

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S CONDENSED NOT-AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 PREPARED ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

GENERAL INFORMATION

Board of Directors

Mr. Vytautas Bučas (chairman of the Board)

Mr. Darius Šulnis

Mr. Dalius Kaziūnas

Management

Mr. Darius Šulnis (president)

Mr. Raimondas Rajeckas (chief financial officer)

Registered office and company code

Maironio St. 11,

Vilnius,

Lithuania

Company code 121304349

Bankers

Nordea Bank Finland Plc.

AB DnB Nord bankas

Akcinė bendrovė Šiaulių bankas

AB SEB bankas


AB bankas „Hansabankas“

AB bankas „Snoras“

UAB „Medicinos bankas“

Danske Bank A/S Lithuania branch

The financial statements were approved and signed by the Management and the Board of Directors on 27 February 2009.



Mr. Darius Šulnis
President



Mr. Raimondas Rajeckas
Chief financial officer

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's income statements

		Group		Company	
		2008	2007	2008	2007
Revenue					
Furniture production revenue		152,854	169,865	-	-
Sales of apartments		94,281	-	-	-
Rent and other real estate income		33,174	35,097	-	-
Financial mediation revenue		11,794	33,769	-	-
Other production and services revenue		28,742	14,864	-	-
Total revenue		320,845	253,595	-	-
Other income	9.1	31,983	31,005	76,475	1,228
Valuation gains		11,850	50,161	-	-
Valuation losses	11	(39,881)	(674)	-	-
Changes in inventories of finished goods and work in progress		1,147	(674)	-	-
Raw materials and consumables used		(124,283)	(110,827)	(43)	(42)
Salaries and related expenses		(66,563)	(67,306)	(2,355)	(1,681)
Depreciation and amortization		(12,765)	(11,713)	(152)	(158)
Subcontractor expenses		(6,057)	(8,791)	-	-
Premises rent and utilities		(17,111)	(13,348)	(399)	(385)
Fees for securities		(5,349)	(3,552)	(128)	(94)
Vehicles maintenance costs		(4,299)	(3,528)	(221)	(103)
Other taxes		(4,617)	(3,579)	(259)	(164)
Advertising and other promotion expenses		(4,225)	(5,074)	(46)	(42)
Repair and maintenance of premises		(5,218)	(2,409)	(1)	(3)
Cost of sales of apartments		(78,587)	-	-	-
Allowance for assets	11	(32,678)	(2,977)	(69,618)	(2,830)
Other operating expenses		(11,839)	(13,516)	(2,320)	(680)
Finance income	9.3	15,818	8,889	34,429	100,114
Finance expenses	9.2	(47,562)	(27,943)	(27,782)	(9,064)
Share of profit from associates and joint ventures		(8,628)	30,074	-	-
Profit (loss) before tax		(88,019)	97,813	7,580	86,096
Income tax expense	7	838	(12,241)	757	708
Profit (loss) for year from continuing operations		(87,181)	85,572	8,337	86,804
Discontinued operation					
Profit/(Loss) after tax for the year from a discontinued operation		(494)	1,988	-	-
PROFIT/LOSS FOR THE PERIOD		(87,675)	87,560	8,337	86,804
Attributable to:					
Equity holders of the parent		(86,244)	78,964	-	-
Minority interest		(1,431)	8,596	-	-
Basic earnings per share (in LTL)		(2.03)	1.78		

