset and liability was derecognised (note 9).

The following table illustrates the impact of retrospective restatement to separate caption of statement of financial position revenues retrospectively of 31 December 2007 and 31 December 2008.

Group	As at 31 December 2007, audited	Changes due buildings value of AB Vilnius Baldai	As at 31 December 2007, restated
Property, plant and equipment	80,424	(7,690)	72,734
Inventories	119,950	(8)	119,942
Total assets	1,204,527	(7,698)	1,196,829
Retained earnings	136,131	(4,395)	131,736
Minority interest	6,056	(1,919)	4,137
Deferred tax liability	35,356	(1,384)	33,972
Total equity and liabilities	1,204,527	(7,698)	1,196,829

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Group	As at 31 December 2008. audited	Changes due buildings value of AB Vilniaus Baldai	Derecognising of continuing involvement	As at 31 December 2008, restated
Property, plant and equipment	73,033	(7,355)		65,678
Investments into associates and joint ventures	261,571		(24,046)	237,525
Inventories	63,951	(10)		63,941
Total assets	913,857	(7,365)	(24,046)	882,446
Retained earnings	4,880	(4,130)		750
Minority interest	11,315	(1,610)		9,705
Deferred tax liability	33,127	(1,625)		31,502
Other non-current liabilities	24,046		(24,046)	-
Total equity and liabilities	913,857	(7,365)	(24,046)	882,446

Company	As at 31 December 2008. audited	Derecognising of continuing involvement	As at 31 December 2008, restated
Investments into associates and joint ventures	231,661	(20,196)	211,465
Total assets	553,445	(20,196)	533,249
Other non-current liabilities	20,196	(20,196)	-
Total equity and liabilities	553,445	(20,196)	533,249

4 Seasonality of operations and other recurring discrepancies in quarters

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

5 Segment information

The operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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

Real estate

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

Pharmacy

The pharmacy segment produces injections preparations, tablets, and ointments.

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Furniture production

The furniture segment includes furniture production and sale. In the interim financial statements for the year ended 31 December 2009 the segment includes revenue and profit of AB Vilniaus Baldai and its subsidiary UAB Ari-Lux. UAB Kelio Zenklai is reclassified to the other production and service segments. The comparative figures have been adjusted.

Roads and bridge construction

The roads and bridge construction segment is involved in building bridges and high quality highway construction.

Information technology

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

Other production and service segments

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

Financial mediation (sold)

The financial mediation segment is involved in financial brokerage, corporate finance services, investment and pension fund management, investment and private banking activities. The segment is sold in 2009 and in these financial statements it is presented as discontinued operations (Note 11).

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

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

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5 Segment information (cont'd)

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

Period ended 31 December 2009	Real estate	Phar- macy	Furniture production	Roads and bridge construction	Information technology	Other production and service	Elimi- nation	Total continuing operations
Revenue								
Sales to external customers	36,328	-	148,966	-	25,380	6,650	-	217,324
Inter-segment sales	714	-	-	-	156	-	(870)	-
Total revenue	37,042	-	148,966	-	25,536	6,650	(870)	217,324
Results								
Other income	(3,567)	-	967	-	655	23,016	(11,778)	9,293
Valuation of investment assets	(70,831)	-	-	-	-	(1,155)	-	(71,986)
Segment expenses	(49,666)	-	(130,687)	-	(27,629)	(38,251)	14,501	(231,732)
Allowance for assets	(42,972)	-	-	-	-	(905)	-	(43,877)
Operating profit (loss)	(129,994)	-	19,246	-	(1,438)	(10,645)	1,853	(120,978)
Share of profit (loss) of the associates and joint ventures	(6,847)	4,986	-	13,068	-	(1,259)	-	9,948
Profit (loss) before income tax	(136,841)	4,986	19,246	13,068	(1,438)	(11,904)	1,853	(111,030)
Income tax	17,257	-	(3,796)	-	(195)	3,506	-	16,772
Net profit (loss) for the period	(119,584)	4,986	15,450	13,068	(1,633)	(8,398)	1,853	(94,258)
Attributable to:	(118,696)	4,986	11,125	13,068	(1,092)	(8,398)	1,853	(97,154)
Equity holders of the parent	(888)	-	4,325	-	(541)	-	-	2,896
Minority interest								

Gain of sale of AB Sanitas shares and of UAB Finansu Spektro Investicija is included into Other income caption of other production and service segment. Gain (loss) of sale of SIA Inreal, TOV Inreal, TOV Inkredo, TOV Inreal-Ocinka, UAB VIPC Klaipeda is included into Other income caption of real estate segment.

