

AB INVALIDA

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED NOT-AUDITED FINANCIAL
STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN
UNION

AB INVALIDA

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

Mr. Vytautas Bučas (chairman of the Board)

Mr. Darius Šulnis

Mrs. Indrė Mišeikytė (from 30th April 2012)

Mr. Dalius Kaziūnas (until 30th April 2012)

Management

Mr. Dalius Kaziūnas (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 Bankas

AB Siauliu Bankas

Danske Bank A/S Lithuania Branch

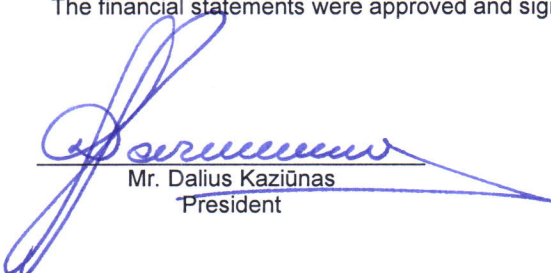
AB bankas Finasta

UAB Medicinos Bankas

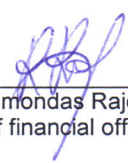
AS UniCredit Bank Lithuania Branch

AB SEB Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 27 August 2012.



Mr. Dalius Kaziūnas
President



Mr. Raimondas Rajeckas
Chief financial officer

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Company's income statements

		Group		Company	
		I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Revenue					
Furniture production revenue		115,398	114,825	-	-
Residential real estate revenue		6,557	952	-	-
Rent and other real estate revenue		12,679	11,529	-	-
Information technology revenue		15,136	14,442	-	-
Facility management revenue		5,186	3,169	-	-
Other production and services revenue		6,028	5,312	-	-
Total revenue		160,984	150,229	-	-
Other income	9.3	2,784	4,354	34,894	15,852
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	8	1,282	-	(1,052)	150,760
Net gains (losses) from fair value adjustments on investment property		275	25	-	-
Net changes in fair value of financial assets	9.1	7,055	(18,872)	5,575	25,778
Changes in inventories of finished goods and work in progress		749	(2,452)	-	-
Raw materials and consumables used		(88,604)	(87,345)	(12)	(9)
Changes in residential real estate		(4,725)	(869)	-	-
Employee benefits expenses		(26,869)	(19,220)	(1,402)	(910)
Impairment, write-down, allowances and provisions		947	947	1,079	1,661
Premises rent and utilities		(9,420)	(8,761)	(87)	(80)
Depreciation and amortisation		(5,058)	(5,309)	(41)	(43)
Repair and maintenance of premises		(5,193)	(4,897)	-	-
Other expenses		(9,351)	(10,186)	(602)	(1,959)
Operating profit (loss)		24,856	(2,356)	38,352	191,050
Finance costs	9.2	(2,647)	(7,814)	(776)	(5,867)
Share of profit (loss) from associates and joint ventures		3,460	(427)	-	-
Profit (loss) before income tax		25,669	(10,597)	37,576	185,183
Income tax	7	(2,971)	6,448	(1,407)	7,914
Profit (loss) for the period from continuing operations		22,698	(4,149)	36,169	193,097
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	10	-	149,503	-	-
PROFIT (LOSS) FOR THE PERIOD		22,698	145,354	36,169	193,097
Attributable to:					
Equity holders of the parent		19,885	141,746	36,169	193,097
Non-controlling interests		2,813	3,608	-	-
		22,698	145,354	36,169	193,097
Basic earnings (deficit) per share (in LTL)	13	0.37	2.74	0.68	3.74
Diluted earnings (deficit) per share (in LTL)	13	0.37	2.49	0.66	3.38
Basic earnings (deficit) per share (in LTL) from continuing operations	13	0.37	(0.15)	0.68	3.74
Diluted earnings (deficit) per share (in LTL) from continuing operations	13	0.37	(0.15)	0.66	3.38

AB INVALIDA**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Company's statements of comprehensive income

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
	Unaudited	Unaudited	Unaudited	Unaudited
PROFIT (LOSS) FOR PERIOD	22,698	145,354	36,169	193,097
Continuing operation				
Net gain (loss) on cash flow hedge	-	114	-	-
Income tax	-	(17)	-	-
	-	97	-	-
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	31	-	-	-
Share of other comprehensive income (loss) of associates	29	-	-	-
Other comprehensive income (loss) for the period from continuing operation	60	97	-	-
Discontinued operations				
Share of other comprehensive income (loss) of associates	-	(243)	-	-
Other comprehensive income (loss) for the period from discontinued operations	-	(243)	-	-
Other comprehensive income (loss) for the period, net of tax	60	(146)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	22,758	145,208	36,169	193,097
Attributable to:				
Equity holders of the parent	19,939	141,600	36,169	193,097
Non-controlling interests	2,819	3,608	-	-