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's income statements

	Group		Company	
	IV Quarter 2008	IV Quarter 2007	IV Quarter 2008	IV Quarter 2007
Revenue				
Furniture production revenue	38,769	41,193	-	-
Sales of apartments	5,282	-	-	-
Rent and other real estate income	6,933	8,942	-	-
Financial mediation revenue	2,000	4,203	-	-
Other production and services revenue	10,560	6,425	-	-
Total revenue	63,544	60,763	-	-
Other income	(8,261)	9,018	(10,835)	7,511
Valuation gains	4,008	40,446	-	-
Valuation losses	(39,881)	(674)	-	-
Changes in inventories of finished goods and work in progress	1,426	(19)	-	-
Raw materials and consumables used	(36,204)	(29,393)	(6)	(20)
Salaries and related expenses	(18,185)	(18,630)	(703)	(449)
Depreciation and amortization	(4,413)	(2,864)	(38)	(40)
Subcontractor expenses	(2,207)	(4,235)	-	-
Premises rent and utilities	(4,332)	(3,019)	(104)	(103)
Fees for securities	(822)	(1,339)	(28)	(39)
Vehicles maintenance costs	(1,088)	(1,234)	(50)	(35)
Other taxes	(1,586)	(1,071)	(99)	(57)
Advertising and other promotion expenses	(1,729)	(1,096)	(8)	(15)
Repair and maintenance of premises	(1,429)	(1,035)	-	-
Cost of sales of apartments	(7,319)	-	-	-
Allowance for assets	(32,678)	(2,977)	(69,618)	2,830
Other operating expenses	(1,090)	(3,592)	(905)	7,428
Finance income	3,163	(87)	3,675	2,131
Finance expenses	(10,594)	(5,640)	(7,488)	(4,669)
Share of profit from associates and joint ventures	(31,985)	11,516	-	-
Profit before tax	(131,662)	44,838	(86,207)	2,315
Income tax expense	2,463	(4,436)	3,392	708
Profit for year from continuing operations	(129,199)	40,402	(82,815)	3,023
Discontinued operation				
Profit/(Loss) after tax for the year from a discontinued operation	-	(98)	-	-
PROFIT FOR THE PERIOD	(129,199)	40,304	(82,815)	3,023
Attributable to:				
Equity holders of the parent	(129,634)	38,648	-	-
Minority interest	435	1,656	-	-
Basic per share (in LTL)	(3.05)	0.91	-	-

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's balance sheets

	Group		Company	
	As of 31 December 2008	As of 31 December 2007	As of 31 December 2008	As of 31 December 2007
	Unaudited	audited	Unaudited	audited
ASSETS				
Non-current assets				
Property, plant and equipment				
Hotels	-	-	-	-
Other property, plant and equipment	72,492	80,424	311	535
Total property, plant and equipment	72,492	80,424	311	535
Investment properties	326,872	402,933	-	-
Intangible assets	18,718	23,546	5	10
Non-current financial assets				
Investments into subsidiaries	8	-	169,967	163,991
Investments into associates and joint ventures	8	232,699	303,952	208,981
Other non-current investments		4,739	5,920	1,817
Granted loans		7,978	16,962	27,480
Total non-current financial assets		245,416	326,834	408,245
Other non-current assets		2,850	2,848	-
Deferred tax asset		5,288	809	1,466
Total non-current assets		671,636	837,394	410,027
Current assets				
Inventories		64,239	119,950	-
Trade and other receivables		26,803	27,365	202
Short term loans granted		62,618	77,977	124,507
Prepaid income tax		3,150	3,678	647
Prepayments and other current assets		3,983	22,040	67
Financial assets at fair value through profit or loss		24,357	24,206	2,888
Cash and cash equivalents	5	31,764	4,248	12
Total current assets		216,914	279,464	128,323
Non-current assets and assets of disposal group classified as held for sale		-	87,669	-
Total assets		888,550	1,204,527	538,350
			525,520	

(cont'd on the next page)

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's balance sheets (cont'd)

	Group		Company	
	As of 31 December 2008	As of 31 December 2007	As of 31 December 2008	As of 31 December 2007
	Unaudited	audited	Unaudited	Audited
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent				
Share capital	42,569	42,569	42,569	42,569
Share premium	50,588	50,588	50,588	50,588
Reserves	72,466	41,852	73,383	39,001
Retained earnings	7,640	136,131	8,337	47,153
Translation reserve	(293)	(73)	-	-
Reserves of disposal group classified as held-for-sale	-	28,077	-	-
	172,970	299,144	174,877	179,311
Minority interest	11,428	6,056		-
Total equity	184,398	305,200	174,877	179,311
Liabilities				
Non-current liabilities				
Non-current borrowings	184,395	270,395	91,364	78,589
Financial lease liabilities	199	230	-	-
Government grants	19	31	-	-
Provisions	137	136	-	-
Deferred tax liability	32,835	35,356	-	-
Other non-current liabilities	10 75,631	1,280	75,631	-
Total non-current liabilities	293,216	307,428	166,995	78,589
Current liabilities				
Current portion of non-current borrowings	143,798	134,830	20,653	1,350
Current portion of financial lease liabilities	209	6,102	-	-
Current borrowings	219,231	186,821	171,290	144,244
Trade payables	29,327	26,159	1,833	890
Income tax payable	3,337	4,729	-	-
Provisions	41	-	-	-
Advances received	1,683	47,400	-	1,233
Liabilities from cash flow hedge	742	-	-	-
Other current liabilities	10 12,568	130,690	2,702	119,903
Total current liabilities	410,936	536,731	196,478	267,620
Non-current liabilities and liabilities of disposal group directly associated with the assets classified as held-for-sale	-	55,168	-	-
Total liabilities	704,152	899,327	363,473	346,209
Total equity and liabilities	888,550	1,204,527	538,350	525,520

