

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED NOT-AUDITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS 30 JUNE 2011 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 SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

Mr. Vytautas Bučas (chairman of the Board)
Mr. Dalius Kaziūnas
Mr. Darius Šulnis

Management

Mr. Darius Šulnis (president)
Mr. Raimondas Rajeckas (chief financial officer)

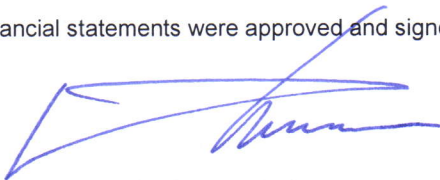
Principal place of business and company code

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

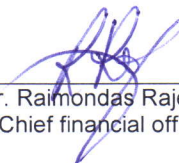
Bankers

Nordea Bank Finland Plc Lithuania Branch
AB DnB Nord Bankas
AB Bankas Snoras
AB Siauli Bankas
Danske Bank A/S Lithuania Branch
AB bankas Finasta
UAB Medicinos Bankas
AS UniCredit Bank Lithuania Branch
AB SEB Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 31 August 2011.



Mr. Darius Šulnis
President



Mr. Raimondas Rajeckas
Chief financial officer

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's income statements

		Group		Company	
		I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
		Unaudited		Unaudited	
Continuing operations					
Revenue					
Furniture production revenue		114,825	86,698	-	-
Residential real estate revenue		952	4,733	-	-
Rent and other real estate revenue		11,529	12,126	-	-
Facility management		3,169	1,479	-	-
Information technology revenue		14,442	6,434	-	-
Other production and services revenue		5,312	3,544	-	-
Total revenue		150,229	115,014	-	-
Other income	9.3	4,414	2,371	15,852	4,286
Net gains (losses) on disposal of subsidiaries, associates and joint ventures		-	15,272	150,760	(19,674)
Net gains (losses) from fair value adjustments on investment property		25	(100)	-	-
Net changes in fair value on financial assets	9.1	(18,872)	288	25,778	1,247
Changes in inventories of finished goods and work in progress		(2,378)	2,047	-	-
Raw materials and consumables used		(87,418)	(58,987)	(9)	(13)
Changes in residential real estate		(869)	(3,792)	-	-
Employee benefits expenses		(18,466)	(15,471)	(910)	(898)
Impairment, write-down, allowances and provisions	12	947	(10,831)	1,661	19,630
Premises rent and utilities		(8,761)	(8,519)	(80)	(84)
Depreciation and amortisation		(5,309)	(5,093)	(43)	(60)
Repair and maintenance of premises		(4,897)	(4,093)	-	-
Other operating expenses		(10,186)	(6,483)	(1,959)	(365)
Operating profit (loss)		(1,541)	21,623	191,050	4,069
Finance costs	9.2	(7,814)	(9,619)	(5,867)	(6,671)
Share of profit (loss) from associates and joint ventures		(427)	842	-	-
Profit (loss) before income tax		(9,782)	12,846	185,183	(2,602)
Income tax	7	6,448	(1,296)	7,914	285
Profit (loss) for the period from continuing operations		(3,334)	11,550	193,097	(2,317)
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	10	149,503	587	-	-
PROFIT (LOSS) FOR THE PERIOD		146,169	12,137	193,097	(2,317)
Attributable to:					
Equity holders of the parent		142,410	6,612	193,097	(2,317)
Non-controlling interests		3,759	5,525	-	-
		146,169	12,137	193,097	(2,317)
Basic earnings (deficit) per share (in LTL)		2.76	0.13	3.74	(0.05)
Diluted earnings (deficit) per share (in LTL)		2.50	0.13	3.38	(0.05)
Basic earnings (deficit) per share (in LTL) from continuing operations		(0.14)	0.12	3.74	(0.05)
Diluted earnings (deficit) per share (in LTL) from continuing operations		(0.14)	0.12	3.38	(0.05)

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	146,169	12,137	193,097	(2,317)
Continuing operation				
Net gain (loss) on cash flow hedge	114	71	-	-
Income tax	(17)	(10)	-	-
	97	61	-	-
Net gain (loss) on available-for-sale financial assets	-	11	-	-
Reclassification adjustment for gain (loss) included in profit or loss	-	(221)	-	-
Income tax	-	42	-	-
	-	(168)	-	-
Exchange differences on translation of foreign operations	-	-	-	-
Share of other comprehensive income (loss) of associates	-	-	-	-
Other comprehensive income(loss) for the period from continuing operation	97	(107)	-	-
Discontinued operations				
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Income tax	-	-	-	-
Share of other comprehensive income of associates	(243)	(347)	-	-
Other comprehensive income for the period from discontinued operations	(243)	(347)	-	-
Other comprehensive income (loss) for the period, net of tax	(146)	(454)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	146,023	11,683	193,097	(2,317)
Attributable to:				
Equity holders of the parent	142,264	6,158	193,097	(2,317)
Non-controlling interests	3,759	5,525	-	-