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5 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the year ended 31 December 2008:

Period ended 31 December 2008	Real estate	Phar- macy	Furniture production	Roads and bridge construction	Information technology	Other production and service	Elimina- tion	Total continuing operations
Revenue								
Sales to external customers	127,754	-	137,523	-	28,679	15,478	-	309,434
Inter-segment sales	3,258	-	-	-	437	163	(3,858)	-
Total revenue	131,012	-	137,523	-	29,116	15,641	(3,858)	309,434
Results								
Other income	(7,521)	-	18,818	-	520	27,322	(14,333)	24,806
Valuation of investment assets	(33,553)	-	-	-	-	(1,095)	-	(34,648)
Segment expenses	(138,012)	-	(141,633)	-	(30,584)	(57,243)	19,704	(347,768)
Allowance for assets	(28,982)	-	(116)	-	-	(10,449)	-	(39,547)
Operating profit (loss)	(77,056)	-	14,592	-	(948)	(25,824)	1,513	(87,723)
Share of profit (loss) of the associates and joint ventures	(17,530)	(56)	(6,070)	18,744	-	(2,088)	-	(7,000)
Profit (loss) before income tax	(94,586)	(56)	8,522	18,744	(948)	(27,912)	1,513	(94,723)
Income tax expenses	(3,294)	-	(925)	-	(163)	1,994	-	(2,388)
Net profit (loss) for the period	(97,880)	(56)	7,597	18,744	(1,111)	(25,918)	1,513	(97,111)
Attributable to:	(94,465)	(56)	5,543	18,744	(1,103)	(25,905)	1,513	(95,729)
Equity holders of the parent	(3,415)	-	2,054	-	(8)	(13)	-	(1,382)
Minority interest								

The following table represents segment assets of the Group operating segments as at 31 December 2009 and 31 December 2008:

Segment assets	Real estate	Pharmacy	Furniture production	Roads and bridge construction	Other production and service	Elimination	Total continuing operations
At 31 December 2009	325,146	109,049	77,813	53,635	128,031	(87,593)	606,081
At 31 December 2008	427,218	169,162	91,890	48,423	216,368	(133,588)	819,473

6 Cash and cash equivalents

	Group		Company	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Cash at bank	3,423	17,878	94	12
Cash in hand	63	339	-	-
	3,486	18,217	94	12

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7 Dividends

In 2009 dividends were not declared. The General Meeting of shareholders of 30 April 2008 allocated LTL 12,771 thousand for dividends, i.e. LTL 0.30 per one share.

8 Income tax

	Group		Company	
	2009	2008	2009	2008
Components of income tax expense				
Current income tax charge	(3,652)	(5,447)	-	-
Previous year's income tax adjustment	(96)	(50)	-	-
Deferred income tax income (expense)	20,520	3,109	3,252	184
Income tax (expenses) income charged to the income statement	16,772	(2,388)	3,252	184

9 Investment into subsidiaries and associates**Acquisitions of 2009**

During the 1st quarter of 2009 the Company invested LTL 4,500 thousand additionally to increased share capital of AB FMJ Finasta and UAB Finasta įmonių finansai. The last mentioned company invested funds to AB bankas Finasta in order to restore its equity to comply with minimum equity requirement set by the Lithuanian legislation.

The Company invested LTL 59,917 thousand additionally to increased share capital of UAB Kelio Zenklai, UAB Sago, UAB Rieses Investicija, UAB Saules Investicija, UAB Nerijos Bustas, UAB Finansu Spektro Investicija, UAB Invalida nekilnojamojo turto valdymas, UAB Inreal, UAB Naujoji Svara, UAB Ineturas (the part of granted loans was converted to shares).