(the end)

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's statements of changes in equity

Group	Notes	Equity attributable to equity holders of the parent										
		Share capital	Share premium	Reserves				Retained earnings	Discontinued operations	Subtotal	Minority interest	Total equity
				Revaluation reserve	Fair value reserves	Other reserves	Translation reserve					
Balance as at 31 December 2006		45,008	50,588	18,391	3,432	6,860	(48)	203,860	-	328,091	40,407	368,498
Net gain on available-for-sale investments		-	-	-	(2,880)	-	-	-	-	(2,880)	-	(2,880)
Revaluation of hotels		-	-	9,933	-	-	-	-	-	9,933	-	9,933
Depreciation transferred for hotels		-	-	(492)	-	-	-	492	-	-	-	-
Foreign currency translation		-	-	-	-	-	(25)	-	-	(25)	-	(25)
Income and expenses for the year recognised directly in equity		-	-	-	-	-	-	8,640	-	8,640	-	8,640
Total income and expenses for the year recognised directly in equity		-	-	9,441	(2,880)	-	(25)	9,132	-	15,668	-	15,668
Profit for the year 2007		-	-	-	-	-	-	78,964	-	78,964	8,596	87,560
Total income and expenses for the year		-	-	9,441	(2,880)	-	(25)	88,096	-	94,632	8,596	103,228
Discontinued operations		-	-	(27,832)	-	(245)	-	-	28,077	-	-	-
Minority interest arising on business combination		-	-	-	-	-	-	-	-	-	987	987
Acquisition of minority interests		-	-	-	-	-	-	(298)	-	(298)	(186)	(484)
Sales of subsidiaries		-	-	-	-	-	-	-	-	-	221	221
Changes in share capital after the merger		(2,439)	-	-	-	-	-	(109,590)	-	(112,029)	(13,072)	(125,101)
Change in reserves		-	-	-	-	34,685	-	(34,685)	-	-	-	-
Equity dividends		-	-	-	-	-	-	(11,252)	-	(11,252)	-	(11,252)
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	(30,897)	(30,897)
Balance as at 31 December 2007		42,569	50,588	-	552	41,300	(73)	136,131	28,077	299,144	6,056	305,200

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(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									Minority interest	Total equity
	Share capital	Share premium	Discontinued operations	Fair value reserves	Legal and other reserves	Translation reserve	Retained earnings	Total			
Balance as of 31 December 2007	42,569	50,588	28,077	552	41,300	(73)	136,131	299,144	6,056	305,200	
Net gain (loss) on available-for-sale investments				(4,026)				(4,026)		(4,026)	
Income (expenses) recognised directly in equity							(21,603)	(21,603)	6,898	(14,705)	
Total income and expenses for the year recognised directly in equity	-	-	-	(4,026)	-	-	(21,603)	(25,629)	6,898	(18,731)	
Profit for the Nine months 2008							(86,244)	(86,244)	(1,431)	(87,675)	
Total income and expenses for the year	-	-	-	(4,026)	-	-	(107,847)	(111,873)	(1,431)	(106,406)	
Dividends paid							(12,771)	(12,771)		(12,771)	
Dividends of subsidiaries									(234)	(234)	
Investments into subsidiaries									850	850	
Changes in reserves					34,640		(34,640)				
Minority of subsidiaries acquired							(1,352)	(1,352)	(664)	(2,016)	
Discontinued operation			(28,077)			(42)	28,119		(45)	(45)	
Foreign currency translation						(178)		(178)	(2)	(180)	
Balance as of 31 December 2008	42,569	50,588	-	(3,474)	75,940	(293)	7,640	172,970	11,428	184,398	

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(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 at 31 December 2006	45,008	50,588	3,068	-	47,675	146,339
Net profit for 2007	-	-	-	-	86,804	86,804
Total income and expenses for the year	-	-	-	-	86,804	86,804
Dividends for 2006	-	-	-	-	(11,252)	(11,252)
Transferred to legal reserve	-	-	1,433	-	(1,433)	-
Transferred to reserve of purchase of own shares	-	-	-	34,500	(34,500)	-
Changes in share capital after the merger	(2,439)	-	-	-	-	(2,439)
Loss from annulled own shares acquired during the merger	-	-	-	-	(40,141)	(40,141)
Balance as at 31 December 2007	42,569	50,588	4,501	34,500	47,153	179,311
Net profit for 2008	-	-	-	-	8,337	8,337
Total income and expenses for the year	-	-	-	-	8,337	8,337
Dividends for 2007	-	-	-	-	(12,771)	(12,771)
Transferred to legal reserve	-	-	-	-	-	-
Transferred to reserve of purchase of own shares	-	-	(244)	34,626	(34,382)	-
Changes in share capital after the merger	-	-	-	-	-	-
Loss from annulled own shares acquired during the merger	-	-	-	-	-	-
Balance as at 31 December 2008	42,569	50,588	4,257	69,126	8,337	174,877