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's income statements

	Group		Company	
	II Quarter 2011	II Quarter 2010	II Quarter 2011	II Quarter 2010
	Unaudited		Unaudited	
Continuing operations				
Revenue				
Furniture production revenue	58,258	43,505	-	-
Residential real estate revenue	90	1,828	-	-
Rent and other real estate revenue	5,491	5,939	-	-
Facility management	1,652	714	-	-
Information technology revenue	6,026	3,633	-	-
Other production and services revenue	3,508	2,244	-	-
Total revenue	75,025	57,863	-	-
Other income	3,377	1,579	14,339	2,281
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	-	2,852	150,760	16
Net gains (losses) from fair value adjustments on investment property	17	(59)	-	-
Net changes in fair value on financial assets	(18,684)	(147)	25,778	784
Changes in inventories of finished goods and work in progress	(4,489)	3,726	-	-
Raw materials and consumables used	(40,444)	(33,111)	(5)	(5)
Changes in residential real estate	(58)	(1,263)	-	-
Employee benefits expenses	(9,509)	(8,001)	(470)	(448)
Impairment, write-down, allowances and provisions	(91)	(115)	684	(27)
Premises rent and utilities	(3,884)	(3,818)	(36)	(42)
Depreciation and amortisation	(2,701)	(2,547)	(21)	(29)
Repair and maintenance of premises	(2,413)	(2,130)	-	-
Other operating expenses	(6,114)	(3,277)	(1,708)	(181)
Operating profit (loss)	(9,968)	11,552	189,321	2,349
Finance costs	(3,950)	(4,388)	(2,758)	(3,271)
Share of profit (loss) from associates and joint ventures	(130)	(101)	-	-
Profit (loss) before income tax	(14,048)	7,063	186,563	(922)
Income tax	6,695	(393)	7,579	112
Profit (loss) for the period from continuing operations	(7,353)	6,670	194,142	(810)
Discontinued operation				
Profit/(Loss) after tax for the period from a discontinued operation	145,334	2,908	-	-
PROFIT (LOSS) FOR THE PERIOD	137,981	9,578	194,142	(810)
Attributable to:				
Equity holders of the parent	136,029	8,083	194,142	(810)
Non-controlling interests	1,952	1,495	-	-
	137,981	9,578	194,142	(810)
Basic earnings (deficit) per share (in LTL)	2.64	0.16	3.76	(0.02)
Diluted earnings (deficit) per share (in LTL)	2.38	0.16	3.40	(0.02)
Basic earnings (deficit) per share (in LTL) from continuing operations	(0.18)	0.10	3.76	(0.02)
Diluted earnings (deficit) per share (in LTL) from continuing operations	(0.18)	0.10	3.40	(0.02)

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	II Quarter 2011	II Quarter 2010	II Quarter 2011	II Quarter 2010
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	137,981	9,578	194,142	(810)
Continuing operation				
Net gain (loss) on cash flow hedge	52	57	-	-
Income tax	(8)	(8)	-	-
	44	49	-	-
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Reclassification adjustment for gain (loss) included in profit or loss	-	-	-	-
Income tax	-	-	-	-
	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-
Share of other comprehensive income (loss) of associates	-	-	-	-
Other comprehensive income(loss) for the period from continuing operation	44	49	-	-
Discontinued operations				
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Income tax	-	-	-	-
Share of other comprehensive income of associates	144	(7,545)	-	-
Other comprehensive income for the period from discontinued operations	144	(7,545)	-	-
Other comprehensive income (loss) for the period, net of tax	188	(7,496)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	138,169	2,082	194,142	(810)
Attributable to:				
Equity holders of the parent	136,217	587	194,142	(810)
Non-controlling interests	1,952	1,495	-	-

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of financial position

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment	37,369	38,876	212	238
Investment properties	13 245,271	240,573	-	-
Intangible assets	9,602	10,490	9	12
Investments into subsidiaries	8 -	-	87,487	87,398
Investments into associates and joint ventures	8 303	125,512	1,246	110,916
Investments available-for-sale	2,385	1,818	1,817	1,817
Loans granted	-	-	1,253	1,192
Other non-current assets	2,848	2,848	-	-
Deferred income tax asset	13,554	6,643	12,402	4,335
Total non-current assets	311,332	426,760	104,426	205,908
Current assets				
Inventories	25,297	27,618	-	-
Trade and other receivables	12 34,804	29,540	19	1,002
Current loans granted	12 31,145	22,303	93,767	73,360
Prepaid income tax	826	53	-	-
Prepayments and deferred charges	7,275	1,603	20	26
Financial assets held-for-trade	12 127,622	8,446	121,031	1,512
Restricted cash	2,298	4,173	-	-
Cash and cash equivalents	5 13,172	4,692	9,915	202
Total current assets	242,439	98,428	224,752	76,102
Assets of disposal group classified as held-for-sale	10 171,864	72,075	155,306	25,004
Total assets	725,635	597,263	484,484	307,014

(cont'd on the next page)

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

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

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
	Unaudited	Audited	Unaudited	Audited
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent				
Share capital	51,660	51,660	51,660	51,660
Share premium	34,205	44,676	34,205	44,676
Reserves	20,257	20,102	-	-
Retained earnings (accumulated deficit)	211,274	58,694	193,097	(10,471)
	317,396	175,132	278,962	85,865
Non-controlling interests	24,492	24,919	-	-
Total equity	341,888	200,051	278,962	85,865
Liabilities				
Non-current liabilities				
Non-current borrowings	11 214,809	127,260	78,570	94,350
Financial lease liabilities	474	447	-	-
Government grants	-	-	-	-
Provisions	480	480	-	-
Deferred income tax liability	15,043	14,734	-	-
Derivative financial instruments	-	-	-	-
Convertible bonds	32,440	32,440	32,440	32,440
Other non-current liabilities	1,101	1,101	-	-
Total non-current liabilities	264,347	176,462	111,010	126,790
Current liabilities				
Current portion of non-current borrowings	11 3,000	119,062	-	-
Current portion of financial lease liabilities	134	231	-	-
Current borrowings	11 21,016	57,849	33,677	90,855
Trade payables	24,903	31,172	964	739
Income tax payable	46	609	-	-
Provisions	345	345	250	250
Advances received	1,763	1,520	-	-
Derivative financial instruments	49	163	-	-
Convertible bonds	-	-	-	-
Other current liabilities	14 68,144	9,799	59,621	2,515
Total current liabilities	119,400	220,750	94,512	94,359
Total liabilities	383,747	397,212	205,522	221,149
Total equity and liabilities	725,635	597,263	484,484	307,014

(the end)

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(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	Reserves			Retained earnings (accumulated deficit)	Subtotal	Non-controlling interests	Total equity
			Fair value reserves	Legal and other reserves	Foreign currency translation reserve				
Balance as at 31 December 2009	42,569	50,588	(133)	76,623	-	(90,978)	78,669	13,041	91,710
Profit (loss) for the I half year of 2010	-	-	-	-	-	6,612	6,612	5,525	12,137
Other comprehensive income (loss) for the I half year of 2010	-	-	(107)	-	-	(347)	(454)	-	(454)
Total comprehensive income (loss) for the I half year of 2010	-	-	(107)	-	-	6,265	6,158	5,525	11,683
Sales of subsidiaries	-	-	-	(254)	-	254	-	7	7
Share based payments	-	-	-	-	-	-	-	180	180
Changes in reserves	-	-	-	(56,144)	-	56,144	-	-	-
Increase of share capital	9,091	40,909	-	-	-	-	50,000	-	50,000
Balance as at 30 June 2010 (unaudited)	51,660	91,497	(240)	20,225	-	(28,315)	134,827	18,753	153,580