During the 1st quarter of 2009 the Group acquired 0.05 % of shares of Vilniaus Baldai AB for LTL 19 thousand additionally. The value of the additional interest acquired was LTL 15 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.

The Company has acquired financial investments for LTL 704 thousand.

Sales and Acquisitions of AB Sanitas

On 24 October 2008 AB Invalida signed an agreement regarding the transfer of 6,314,502 AB Sanitas shares, which amounts to 20.3 % of authorised share capital. The buyer is Baltic Pharma Limited, company controlled by City Venture Capital International (CVCI).

On 28 October 2008, as the first part of agreement, 5 % of AB Sanitas shares were transferred for LTL 25,513 thousand. On January 12, 2009 the deal was closed and 15.3% of AB Sanitas shares were transferred for LTL 78,070 thousand.

The Company and the Group gained LTL 11,097 thousand and LTL 13,818 thousand profit from this part of the deal.

Considering the undertaken investment return risk the price paid for the shares according to the agreement with Baltic Pharma Limited will be adjusted positively or negatively depending on the price Baltic Pharma Limited will receive latter from the shares' sale together with other AB Sanitas shareholders who concluded shareholders agreement. The Company has assured possible variations in sales prices by pledge of 3,763,816 shares of AB Sanitas held to Baltic Pharma Limited and by other shares of AB Sanitas held.

The Group and the Company have derecognised in the statements of financial position as at 31 December 2008 continuing involvement asset amounting to LTL 25,526 thousand and LTL 21,676 thousand, respectively (included in investments in associates caption) and continuing involvement liability amounting to LTL 24,046 thousand and LTL 20,196 thousand, respectively (included in other non-current liabilities caption), calculated according to the first part of the deal. In the statement of financial position in the caption 'Investments into associates and joint ventures' there is a derivative recognised value of which represents probable share price adjustment calculated according management assumption (as of 31 December 2008 – LTL 1,480 thousand, as of 31 December 2008 – LTL 1,512 thousand)

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9 Investment into subsidiaries and associates (cont'd)**Sales of Finasta Group**

On 16 September 2009 Finasta Group companies (AB Finasta, UAB Invalda Turto Valdymas, UAB Finasta Imoniu Finansai, AB bankas Finasta, IPAS Invalda Asset Management Latvia) have been sold for LTL 45,750 thousand. The Company has suffered loss of LTL 1,821 thousand from this transaction. The carrying values of identifiable assets and liabilities as at the date of disposal were:

	<u>Carrying value</u>
Intangible assets	8,199
Tangible assets	3,453
Financial assets available-for-sale	866
Deferred tax asset	5,091
Loans	9,381
Financial assets held for trade	13,244
Other current assets	2,937
Deposits	542
Cash	<u>35,795</u>
Total assets	<u>79,508</u>
Borrowings	(5,871)
Deposits	(39,669)
Trade and other receivables	<u>(3,237)</u>
Total liabilities	<u>(48,777)</u>
Group's net assets sold	<u>30,731</u>
Profit from sale	<u>15,019</u>
Proceeds from sale	<u>45,750</u>
Cash sold	<u>(35,795)</u>
Net cash received	<u>9,955</u>

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9 Investment into subsidiaries and associates (cont'd)**Other sales**

In 1st half year of 2009 the Group has ended withdrawal from Ukraine. The Group sold Ukrainian investments: TOV Inreal, TOV Inreal-Ocinka, TOV Inkredo. The Company and the Group have suffered loss of LTL 2,055 thousand and LTL 143 thousand, respectively. On the other hand, the Company has reversed allowance of LTL 2,208 thousand, which was recognised for these investments in the financial statements for 2008. In Note 10 information about the sale of TOV Finasta is disclosed.

The Group sold 100 % shares of SIA Inreal. The Group have earned profit of LTL 112 thousand for this transaction (SIA Inreal had negative equity). The Company has suffered loss of LTL 2,839 thousand and has reversed allowance of LTL 2,750 thousand.