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008**

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's cash flow statements

	Group		Company	
	2008	2007	2008	2007
Cash flows from (to) operating activities				
Net profit	(87,675)	87,560	8,337	86,804
Adjustments for non-cash items:				
Valuation gain, net	28,031	(49,487)	-	-
Depreciation and amortization	12,765	13,429	134	158
(Gain) on disposal of property, plant and equipment	6,645	(14,419)	-	-
(Gain) on disposal of investments	(51,251)	(15,767)	(71,025)	(1,213)
Share of net profits of associates and joint ventures	8,628	(30,074)	-	-
Interest (income)	(9,391)	(8,391)	(13,836)	(7,126)
Interest expenses	47,091	27,467	27,676	9,053
Deferred taxes	(5,494)	4,576	(758)	(708)
Current income tax expenses	5,233	7,665	-	-
Allowance for receivables	11,026	3,329	-	1,200
Allowance for inventories	-	(352)	-	-
Allowance for investments	-	-	69,633	1,630
Change in provisions	42	31	-	-
Dividend (income)	-	-	(20,478)	(92,877)
Valuation of held for trade investments	-	1,062	-	-
Loss (gain) from other financial activities	-	52	(5,418)	(99)
	(34,350)	26,681	(5,735)	(3,178)
Changes in working capital:				
(Increase) decrease in inventories	55,711	2,528	-	-
Decrease (increase) in trade and other receivables	17,538	19,886	37	(8)
Decrease in other current assets	18,057	(20,208)	(11)	(138)
(Decrease) increase in trade payables	3,168	3,731	(589)	(529)
Income tax paid	(7,452)	(3,623)	-	(2,118)
(Decrease) increase in other current liabilities	(52,002)	64,932	(122,881)	(14,369)
Net cash flows (to) from operating activities	670	93,927	(129,179)	(20,340)

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**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008**

(all amounts are in LTL thousand unless otherwise stated)

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

	Group		Company	
	2008	2007	2008	2007
Cash flows from (to) investing activities				
(Acquisition) of tangible non-current assets (except investment properties)	(16,077)	(66,728)	(73)	(65)
Proceeds from sale of tangible non-current assets (except investment properties)	18,361	3,839	168	-
(Acquisition) of investment properties	(14,562)	(58,505)	-	-
Proceeds of sale of investment properties	53,658	88,335	-	-
(Acquisition) of subsidiaries, net of cash acquired	-	(6,825)	(1,636)	(763)
Proceeds from sales of subsidiaries	42,553	8,767	50,191	9,526
(Acquisition) of associates	(18,215)	(11,163)	(18,215)	(19,436)
Proceeds from sales of associates	58,537	3,046	25,537	671
Loans (granted)	(118,692)	(78,227)	(137,265)	(114,171)
Repayment of granted loans	134,051	8,499	100,008	99,902
Dividends received	(14)	330	7,000	14,809
Interest received	9,391	8,391	2,285	1,576
(Acquisition) of minority interest	(2,016)	(2,523)	(13,063)	(23,694)
Other cash flow from investing activities	(8)	14,500	-	(27)
Net cash flows (to) investing activities	146,967	(88,264)	14,937	(31,672)
Cash flows from (to) financing activities				
Cash flows related to company shareholders			-	-
Issue of shares	-	-	-	-
Dividends (paid)	(13,005)	(10,841)	(12,282)	(11,252)
Dividends to minority	-	(30,897)	-	-
	(13,005)	(41,738)	(12,282)	(11,252)
Cash flows related to other sources of financing				
Proceeds from loans	419,529	151,775	530,591	245,471
Issue of bonds	-	2,000	-	-
(Repayment) of loans	(473,994)	(93,054)	(391,553)	(176,877)
Interest (paid)	(47,091)	(27,467)	(12,527)	(5,484)
Financial lease (payments)	(6,133)	(1,239)	-	-
Other cash flows from financing activities	573	1,005	(5)	102
	(107,116)	33,020	126,506	63,212
Net cash flows from financial activities	(120,121)	(8,718)	114,224	51,960
Impact of currency exchange on cash and cash equivalents	-	-	-	-
Net (decrease) increase in cash and cash equivalents	27,516	(3,055)	(18)	(52)
Cash and cash equivalents at the beginning of the year	31,764	9,161	30	82
Cash and cash equivalents at the end of the year	4,248	6,106	12	30

(the end)

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 office is as follows:

Maironio St. 11,
Vilnius,
Lithuania.