Group	Equity attributable to equity holders of the parent								
	Share capital	Share premium	Reserves			Retained earnings (accumulated deficit)	Subtotal	Non-controlling interests	Total equity
			Fair value reserves	Legal and other reserves	Foreign currency translation reserve				
Balance as at 31 December 2010	51,660	44,676	(139)	20,241	-	58,694	175,132	24,919	200,051
Profit (loss) for the I half year of 2011	-	-	-	-	-	142,410	142,410	3,759	146,169
Other comprehensive income for the I half year of 2011	-	-	97	-	-	(243)	(146)	-	(146)
Total comprehensive income for the I half year of 2011	-	-	97	-	-	142,167	142,264	3,759	146,023
Dividends of subsidiaries	-	-	-	-	-	-	-	(4,351)	(4,351)
Acquisition of subsidiaries	-	-	-	-	-	-	-	500	500
Share based payments	-	-	-	-	-	-	-	(335)	(335)
Changes in reserves	-	(10,471)	-	58	-	10,413	-	-	-
Balance as at 30 June 2011 (unaudited)	51,660	34,205	(42)	20,299	-	211,274	317,396	24,492	341,888

AB INVALIDA

INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

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

Company	Reserves					Total
	Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings (accumulated deficit)	
Balance as at 31 December 2009	42,569	50,588	4,257	69,126	(120,204)	46,336
Profit (loss) for the I half year of 2010	-	-	-	-	(2,317)	(2,317)
Changes in reserves	-	-	(4,257)	(69,126)	73,383	-
Increase of share capital	9,091	40,909	-	-	-	50,000
Balance as at 30 June 2010 (unaudited)	51,660	91,497	-	-	(49,138)	94,019

Company	Reserves					Total
	Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings (accumulated deficit)	
Balance as at 31 December 2010	51,660	44,676	-	-	(10,471)	85,865
Profit (loss) for the I half year of 2011	-	-	-	-	193,097	193,097
Changes in share premium	-	(10,471)	-	-	10,471	-
Balance as at 30 June 2011 (unaudited)	51,660	34,205	-	-	193,097	278,962

AB INVALIDA

INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and Parent Company's statements of cash flows

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
	Unaudited		Unaudited	
Cash flows from (to) operating activities				
Net profit (loss) for the period	146,169	12,137	193,097	(2,317)
Adjustments for non-cash items and non-operating activities:				
Valuation (gain) loss, net	(25)	100	-	-
Depreciation and amortization	5,309	5,093	43	60
(Gain) loss on disposal of tangible assets	42	(18)	-	(28)
Realized and unrealized loss (gain) on investments	(25,364)	(288)	(25,778)	(1,247)
(Gain) loss on disposal of subsidiaries, associates	(103,649)	(15,272)	(150,760)	19,674
Share of net loss (profit) of associates and joint ventures	(1,191)	(1,429)	-	-
Interest (income)	(2,231)	(863)	(4,526)	(3,953)
Interest expenses	7,676	9,037	5,862	6,656
Deferred taxes	(6,788)	(1,131)	(8,067)	(285)
Current income tax expenses	340	2,427	153	-
Allowances	(947)	10,831	(1,661)	(19,630)
Change in provisions	-	(63)	-	-
Share based payment	(335)	180	-	-
Profit from bargain purchases	8	(778)	-	-
Dividend (income)	-	-	(11,314)	(300)
Loss (gain) from other financial activities	88	(996)	88	-
	18,316	19,745	(2,863)	(1,370)
Changes in working capital:				
(Increase) decrease in inventories	3,640	2,589	-	-
Decrease (increase) in trade and other receivables	(7,887)	(1,755)	966	(1)
Decrease (increase) in other current assets	(5,670)	483	6	18
(Decrease) increase in trade payables	(6,269)	(4,893)	148	37
(Decrease) increase in other current liabilities	1,560	(1,312)	216	129
	3,690	14,857	(1,527)	(1,187)
Cash flows (to) from operating activities				
Income tax (paid) return	(1,649)	(2,012)	(136)	-
Net cash flows (to) from operating activities	2,041	12,845	(1,663)	(1,187)

(cont'd on the next page)

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

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

		Group		Company	
		I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
Cash flows from (to) investing activities		Unaudited		Unaudited	
(Acquisition) of non-current assets (except investment properties)		(3,791)	(1,297)	(14)	(28)
Proceeds from sale of non-current assets (except investment properties)		24	97	-	65
(Acquisition) of investment properties	13	(1,568)	(26)	-	-
Proceeds from sale of investment properties	13	795	433	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired	8	(636)	-	(89)	57
Proceeds from sales of subsidiaries, net of cash disposed		-	49	-	-
(Acquisition) of associates and joint ventures		-	-	-	-
Proceeds from sales of associates and joint ventures	10	54,202	-	54,202	-
Direct expenses related to sale of Group companies		(10,551)	-	(10,551)	-
Loans (granted)		(8,078)	(6,206)	(22,503)	(17,122)
Repayment of granted loans		902	4,374	6,307	12,973
Dividends received		-	-	-	-
Interest received		1,843	248	2,147	40
(Acquisition) of and proceeds from sales of held-for-trade and available-for-sale investments	12	48,977	(180)	49,615	-
Net cash flows (to) investing activities		82,119	(2,508)	79,114	(4,015)
Cash flows from (to) financing activities					
Cash flows related to Group owners					
(Acquisition) and changes of non-controlling interests and increase of share capital		-	-	-	-
Dividends (paid) to equity holders of the parent		(24)	(22)	(24)	(22)
Dividends (paid) to non-controlling interests		(4,351)	-	-	-
		(4,375)	(22)	(24)	(22)
Cash flows related to other sources of financing					
Proceeds from loans		12,903	13,239	12,510	20,249
(Repayment) of loans	11	(71,682)	(17,211)	(68,162)	(11,664)
Interest (paid)		(14,243)	(6,529)	(11,974)	(2,919)
Financial lease (payments)		(70)	(70)	-	-
Transfer (to)/from restricted cash		1,875	60	-	-
Other cash flows from financing activities		-	-	-	-
		(71,217)	(10,511)	(67,626)	5,666
Net cash flows (to) from financial activities		(75,592)	(10,533)	(67,650)	5,644
Impact of currency exchange on cash and cash equivalents		(88)	-	(88)	-
Net (decrease) increase in cash and cash equivalents		8,480	(196)	9,713	442
Cash and cash equivalents at the beginning of the period	5	4,692	3,486	202	94
Cash and cash equivalents at the end of the period	5	13,172	3,290	9,915	536