The Group sold 47 % shares of UAB VIPC Klaipeda. The Group has suffered loss of LTL 3,964 thousand and the Company have earned profit of LTL 1,049 thousand.

The Group sold UAB Finansu Spektro Investicija and have suffered loss of LTL 3,065 thousand. The Company has suffered loss of LTL 8,456 thousand.

In 1st quarter of 2009 was completed liquidation of SIA Gravity. In the consolidated statements was recognised loss of LTL 7 thousand.

10 Other revenues and expenses**10.1. Gain from investments and on sale of investment properties**

	Group		Company	
	2009	2008	2009	2008
Net gain (loss) on sale of subsidiaries, associates and joint ventures	5,647	36,243	(5,704)	91,301
Net gain (loss) from financial assets at fair value	(1,433)	(17,238)	(4,121)	(13,371)
Net gain (loss) on sale of investment properties	666	(9,059)	-	-
Net gain (loss) from held for trade investments	76	112	-	-
	4,956	10,058	(9,825)	77,930

10.2. Finance expenses

	Group		Company	
	2009	2008	2009	2008
Interest expenses	(30,577)	(45,084)	(22,429)	(27,694)
Foreign currency exchange loss	(170)	(208)	(34)	(52)
Other finance expenses	(665)	(149)	(73)	(106)
	(31,412)	(45,441)	(22,536)	(27,852)

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10.3. Finance income

	Group		Company	
	2009	2008	2009	2008
Interest income	2,444	5,877	12,469	13,836
Foreign currency exchange gain	65	243	14	167
Dividend income	-	4,959	9,000	20,478
Other finance income	55	12	-	-
	2,564	11,091	21,483	34,481

11 Discontinued operationsDiscontinued operation

	2009	2008
Gain (loss) after tax for the period from discontinued operations (financial mediation)	6,070	(24,973)
Gain (loss) after tax for the period from discontinued operations (hotel management)	-	30,531
Total discontinued operation	6,070	5,558

Loss (earnings) per share:	2009	2008
Basic and diluted, from discontinued operation	0.14	0.13

Financial mediation

On March 31, 2009 the Management Board of Invalda AB approved entering into the contract with the Bank Snoras AB regarding the sale of Finasta Group companies (Bank Finasta AB, FBC Finasta, asset management companies Invalda Turto Valdymas and Invalda Asset Management Latvia, as well as Finasta Imoniu Finansai AB). Contract was signed on 1 April 2009. The disposal of the Finasta Group companies was completed on 16 September 2009 and shares were transferred for LTL 45,750 thousand.

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10 Discontinued operations and non-current assets classified as held-for-sale (cont'd)

In April 2009 TOV Finasta was sold for LTL 257 thousand.

The results of the financial mediation segment for the year 2009 and 2008 are presented below:

	<u>2009</u>	<u>2008</u>
Revenue	6,399	12,039
Expenses	(16,239)	(38,442)
Profit (loss) from investments	395	(3,954)
Operating (loss) profit	(9,445)	(30,357)
Finance revenue	2,659	8,914
Finance expenses	(2,029)	(7,456)
(Loss) profit before tax from a discontinued operation	(8,815)	(28,899)
Income tax expenses	1,274	3,926
(Loss) profit for the period from a discontinued operation (financial mediation)	(7,541)	(24,973)
Loss on sale of TOV Finasta	(319)	-
Reclassification adjustment for fair value reserve of Finasta Group included in profit (loss)	(1,089)	-
Gain on sale of Finasta Group	15,019	-
Gain (loss) after tax for the period from discontinued operations (financial mediation)	6,070	(24,973)

Hotel management

The disposal of the Group hotels management segment was completed on 13 March 2008.

The results of the hotel management segment for the year 2008 are presented below:

	<u>2009</u>	<u>2008</u>
Revenue	-	1,550
Expenses	-	(1,643)
Operating (loss) profit	-	(93)
Finance revenue	-	-
Finance expenses	-	(401)
(Loss) profit before tax from a discontinued operation	-	(494)
Income tax expenses	-	-
(Loss) profit for the period from a discontinued operation	-	(494)
Gain on disposal of the discontinued operation	-	31,025
Gain (loss) after tax for the period from discontinued operations (hotel management)	-	30,531

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12 Borrowings

Within the 9 months of 2009, the Group and the Company refunded respectively LTL 171,485 thousand and LTL 137,850 thousand loans. The main source to refund was sale of AB Sanitas shares and Finasta Group.