Group's activity strategy is concentrated to asset management and private and investment banking area. The goal of the group – successful activity developing, orienting to steady long term growth and assuring high long term financial return to the shareholders. Asset management activity currently concentrates into finance, real estate, pharmacy, furniture manufacturing and roads and bridges construction sectors.

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 2008 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 2007.

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 2007.

3 Seasonality of operations

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 assets 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.

4 Segment information

The operating business is organized 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 organized into following segments:

Real estate

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

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31 DECEMBER 2008**

(all amounts are in LTL thousand unless otherwise stated)

4 Segment information (cont'd)

Financial mediation

The financial mediation segment is involved in financial brokerage, corporate finance services, investment and pension fund management and banking activities.

Pharmacy

The pharmacy segment produces injections preparations, tablets, ointments.

Furniture production

The furniture segment includes furniture design, production and sale.

Hotels management

The hotels management segment renders room revenue, restaurant revenue, conference facilities revenue. The segment was sold in 2008 and in these financial statements it is presented as discontinued operations.

Roads and bridge construction

The roads and bridge construction segment is involved in building bridges and high quality highway construction. The activity is exercised in Poland and Lithuania.

Other production and service segments

The other production and service segment is involved in designing water management objects, agricultural investment, hardware articles production, information technology solution services and other.

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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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(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 year ended 31 December 2008:

Year ended 31 December 2008	Continuing operations							Discontinued operation		Total operations
	Real estate	Financial mediation	Pharmacy	Furniture production	Roads and bridge construction	Other production and service	Elimination and other	Total	Hotels management	
Revenue										
Sales to external customers	127,455	11,794	-	152,854	-	28,742	-	320,845	1,533	322,378
Inter-segment sales	2,838	238	-	162	-	550	(3,788)	-	-	-
Total revenue	130,293	12,032	-	153,016	-	29,292	(3,788)	320,845	1,533	322,378
Results										
Other income	(34,119)	9,262	-	13,206	-	2,015	29,406	19,770	17	19,787
Segment expenses	(137,528)	(50,125)	-	(158,817)	-	(31,063)	(6,687)	(384,220)	(2,044)	(386,264)
Unallocated expenses	-	-	-	-	-	-	(35,786)	(35,786)	-	(35,786)
Operating profit (loss)	(41,354)	(28,831)	-	7,405	-	244	(16,855)	(79,391)	(494)	(79,885)
Share of profit (loss) of the associates and joint ventures	(21,137)	-	(137)	(4,202)	18,226	(1,378)	-	(8,628)	-	(8,628)
Profit (loss) before income tax	(62,491)	(28,831)	(137)	3,203	18,226	(1,134)	(16,855)	(88,019)	(494)	(88,513)
Income tax expenses	(4,927)	4,780	-	(500)	-	(213)	1,698	838	-	838
Net profit for the year	(67,418)	(24,051)	(137)	2,703	18,226	(1,347)	(15,157)	(87,181)	(494)	(87,675)
Attributable to:										
Equity holders of the parent	(64,007)	(24,020)	(137)	717	18,226	(1,372)	(15,157)	(85,750)	(494)	(86,244)
Minority interest	(3,411)	(31)	-	1,986	-	25	-	(1,431)	-	(1,431)

Gain of sale of AB Hidroprojekta shares and gain of loss of significant influence in AB Agrowill group is shown in "Other income" of other production and service segment. Gain of sale of AB Valmeda shares is shown in "Other income" in Elimination and other column.