(the end)

AB INVALIDA

INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

Notes to the interim condensed 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 the office is as follows:

Šeimyniškių str. 1A,
Vilnius,
Lithuania.

AB Invalda is incorporated and domiciled in Lithuania. AB Invalda is one of the major Lithuanian investment companies whose primary objective is to steadily increase investor equity value. For the purpose of achieving this objective the Company actively manages its investments, exercising control or significant influence over target businesses. AB Invalda has concentrated in the 1st half year of 2011 on the priority investments, such as pharmaceutical, road and bridge construction (sold in the 2nd quarter of 2011), furniture manufacturing, real estate, facilities management, and IT infrastructure segments and financial investment in rail and road infrastructure company in Poland. The activities and assets of key associates of the Company representing pharmaceutical, road and bridge construction segments were concentrated in Poland.

In respect of each business the Company defines its performance objectives, sets up the management team, participates in the development of the business strategy and monitors its implementation. AB Invalda plays an active role in making the decisions on strategic and other important issues that have an effect on the value of the Group companies.

The Company's shares are traded on the Baltic Main List of NASDAQ OMX Vilnius.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2011 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 2010.

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 2010, except adoption of new Standards and Interpretations as of 1 January 2011, noted below.

IAS 24 Related Party Disclosures (Revised) (effective for financial years beginning on or after 1 January 2011)

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The revised standard did not have an impact on the Group's financial statements for the six months ended 30 June 2011.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning on or after 1 July 2010).

The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation did not have an impact on the Group's financial statements for the six months ended 30 June 2011.

AB INVALIDA

INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

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

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments are generally applicable for annual periods beginning on or after 1 January 2011 unless otherwise stated. The important amendments for the Group are:

- IFRS 3 *Business combinations*. The amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The amendment is applicable to annual periods beginning on or after 1 July 2010 and applied prospectively from the date the entity applies IFRS 3.
The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. The amendment is applicable to annual periods beginning on or after 1 July 2010 and applied prospectively.
The amendments did not have an impact on the Group's financial statements for the six months ended 30 June 2011.
- IFRS 7 *Financial instruments: Disclosures*. The amendment clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period. It applied retrospectively. The Group reflects the revised disclosure requirements in Note 12.
- IAS 1 *Presentation of financial statements*. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It applied retrospectively. The amendment did not have an impact on the Group's financial statements for the six months ended 30 June 2011.
- IAS 34 *Interim financial reporting*. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around (i) the circumstances likely to affect fair values of financial instruments and their classification; (ii) transfers of financial instruments between different levels of the fair value hierarchy; (iii) changes in classification of financial assets; and (iv) changes in contingent liabilities and assets. It applied retrospectively. The Group reflects the revised disclosure requirements in Note 12.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the Group's financial statements and on the accounting policies:

- IFRS 1 *First-time adoption of International Financial Reporting Standards*.
- IFRS 3 *Business combinations*. Clarifies that contingent consideration arising from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005).
- IAS 27 *Consolidated and separate financial statements*. The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31 apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier.
- IFRIC 13 *Customer loyalty programmes*. The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes. The amendment will have no impact on the Group financial statements.

For the Group are not relevant the mentioned below standard's amendments, which has to apply from 1 January 2011: Amendment to IFRS 1 *Limited exemption from comparative IFRS 7 disclosures for first-time adopters* (effective for annual periods beginning on or after 1 July 2010).

Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirements* (effective for financial years beginning on or after 1 January 2011).

Comparative figures

In these financial statement two adjustments was made to the comparative figures for the six months ended 30 June 2010 that they conformed to the principles applied in the last audited annual financial statements:

- It was recalculated the profit attributable to the non-controlling interests. It was applied requirement of IAS 27 to not revise the attributed part of net losses, and therefore part of net profit due to the sale of UAB Broner was attributed to the non-controlling interest.
- According to revised the definition of non-controlling interests in IAS 27, share-based payment transaction are recognised not in the separate reserve within equity, but are attributed fully to non-controlling interest as of 1 January 2010.

AB INVALIDA

INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

3 Seasonality of operations and other recurring discrepancies in quarters

Historically information technology segment earned a bigger revenue and operational profit in the 4th quarter. New acquired entity, which operates in field of growing and trading of ornamental trees and shrubs, earned a bigger revenue and operational profit in the 2nd and 3rd quarter. The investment properties are revaluated usually in the Group at the end of financial year.

4 Segment information

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 on the same basis as net profit or loss in the financial statements. Group financing (including finance costs and finance revenue) and income taxes are allocated between segments as they are identified on basis of separate legal entities. Consolidation adjustments and eliminations are not allocated on a segment basis. Segment assets are measured in a manner consistent with that of the financial statements. All assets are allocated between segments, because segments are identified on basis of separate legal entities.

For management purposes, the Group is organised into following operating segments based on their products and services:

Real estate

The real estate segment is involved in investment in real estate, real estate management and administration, intermediation in buying, selling and valuation of real estate, in the geodesic measurement of land.

Facilities management (newly separated)

The facilities management segment is involved in facilities management of dwelling-houses, commercial and public real estate properties, and construction management. This segment is separated from real estate segment. After in 2010 incurred acquisition the operating results of the segment are presented to the Board of Directors of the Company and is analysed by it separately. The management of the segment is no longer accountable to the management of real estate segment. Respectively, the comparative figures were adjusted.