On 31 December 2009 the Company's loan from DnB Nord bank was classified nominally according to IAS 1 as current, because at end of 2009 an agreement was reached and the Bank's Board approved the loan extension until 1 July 2012, but legal documents have been signed in January 2010 (liability as of 31 December 2009 - LTL 101,046 thousand).

During 2nd quarter of 2009 the Group have signed bank loan agreements' amendments regarding extension of maturity terms of loans for 2 years in the real estate segment's companies (until 2011). These loans at 31 December 2009 were classified nominally according to IAS 1 as current (total value of its – LTL 123,582 thousand) as formally has not been suspended complying of loan covenants. However any notice on premature loan repayment was not received. Taking into account management's assessment of interaction with the bank's representatives, the actual loans maturity is 2011.

13 Allowance for assets

In 2009 the management of the Company made additional allowance for assets

Consider the economic situation in Latvia the additional allowance for investments and loans (they are valued to null) was made, respectively the amount of mLTL 14.1 in the Company's and mLTL 14.3 in the Group's statements.

In the Group's statements additional allowance of mLTL 27.8 for real estate segment's assets was made, in the Company's statements additional allowance of mLTL 99.6 for investments and loans to this sector was made. Mainly the reason for this allowance is the drop in prices of constructed residential real estate and valuation losses of investment properties.

Due to the sale of investments in Ukraine and SIA Inreal in Latvia, a reversed allowance of mLTL 12 was made in the Company's statements for 2008.

The Company made additional allowance of mLTL 5.4 for other investments.

14 Related party transactions

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

The Company's transactions with related parties during the year 2009 and related quarter-end balances were as follows:

2009 Company	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	12,838	2,109	118,383	19,770
Rent and utilities	-	120	-	23
Dividends	9,000	-	-	-
Prepayments for share capital in subsidiaries	-	-	-	-
Other	7	68	620	6
	21,845	2,297	119,003	19,799
Liabilities to shareholders and management	-	93	-	1,334

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14 Related party transactions (cont'd)

The Company's transactions with related parties during the year 2008 and related quarter-end balances were as follows:

2008 Company	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	12,792	6,722	171,146	70,785
Rent and utilities	-	351	-	22
Financial segment	-	36	3	104
Dividends	20,478	-	-	-
Payables for share capital in subsidiaries in Ukraine	-	-	-	872
Other	-	52	620	2
	<u>33,270</u>	<u>7,161</u>	<u>171,769</u>	<u>71,785</u>

Liabilities to shareholders and management	-	11,068	-	1,642
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The Group's transactions with related parties during the year 2009 and related quarter-end balances were as follows:

2009 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	1,082	693	43,734	3,190
Rent and utilities	536	10	99	-
Roads and bridges construction segment	521	-	245	-
Financial segment	35	-	-	-
Other	66	-	620	-
	<u>2,240</u>	<u>703</u>	<u>44,698</u>	<u>3,190</u>

Liabilities to shareholders and management	571	441	7,967	5,847
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The Group's transactions with related parties during the year 2008 and related quarter-end balances were as follows:

2008 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	2,736	1,794	50,134	14,940
Rent and utilities	1,337	154	114	22
Financial segment	2,088	-	129	-
Roads and bridges construction segment	646	35	-	-
Raw materials purchased by AB Vilniaus baldai from UAB Girių bizonas	-	15,437	-	-
Other	381	2	763	-
	<u>7,188</u>	<u>17,422</u>	<u>51,140</u>	<u>14,962</u>

Liabilities to shareholders and management	259	13,827	5,906	6,863
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(all amounts are in LTL thousand unless otherwise stated)

15 Subsequent events after reporting date

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

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

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

In February 2010 a loan agreement extension was signed with Siauliu bank regarding postponement of loan maturity until 15 April 2011