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4 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the year ended 31 December 2007:

Year ended 31 December 2007	Continuing operations							Discontinued operation		Total operations
	Real estate	Financial mediation	Pharmacy	Furniture production	Roads and bridge construction	Other production and service	Elimination and other	Total	Hotels management	
Revenue										
Sales to external customers	35,097	33,769	-	169,865	-	14,864	-	253,595	14,581	268,176
Inter-segment sales	2,251	229	-	134	-	2	(2,616)	-	-	-
Total revenue	37,348	33,998	-	169,999	-	14,866	(2,616)	253,595	14,581	268,176
Results										
Other income	72,313	19,954	-	2,714	-	25	879	95,885	14	95,899
Segment expenses	(56,383)	(36,210)	-	(169,289)	-	(13,756)	9,149	(266,489)	(12,412)	(278,901)
Unallocated expenses	-	-	-	-	-	-	(15,252)	(15,252)	-	(15,252)
Operating profit (loss)	53,278	17,742	-	3,424	-	1,135	(7,840)	67,739	2,183	69,922
Share of profit (loss) of the associates and joint ventures	6,866	-	13,203	(2,361)	5,675	6,691	-	30,074	-	30,074
Profit (loss) before income tax	60,144	17,742	13,203	1,063	5,675	7,826	(7,840)	97,813	2,183	99,996
Income tax expenses	(7,299)	(3,690)	-	(988)	-	(264)	-	(12,241)	(195)	(12,436)
Net profit for the year	52,845	14,052	13,203	75	5,675	7,562	(7,840)	85,572	1,988	87,560
Attributable to:										
Equity holders of the parent	44,610	14,053	13,203	(313)	5,675	7,588	(7,840)	76,976	1,988	78,964
Minority interest	8,235	(1)	-	388	-	(26)	-	8,596	-	8,596

5 Cash and cash equivalents

	Group		Company	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Cash at bank	30,236	4,170	12	30
Cash in hand	1,528	78	-	-
	31,764	4,248	12	30

6 Dividends

The General Meeting of shareholders of 30 March 2008 allocated LTL 12,771 thousand for dividends, i.e. LTL 0.30 per one share (these dividends are not included as liabilities in the balance of 31 March 2008). In 2007, LTL 11,252 thousand were allocated, i.e. LTL 0.25 per one share.

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7 Income tax

	Group		Company	
	2008	2007	2008	2007
Components of income tax expense				
Current income tax charge	5,234	(7,665)	-	-
Deferred income tax income (expense)	(6,072)	(4,576)	757	708
Income tax (expenses) income charged to the income statement	(838)	(12,241)	757	708

8 Investment into subsidiaries and associates**Acquisitions of 2008**

During the year 2008 The Group invested LTL 42,078 thousand additionally to increased share capital of companies: UAB Positor, AB FMĮ Finasta, UAB Invalda turto valdymas (former UAB Finasta investicijų valdymas), SIA Inreal (Latvija), TOV Finasta (Ukraine), AB Invalda nekilnojamojo turto fondas. The bigger part of investments was made by converting granted loans to shares.

The Group acquired information technology company UAB Acena for LTL 230 thousand. The value of the net assets acquired was LTL 78 thousand. The goodwill equal to LTL 153 thousand was recognized provisionally.

The Group acquired 2.36 % of shares of Vilniaus Baldai AB for LTL 1,730 thousand additionally. The value of the additional interest acquired was LTL 583 thousand. The negative difference equal to LTL 1,147 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders equity.

In June of 2008 was established Tiltra Group AB (investment size LTL 67 thousand).

In July of 2008 the Group acquired 5 % of shares of VIPC Klaipėda AB for LTL 1,430 thousand additionally. The value of the additional interest acquired was LTL 1,875 thousand. The negative difference equal to LTL 445 thousand between the consideration and the value of the interest acquired has been recognised in the income statement.

In September of 2008 the Group acquired 1.58 % of shares of Kauno Tiltai AB for LTL 4,000 thousand additionally from related party. The value of the additional interest acquired was LTL 677 thousand. The positive difference equal to LTL 3,323 thousand between the consideration and the value of the interest acquired has been recognised in the value of the investment into associate.

In September of 2008 the Group acquired 100 % shares of Baltikums Asset Management for LTL 2,109 thousand (now its name is Invalda Asset Management Latvia). The value of the interest acquired was LTL 891 thousand. The positive difference equal to LTL 1,218 thousand between the consideration and the value of the interest acquired has been recognised in the value of the intangible assets provisionally as pension funds contract.

Sales in 2008

On 4 January 2008 the Company has signed a contract regarding sale of 100% of AB Valmeda shares with Triangle Group. AB Valmeda manages hotels Holiday Inn Vilnius and Ecotel Vilnius. The deal was closed and ownership of AB Valmeda was transferred to the buyer on 13 March 2008. The Group and the Company have earned profit of LTL 31,025 thousand and LTL 60,693 thousand, respectively, for this transaction.