Furniture production

The furniture segment includes flat-pack furniture mass production and sale.

Information technology infrastructure

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

Other production and service segments

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

In the segment Note is no longer disclosed the road and bridge construction segment, which was reclassified to assets held-for-sale in the financial statements for the year ended 31 December 2010, and was disposed on 19 April 2010 and pharmacy segment, which was reclassified to assets held-for-sale in the financial statements for the six months ended 30 June of 2011 (see Note 10 and 16).

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. Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

The granted loans from the Company are allocated to other production and services segment. The impairment losses for these loans are allocated to a segment to which the loans are granted initially.

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(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 six months ended 30 June 2011:

Period ended 30 June 2011	Real estate	Facility management	Furniture production	Information technology	Other production and service	Elimi- nation	Total continuing operations
Revenue							
Sales to external customers	12,481	3,169	114,825	14,442	5,312	-	150,229
Inter-segment sales	859	1,271	-	39	5	(2,174)	-
Total revenue	13,340	4,440	114,825	14,481	5,317	(2,174)	150,229
Results							
Other income	17	662	1,628	635	5,467	(3,995)	4,414
Net losses from fair value adjustment on investment property	25	-	-	-	-	-	25
Net changes in fair value on financial assets	-	-	-	-	(18,872)	-	(18,872)
Segment expenses	(16,150)	(4,872)	(100,911)	(15,370)	(14,964)	6,169	(146,098)
Impairment, write-down and allowance	861	-	86	-	-	-	947
Share of profit (loss) of the associates and joint ventures	(112)	-	-	-	(315)	-	(427)
Profit (loss) before income tax	(2,019)	230	15,628	(254)	(23,367)	-	(9,782)
Income tax	631	(25)	(2,244)	7	8,079	-	6,448
Net profit (loss) for the period	(1,388)	205	13,384	(247)	(15,288)	-	(3,334)
Attributable to:							
Equity holders of the parent	(1,385)	205	9,637	(198)	(15,352)	-	(7,093)
Non-controlling interests	(3)	-	3,747	(49)	64	-	3,759

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(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 six months ended 30 June 2010:

Period ended 30 June 2010	Real estate	Facility management	Furniture production	Information technology	Other production and service	Elimination	Total continuing operations
Revenue							
Sales to external customers	16,859	1,479	86,698	6,434	3,544	-	115,014
Inter-segment sales	448	1,430	-	30	-	(1,908)	-
Total revenue	17,307	2,909	86,698	6,464	3,544	(1,908)	115,014
Results							
Other income	174	58	1,367	109	5,281	(4,618)	2,371
Net losses from fair value adjustment on investment property	(100)	-	-	-	-	-	(100)
Net gains on disposal of subsidiaries	15,272	-	-	-	-	-	15,272
Net changes in fair value on financial assets	-	-	-	-	288	-	288
Segment expenses	(20,304)	(2,663)	(73,278)	(8,092)	(12,199)	6,526	(110,010)
Impairment, write-down and allowance	(10,831)	-	-	-	-	-	(10,831)
Share of profit (loss) of the associates and joint ventures	1,226	-	-	-	(384)	-	842
Profit (loss) before income tax	2,744	304	14,787	(1,519)	(3,470)	-	12,846
Income tax	602	(43)	(2,228)	1	372	-	(1,296)
Net profit (loss) for the period	3,346	261	12,559	(1,518)	(3,098)	-	11,550
Attributable to:							
Equity holders of the parent	1,033	261	9,044	(1,215)	(3,098)	-	6,025
Non-controlling interests	2,313	-	3,515	(303)	-	-	5,525

The following table represents segment assets of the Group operating segments as at 30 June 2011 and 31 December 2010:

Segment assets	Real estate	Facility manage-ment	Furniture production	Information technology	Other production and service	Elimi- nation	Total continuing operations
At 30 June 2011	263,628	7,817	99,094	13,468	264,979	(95,215)	553,771
At 31 December 2010	266,737	8,347	108,717	16,285	102,138	(101,818)	400,406

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

5 Cash and cash equivalents

	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Cash at bank	13,043	4,507	9,915	202
Cash in hand	60	24	-	-
Cash in transit	69	161	-	-
	13,172	4,692	9,915	202

6 Dividends

In 2011 and 2010 dividends were not declared.

7 Income tax

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
Components of income tax expense				
Current income tax charge	(514)	(2,437)	(153)	-
Prior year current income tax correction	174	10	-	-
Deferred income tax income (expense)	6,788	1,131	8,067	285
Income tax (expenses) income charged to the income statement	6,448	(1,296)	7,914	285

8 Investment into subsidiaries and associatesUAB Lauko gėlininkystės bandymų stotis

On 4 January 2011, the Group acquired 51 % of shares of UAB Lauko gėlininkystės bandymų stotis for LTL 911 thousand (all amount paid in cash) from Valstybės turto fondas (the State Property Fund which is the operator of the government owned shares). The acquiree operates in field of growing and trading of ornamental trees and shrubs. Operations of the company acquired are meant to be continued also developing the owned real estate. Acquisition-related cost was equal to nil.

Based on a preliminary assessment, the fair values of the identifiable assets and liabilities of UAB Lauko gėlininkystės bandymų stotis were:

	<u>Fair values</u>
Property, plant and equipment	1,437
Inventories	668
Trade receivables	11
Other current assets	29
Cash	275
Total assets	2,420
Current liabilities	(168)
Other current liabilities	(63)
Total liabilities	(231)
Net assets	2,189
Non-controlling interests	(500)
Acquired net assets	1,689
Profit from bargain purchases	(778)
Purchase consideration transferred	911

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

8 Investment into subsidiaries and associates (cont'd)

Acquired business contributed revenues of LTL 1,006 thousand and earned the net profit of LTL 96 thousand to the Group in 1st half year of 2011.

Analysis of cash flows on acquisition:

Consideration paid in cash	(911)
Cash acquired with the subsidiary	275
Acquisition of subsidiaries, net of cash acquired	(636)

Establishment of companies

In 1st half year of 2011 the Group has established these new companies UAB Inreal GEO, Invalida Lux S.a.r.l, UAB Perspektyvi veikla, UAB Via Solutions.