On 10 January 2008, the Company completed the sale of UAB Hidroprojektas shares. 97.99% of UAB Hidroprojektas shares were sold to SWECO BKG LSPI for LTL 8,600 thousand. The Group and the Company have earned profit of LTL 5,695 thousand and LTL 6,326 thousand, respectively, for this transaction.

In September of 2008 the Company completed sale of Finasta Asset Management. It were sold for LTL 544 thousand (the amount is equal to equity of Finasta Asset Management). The Company has earned profit of LTL 48 thousand for this transaction.

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8 Investment into subsidiaries and associates (cont'd)

During 2008 the Group sold 100 % shares of Bazilika and Bazilika Invest for LTL 2 thousand (discontinued activity in Russia). In the consolidated statements is recognized LTL 3,468 thousand profit, because equities of these companies were negative. On the other hand, the Group's loan to Bazilika was fully impaired (the loan amount from companies was LTL 3,547 thousand).

On the 10th of December 2008 the Group sold 25 % of UAB Girių bizonas shares. The sales profit LTL 14,507 thousand.

On 24th of October 2008 AB Invalda signed agreement regarding the transfer of 6,314,502 AB Sanitas shares, which amounts to 20.3 % of authorised capital. The buyer is Baltic Pharma Limited, investment company, controlled by City Venture Capital International (CVC1). On the 28th of October 2008, as the first part of agreement, 5 percent of AB Sanitas shares were transferred for LTL 25,513 thousand. The Company gained LTL 3,837 thousand profit from this part of the deal. In the Group the influence was insignificant, because the value of transferred investment part was almost equal to income from sales.

The Company also acquired 2.55 % of AB Sanitas shares for LTL 13,391 thousand.

AB Agrowill Group

AB Agrowill Group completed its initial public offering. As a result the Company ceased to have significant influence (share of stock of AB Agrowill Group decreased from 20.63 % till 15.78 % and the Company is not represented in the governing bodies). From 1st April 2008 the Company accounts this investment as financial assets at fair value through profit or loss. The fair value on 31st December 2008 was LTL 5,775 thousand.

In the standalone income statement due to the loss of significant influence gain of LTL 5,424 thousand was recognized..

In the consolidated income statement loss of LTL 4,271 thousand was recognized due to the loss of significant influence.

9 Other revenues and expenses

9.1. Other revenues

	Group		Company	
	2008	2007	2008	2007
Gain on sale of subsidiaries and associates	50,460	8,047	71,025	1,213
Gain from financial assets at fair value through profit or loss	(12,095)	3,648	5,424	-
Gain on sale of investment properties	(8,934)	12,880	-	-
Gain from sales of available-for-sale investments	10	3,010	-	-
Other	2,542	3,420	26	15
	<u>31,983</u>	<u>31,005</u>	<u>76,475</u>	<u>1,228</u>

9.2. Finance expenses

	Group		Company	
	2008	2007	2008	2007
Interest expenses	(47,091)	(27,467)	(27,676)	(9,053)
Foreign currency exchange loss	-	(375)	-	-
Other finance expenses	(471)	(101)	(106)	(11)
	<u>(47,562)</u>	<u>(27,943)</u>	<u>(27,782)</u>	<u>(9,064)</u>

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9.3. Finance income

	Group		Company	
	2008	2007	2008	2007
Interest income	9,391	8,391	13,836	7,126
Foreign currency exchange gain	(76)	-	115	111
Dividend income	5,106	-	20,478	92,877
Other finance income	1,397	498	-	-
	15,818	8,889	34,429	100,114

10 Other financial liabilities

During 2008, there were returned debts to major shareholders of LTL 123,252 thousand which occurred after merger with AB Nenuorama. Due to this, other current liabilities have decreased.

On the 1st December 2008 non-public convertible bonds issues of LTL 25,000 thousand and 50,000 thousand were signed. For their refinance there were issued bonds emission on 15th of October 2008. The issue was redeemed by persons, related with major shareholders.

The main characteristics of convertible bonds:

- annual interest rate: 9.9%;
- redemption day July 1, 2010;
- the bonds can be converted to Invalida AB shares. One bond of nominal value LTL 100 is to be converted to ordinary registered shares at ratio 5.5 (one bond would be converted into 18.18 shares approximately, final result is to be rounded by arithmetical rules). More information about non-public convertible bonds issues was provided in the decisions of the General Meeting of shareholders announced by Invalida AB on November 14, 2008.

The liabilities rising from these bonds are showed in other non-current liabilities.

11 Allowance for assets and valuation losses

At the end of 2008 the management of the Company made allowance for assets of mLTL 69.6 in standalone financial statements, from it mLTL 56.8 for investments and loans granted to companies in real estate sector, including written-off investments in Ukraine.