9 Other revenues and expenses**9.1. Net changes in fair value on financial assets**

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
Gain (loss) from bonds of Trakcja – Tiltra	10	1,023	-	-
Gain (loss) from shares of Trakcja – Tiltra	10	(19,481)	-	-
Gain (loss) from derivative representing the share sale price adjustment of AB Sanitas according to the agreement (in the Group is included in the discontinued operations)	10	-	-	44,236
Other		(414)	68	1,247
<i>Net gain (loss) from financial assets at fair value, total</i>		<u>(18,872)</u>	<u>68</u>	<u>25,778</u>
<i>Realised (loss) gain from available-for-sale investments</i>		<u>-</u>	<u>220</u>	<u>-</u>
		<u>(18,872)</u>	<u>288</u>	<u>25,778</u>

9.2. Finance expenses

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
Interest expenses	(7,676)	(9,037)	(5,862)	(6,656)
Other finance expenses	(138)	(582)	(5)	(15)
	<u>(7,814)</u>	<u>(9,619)</u>	<u>(5,867)</u>	<u>(6,671)</u>

9.3. Other income

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
Interest income	2,231	863	4,526	3,953
Dividend income	-	-	11,314	300
Other income	2,183	1,508	12	33
	<u>4,414</u>	<u>2,371</u>	<u>15,852</u>	<u>4,286</u>

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

10 Discontinued operations and non-current assets classified as held-for-sale

	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Non-current assets classified as held-for-sale				
Road and bridge construction segment	-	72,075	-	25,004
Investment in associates (pharmacy segment)	126,116	-	109,558	-
Derivative representing the share sale price adjustment of AB Sanitas according to the agreement	45,748	-	45,748	-
Total pharmacy segment	171,864	-	155,306	-
	171,864	72,075	155,306	25,004

- On 18 November 2010, the Company signed an agreement regarding the sale 44.78 % shares of Tiltra Group AB and 43.36 % shares of AB Kauno Tiltai, if the conditions precedent set out in the Agreement is fulfilled. The mentioned companies compose the road and bridge construction segment. The Buyer of the shares is Trakcja Polska S. A. (current name – Trakcja – Tiltra S.A.), which main activity is a rail infrastructure construction. Therefore the investments were classified as assets held for sale in the statement of financial position and presented as discontinued operations in the income statement.

On 19 April 2011, AB Invalda and other shareholders of Tiltra Group AB and AB Kauno Tiltai (further – “Tiltra Group”) executed an agreement with the Polish listed railway infrastructure construction market leader Trakcja Polska S.A. and it's largest shareholder Comsa Emte (Spain) group and agreed to restore the effectiveness of the agreement (further - “Agreement”) regarding merger of activities of Trakcja Polska and Tiltra Group, which was signed on 18 November 2010. Concurrently, the parties agreed to amend the terms and conditions of the transaction provided for in the Agreement and completed the deal on the same day.

Total value of Tiltra Group in the transaction – PLN 777,536 thousand (LTL 679,528 thousand).

Amounts provided below are attributable only to the Company proportionately to its participation in the deal.

The Company sold to Trakcja Polska 44.78% stake in Tiltra Group AB and 43.36% stake in AB Kauno tiltai for total amount of PLN 314,120 thousand (LTL 274,525 thousand) and subsequently, the Company acquired:

- (i) 29,017,087 newly issued Trakcja Polska shares for PLN 132,318 thousand (LTL 115,639 thousand) (PLN 4.56 (LTL 3.99) per share), amounting to 12.5% in share capital of Trakcja Polska.
 - (ii) 59,892 bonds of Trakcja Polska with par value PLN 1000 (LTL 873.95) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2013, for PLN 59,892 thousand (LTL 52,343 thousand).
 - (iii) 59,891 bonds of Trakcja Polska with par value PLN 1000 (LTL 873.95) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2014, for PLN 59,891 thousand (LTL 52,342 thousand).
- Remaining PLN 62,019 thousand (LTL 54,202 thousand) was paid to the Company in cash.

Acquired financial assets through sale of road and bridge construction segment were measured on fair value on transaction date and gain of disposal without transaction expenses was calculated as follows:

	Group	Company
Shares of „Tiltra – Trakcja“	92,055	92,055
Bonds of „Tiltra – Trakcja“	97,049	97,049
Cash received	54,202	54,202
The carrying amount of sold investments	(72,075)	(25,004)
Foreign currency translation reserve of sold associates	(40)	-
Gain on disposal of associates without transaction expenses	171,191	218,302

AB INVALIDA

INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(all amounts are in LTL thousand unless otherwise stated)

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

In the Company the gain on sale of associates was calculated as follows:

	<u>I Half Year 2011</u>
Gain on sale of associates without related expenses	218,302
Direct expenses related to sale	(20,817)
Provision for potential liabilities regarding share sale price, discounted	(46,725)
Profit of sales of associates	<u>150,760</u>

Proceedings paid to the Company for shares of Tiltra Group AB and AB Kauno tiltai might be reduced depending on the financial results of the companies. It is agreed these goals:

(i) the aggregated net profit for the financial year ended 31 March 2011 will equal at least to PLN 63 million (approximately LTL 55 million), aggregated EBITDA – PLN 109 million (approximately LTL 95 million);

(ii) the aggregated net profit for the financial year ended 31 March 2012 will equal at least to PLN 67.5 million (approximately LTL 59 million), aggregated EBITDA – PLN 119 million (approximately LTL 104 million).

If net profit would be lower than the respective amount mentioned above by at least PLN 1 million (approximately LTL 0.87 million), the price shall be reduced by PLN 4 for each PLN 1 difference, and if EBITDA would be lower than the respective amount mentioned above by at least PLN 1 million (approximately LTL 0.87 million), the price shall be reduced by PLN 3 for each PLN 1 difference. The price would be reduced by the higher of the mentioned adjustments. According to this rule the price could not be reduced more than PLN 150 million (approximately LTL 131 million) for entire transaction. It is attributable from this amount PLN 60.6 million (approximately LTL 53 million) to the Company.

Also, the Company has a liability in respect of representations and warranties provided to Trakcja Polska, and regarding a title to sold shares. In general, total liability of the Invalida might not exceed total proceedings from the transaction.

The Company is obliged for at least 12 months not to sell acquired Trakcja Polska shares and also provided other guarantees for fulfilment of the liabilities.

The parties has also agreed that in connection with the statement of claim filed by Mr. J. Jurek, the former shareholder of Tiltra Group AB subsidiary Poldim S.A., for the transaction involving the acquisition by Silentio Investments (the subsidiary of AB Tiltra Group) of shares in Poldim to be declared invalid, the Tiltra Price will be reduced accordingly. The parties agreed that, after the Transaction Closing, the court dispute with Mr. J. Jurek referred to in this item will be conducted by a legal advisor designated by the Tiltra Group Shareholders, at the Tiltra Group Shareholders' cost. Management of AB Invalida and Tiltra Group AB is of the opinion that Mr. J. Jurek claims are without merit and therefore groundless.

The Group and the Company has recognised the provision related with financial results of sold companies for all price adjustment amount according to the Agreement. According preliminary information the goals of the financial results for the financial year ended 31 March 2011 were reached. The provision is made regarding the goals of the financial results for the financial year ended 31 March 2012, because the Company does not control the results of sold companies. Estimated realisation of provision is 3rd quarter of 2012, therefore as the effect of time value of money is material, the provision was discounted and equal to LTL 46,725 thousand.

AB Sanitas

The Company and other AB Sanitas shareholders, all together controlling 87,2% shares, on 23 May 2011, have signed a definitive share sale and purchase agreement for the sale of their entire shareholding in AB Sanitas to Valeant Pharmaceuticals International, Inc. ("Valeant").

Pursuant to the agreement, the Company will sell 26.5% shareholdings in AB Sanitas. Therefore the investments were classified as assets held for sale in the statement of financial position and presented as discontinued operations in the income statement. The judgement was made for the following reasons:

- The investments were available for immediate sale in their current condition subject to the terms that are usual for sale transactions of this type of investments
- The sale was highly probable, because the management had intention to sell the investments and had concentrated all resources to complete the transaction
- The transaction had to be closed until 30 September 2011 according to the agreement.

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

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

The transaction was closed on 19 August 2011 (see Note 16)

Considering the undertaken investment return risk the price paid for the shares according to the agreement of 24 October 2008 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 shareholder agreement. To reflect likely share price adjustment a derivative was recognised in the statement of financial position for 6 months ended 30 June 2011 in the caption "non-current assets classified as held-for-sale". On 30 June 2011 the price adjustment is calculated according to the price, established in the share sale agreement with Valeant, and discounted from estimated transaction date (LTL 45,748 thousand, as of 31 December 2010 – LTL 1,512 thousand).

Discontinued operations

	I Half Year 2011	I Half Year 2010
Share of profit of associates (road and bridge construction)	-	(4,005)
Gain on sale of road and bridge construction segment	171,191	-
Direct expenses related to sale	(20,817)	-
Provision for potential liabilities regarding share sale price, discounted	(46,725)	-
Total discontinued operations (road and bridge construction)	103,649	(4,005)
Share of profit of associates (pharmacy segment)	1,618	4,592
Gain from derivative representing the share sale price adjustment of AB Sanitas according to the agreement	44,236	-
Total discontinued operations (pharmacy segment)	45,854	4,592
Total discontinued operations	149,503	587
	I Half Year 2011	I Half Year 2010
Earnings per share:		
Basic from discontinued operations	2.89	0.01
Diluted from discontinued operations	2.60	0.01

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

11 Borrowings

On 31 March 2011, the Group has agreed with Nordea bank on the extension of current financing of the real estate segment. Current loans, which mature in 2011, were extended for 3 years and the bank provided indemnify against non-compliance with covenants for the same period. As at 30 June 2011 loans of LTL 117,968 thousand (as at 31 December 2010 – LTL 7,032 thousand) were recognised as non-current in statement of financial position, and loans of LTL 750 thousand (as at 31 December 2010 – LTL 115,174 thousand) were recognised as current portion of non-current loans.

During the 1st half year of 2011, the Group and the Company refunded respectively LTL 71,682 thousand and LTL 68,162 thousand of loans (during the 1st half year of 2010 respectively LTL 17,211 thousand and LTL 11,664 thousand), mainly used the proceeds from sale of road and bridge construction segment and bonds. The Company's liabilities to AB Šiaulių bankas and AB bankas Snoras was fully covered (on the statement of financial position for the year ended 2010 – LTL 18,000 thousand and LTL 24,254 thousand, respectively).

12 Financial assets and fair value hierarchy

The Group and the Company has reversed part of impairment losses of loan granted to early own Latvian real estate entity because due to change economic situation the Company has evidence that part of loan would be returned (LTL 1,278 thousand). In 1st half year of 2010 reversal of investments impairment losses in the Company was related with the sale of real estate companies which were next door to bankruptcy (LTL 19,690 thousand). On the Group level in 1st half year of 2010 was recognised additionally impairment losses to trade receivables from sold companies.

The Group has obtained an investment property for LTL 2,600 thousand from bankrupted company UAB Nerijos būstas, so was offset part of trade receivable from this company. The investment property will be further developed.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2011:

	Level 1	Level 2	Level 3	Total balance
Assets				
Shares of Trakcja Tiltra	72,574	-	-	72,574
Bonds of Trakcja Tiltra	-	48,457	-	48,457
Other	6,591	-	-	6,591
Held-for-trade securities	79,165	48,457	-	127,622
Derivative representing the share sale price adjustment of AB Sanitas according to the agreement (non-current assets held-for-sale)	-	-	45,748	45,748
Total Assets	79,165	48,457	45,748	173,370
Liabilities				
Cash flow hedge	-	49	-	-

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

12 Financial assets and fair value hierarchy (cont'd)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total balance
Assets				
Held-for-trade securities	6,934	-	-	6,934
Derivative representing the share sale price adjustment of AB Sanitas according to the agreement	-	-	1,512	1,512
Total Assets	6,934	-	1,512	8,446
Liabilities				
Cash flow hedge	-	163	-	-

In 1st half year of 2011, there were no transfers between Level 1 and Level 2 fair value measurements and any changes in level 3 instruments.