During 2008, value of investment property in subsidiaries decreased by mLTL 39.9. Part of manageable investment property's value has increased (mostly agricultural purpose land). Besides this, Group result was lowered by decrease of investment property value managed by associates and joint ventures.

In the Group there are mLTL 32.7 allowance was made for assets. Main of them are these:

- goodwill of mLTL 0.9 was written-off, allocated to financial mediation cash-generating unit and goodwill of mLTL 2.9, allocated to real estate cash-generating unit;
- mLTL 18.2 additional allowance was made for the Group's real estate sector assets;
- mLTL 6.9 allowance was made for granted loans.

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11 Related party transactions

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

2008 Company	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
Loans and borrowings	12,792	6,722	70,785	168,983
Real estate income	-	324	22	-
Dividends	20,478	-	-	-
Payables for share capital in subsidiaries in Ukraine and Latvia	-	-	872	-
Shares transactions	-	4,000	-	-
Other	-	100	107	3
	<u>33,270</u>	<u>11,146</u>	<u>71,786</u>	<u>168,986</u>

The Company's transactions with related parties during the year 2007 and related quarter-end balances were as follows:

2007 Company	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Loans and borrowings	6,789	3,409	125,191	60,462
Real estate income	-	315	-	-
Dividends	-	-	-	-
Increase of share capital	-	-	-	863
Shares transactions	378	17,968	-	-
Other	5	195	86	12
	<u>7,172</u>	<u>21,877</u>	<u>125,277</u>	<u>61,337</u>

Liabilities to shareholders 117,880

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	Amounts owed to related parties	Amounts owed by related parties
Loans and borrowings	2,736	1,794	14,940	47,223
Real estate income	1,174	154	22	98
Financial segment	419	-	-	130
Roads and bridges construction segment	646	35	-	-
Raw materials purchased by AB Vilniaus baldaĩ from UAB „Girių bizonas“	-	15,437	-	-
Shares transactions	-	4,000	-	-
Other	92	2	-	143
	<u>5,067</u>	<u>21,422</u>	<u>14,962</u>	<u>47,594</u>

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12 Related party transactions (cont'd)

The Group's transactions with related parties during the year 2007 and related quarter-end balances were as follows:

2007 Group	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Loans and borrowings	2,006	104	33,813	15,315
Real estate income	710	686	118	-
Other real estate income	910	1,546	59	369
Raw materials purchased by AB Vilniaus baldai from UAB „Girių bizonas“	-	14,706	-	2,002
Apartaments construction by UAB Laikinosios sostines projektai	1,662	-	168	-
Other	70	22	144	-
	<u>5,684</u>	<u>17,064</u>	<u>34,302</u>	<u>17,686</u>
Liabilities to shareholders	225	106	3,002	117,880

11 Subsequent eventsThe Company

On January 12, 2009, AB Invalda completed a transaction whereby it sold part of its shares of AB Sanitas. Invalda had announced earlier that on October 24, 2008, the company signed legal documentation regarding the sale of 6,314,502 shares, i.e. 20.3 % of the share capital, of AB Sanitas for a total price of EUR 30,000 thousand to Baltic Pharma Limited, an investment vehicle for funds managed by Citi Venture Capital International (CVCI).

The transaction was implemented in two stages:

(a) 1,555,296 Sanitas shares, 5% of share capital, were transferred for LTL 25.5 mln on October 28, 2008.

(b) Upon fulfillment of all necessary conditions precedent on January 12, 2009, the balance of 4,759,206 shares (15.3%) were transferred for LTL 78 mln.

Preliminary, the Company's profit from the second part of the deal is mLTL 19, Group's – mLTL 14. The received money were allocated for decrease of Company's liabilities.

As per terms of the agreement with Baltic Pharma Limited, the price paid for the shares and the number of shares transferred, may be adjusted upon a future sale of the shares by Baltic Pharma Limited, depending on the price received by the latter from such sale.

Following this transaction, AB Invalda owns 25% of AB Sanitas' votes and intends to retain this interest over the medium term.

On January 22, 2009, the Securities Commission of the Republic of Lithuania approved 30,000,000 Lt nominal value convertible bonds Prospectus. On February 18, 2009, the subscription of Invalda AB convertible bonds with maturity of 498 days and annual interest rate of 9.9% has ended. In respect that the total nominal value of the subscribed bonds is less than 700 000 LTL and referring to the convertible bonds prospectus approved on January 22, 2009, this issue is considered unsubscribed and is annulled.