Cash flows

Cash flows related to held-for-trade and available-for-sale investments are as follows:

	Group		Company	
	I Half Year 2011	I Half Year 2010	I Half Year 2011	I Half Year 2010
Sale of bonds of Trakcja – Tiltra	49,615	-	49,615	-
(Acquisition) and sale of held-for-trade investments	(71)	(180)	-	-
(Acquisition) and sale of available-for-sale investments	(567)	-	-	-
	<u>48,977</u>	<u>(180)</u>	<u>49,615</u>	<u>-</u>

13 Investment properties

During 1st half year of 2011 the Group has acquired additionally investment properties for LTL 4,168 thousand, from which the investment property for LTL 2,600 thousand was obtained as collateral for trade receivable (see Note 12) and in cash was acquired for LTL 1,568 thousand. Also investment properties was sold for LTL 795 thousand (the sale price was equal to the carrying amount). In 1st quarter asset located at Elniakampio 7, Vilnius with carrying value of LTL 700 thousand was reclassified from investment property to inventories. There the construction of residential apartments started. In 2nd quarter of 2011 from owned-occupied property to investment property was transferred asset located at A. Juozapavičiaus g. 7. The carrying amount of asset was bigger as fair value (LTL 2,000 thousand), therefore in the income statement was recognised the impairment loss of LTL 383 thousand.

14 Other current liabilities

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Direct expenses related to sale of road and bridge construction segment	10,209	-	10,209	-
Provision for potential liabilities regarding share sale price, discounted	46,725	-	46,725	-
Employee benefits	4,985	3,985	307	293
Other	6,225	5,814	2,380	2,222
Total other current liabilities	68,144	9,799	59,621	2,515

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

15 Related party transactions

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

The Company's transactions with related parties in the 1st half year of 2011 and related quarter-end balances were as follows:

2011 I half year Company	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	3,060	1,086	93,266	31,936
Rent and utilities	-	70	-	198
Dividends	11,314	-	-	-
Other	-	24	17	-
	<u>14,374</u>	<u>1,180</u>	<u>93,283</u>	<u>32,134</u>

Liabilities to shareholders and management - - - -

The Company's transactions with related parties in the 1st half year of 2010 and related quarter-end balances were as follows:

2010 I half year Company	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	4,536	962	104,116	41,843
Rent and utilities	-	68	-	132
Dividends	300	-	300	-
Other	-	24	-	-
	<u>4,836</u>	<u>1,054</u>	<u>104,416</u>	<u>41,975</u>

Liabilities to shareholders and management 916 2 - -

The Group's transactions with related parties in the 1st half year of 2011 and related quarter-end balances were as follows:

2011 I half year Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	67	-	9,593	-
Real estate income	56	-	67	-
Roads and bridges construction segment	124	-	128	-
Furniture production segment	-	821	-	142
Other	71	2	19	-
	<u>318</u>	<u>823</u>	<u>9,807</u>	<u>142</u>

Liabilities to shareholders and management 471 - 20,196 -

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

15 Related party transactions (cont'd)

The Group's transactions with related parties in the 1st half year of 2010 and related quarter-end balances were as follows:

2010 I half year Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	478	187	16,683	4,243
Rent and utilities	87	-	53	-
Roads and bridges construction segment	72	55	109	-
Other	35	112	1	113
	<u>672</u>	<u>354</u>	<u>16,846</u>	<u>4,356</u>
Liabilities to shareholders and management	3,163	10	13,499	-

16 Events after the reporting periodAB Sanitas

The Company and other AB Sanitas shareholders, all together controlling 87,2% shares, on 19 August 2011, have closed the transaction regarding the sale of their entire shareholding in AB Sanitas to Valeant Pharmaceuticals International, Inc.

According to the agreement signed on 23 May 2011, Invalida AB has sold 26.5% shareholdings in AB Sanitas, in exchange of LTL 286,690 thousand or 10.06 EUR (34.74 LTL) for one share.

Taking into account share price adjustment mechanism set out in the agreement signed on 24 October, 2008 with Baltic pharma Limited, (regarding sale of 20.3 % of the share capital of Sanitas AB) and analogous mechanism set out in the agreements with some investors, from which was acquired AB Sanitas shares in the end of 2008 and at the beginning of 2009, total proceedings of the Company from Sanitas shares was amount to LTL 315,608 thousand.

The additionally net gain in the standalone financial statements for nine months ended 30 September 2011 will be LTL 160,302 thousand in the consolidated financial statements – LTL 143,744 thousand.

Repayment of the Company's borrowing

Cash received from the sale of AB Sanitas, the Company has used to cover fully liabilities to DnB Nord bank (as of 30 June 2011 – LTL 78,570 thousand) and to Group companies - LTL 31,936 thousand. Besides, The Company has borrowed to subsidiaries LTL 17 million to cover the Group liabilities to the banks.

AB INVALIDA**INTERIM CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

(all amounts are in LTL thousand unless otherwise stated)

16 Events after the reporting period (cont'd)Acquisition of UAB Jurita

On 4 August 2011 the Group acquired 100 % of the shares of UAB Jurita from Vilnius municipality for LTL 2,519 thousand (the total acquisition price paid in cash). The acquiree manages dwelling-houses in Vilnius district Justiniškės. The acquisition is expected to increase the Group's market share in a facility management and reduce cost through a synergy. Acquisition-related cost was equal to nil.

Until the issue of these financial statements, it was not finished the acquisition accounting.

The carrying value of assets and liabilities accounted by the acquiree on 31 March 2011 were:

	<u>Carrying value</u>
Property	1,035
Other tangible assets	89
Inventories	74
Trade receivables	282
Other current assets	9
Term deposits	1,000
Cash	735
Total assets	3,224
Non - current liabilities	(983)
Current liabilities	(308)
Total liabilities	(1,291)
Net assets	1,933

Acquisition of minority interest of UAB Lauko gėlininkystės bandymų stotis

On 22 July 2011 the Group acquired 49 % of the shares of UAB Lauko gėlininkystės bandymų stotis for LTL 500 thousand. Now the Group owns 100 % of the shares of UAB Lauko gėlininkystės bandymų stotis.