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's income statements

	Group		Company	
	II Quarter 2012	II Quarter 2011	II Quarter 2012	II Quarter 2011
	Unaudited		Unaudited	
Continuing operations				
Revenue				
Furniture production revenue	56,897	58,258	-	-
Residential real estate revenue	991	-	-	-
Rent and other real estate revenue	6,082	5,581	-	-
Information technology revenue	8,015	6,026	-	-
Facility management	2,684	1,652	-	-
Other production and services revenue	3,756	3,508	-	-
Total revenue	78,425	75,025	-	-
Other income	1,187	2,719	31,691	14,339
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	(755)	-	(754)	150,760
Net gains (losses) from fair value adjustments on investment property	226	17	-	-
Net changes in fair value on financial assets	(7,203)	(18,684)	(6,570)	25,778
Changes in inventories of finished goods and work in progress	(3,802)	(4,563)	-	-
Raw materials and consumables used	(39,415)	(40,371)	(6)	(5)
Changes in residential real estate	(726)	(58)	-	-
Employee benefits expenses	(15,035)	(9,921)	(470)	(470)
Impairment, write-down, allowances and provisions	822	(91)	753	684
Premises rent and utilities	(3,993)	(3,884)	(41)	(36)
Depreciation and amortisation	(2,439)	(2,701)	(21)	(21)
Repair and maintenance of premises	(2,525)	(2,413)	-	-
Other operating expenses	(4,856)	(6,115)	(270)	(1,708)
Operating profit (loss)	(89)	(11,040)	24,312	189,321
Finance costs	(764)	(3,950)	(4)	(2,758)
Share of profit (loss) from associates and joint ventures	5,071	(130)	-	-
Profit (loss) before income tax	4,218	(15,120)	24,308	186,563
Income tax	305	6,677	855	7,579
Profit (loss) for the period from continuing operations	4,523	(8,443)	25,163	194,142
Discontinued operation				
Profit/(Loss) after tax for the period from a discontinued operation	(64)	145,334	-	-
PROFIT (LOSS) FOR THE PERIOD	4,459	136,891	25,163	194,142
Attributable to:				
Equity holders of the parent	3,241	135,031	25,163	194,142
Non-controlling interests	1,218	1,860	-	-
	4,459	136,891	25,163	194,142
Basic earnings (deficit) per share (in LTL)	0.05	2.61	0.47	3.76
Diluted earnings (deficit) per share (in LTL)	0.07	2.37	0.46	3.40
Basic earnings (deficit) per share (in LTL) from continuing operations	0.05	(0.20)	0.47	3.76
Diluted earnings (deficit) per share (in LTL) from continuing operations	0.07	(0.20)	0.46	3.40

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	II Quarter 2012	II Quarter 2011	II Quarter 2012	II Quarter 2011
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	4,459	136,891	25,163	194,142
Continuing operation				
Net gain (loss) on cash flow hedge	-	52	-	-
Income tax	-	(8)	-	-
	-	44	-	-
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	6	-	-	-
Share of other comprehensive income (loss) of associates	-	-	-	-
Other comprehensive income (loss) for the period from continuing operation	6	44	-	-
Discontinued operations				
Share of other comprehensive income (loss) of associates	-	144	-	-
Other comprehensive income for the period from discontinued operations	-	144	-	-
Other comprehensive income (loss) for the period, net of tax	6	188	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,465	137,079	25,163	194,142
Attributable to:				
Equity holders of the parent	3,246	135,219	25,163	194,142
Non-controlling interests	1,219	1,860	-	-

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

Interim consolidated and Company's statements of financial position

	Group		Company	
	As at 30 June 2012	As at 31 December 2011	As at 30 June 2012	As at 31 December 2011
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment	39,964	38,259	151	184
Investment properties	16 250,828	248,957	-	-
Intangible assets	12,015	13,074	15	7
Investments into subsidiaries	8 -	-	99,763	99,607
Investments into associates and joint ventures	8 42,758	39,269	724	724
Investments available-for-sale	2,859	2,859	1,817	1,817
Loans granted	689	12,041	4,143	4,143
Other non-current assets	2,848	2,848	-	-
Deferred income tax asset	19,718	22,372	17,454	19,941
Total non-current assets	371,679	379,679	124,067	126,423
Current assets				
Inventories	21,170	25,819	-	-
Trade and other receivables	44,088	33,437	897	218
Current loans granted	1,161	31,233	148,305	174,648
Prepaid income tax	712	973	-	-
Prepayments and deferred charges	2,846	2,587	109	123
Financial assets at fair value through profit loss	15 47,121	47,599	40,414	33,298
Deposits and financial assets held to maturity	5 18,913	99,137	6,006	48,621
Restricted cash	3,302	2,915	-	-
Cash and cash equivalents	5 67,829	21,346	59,014	11,888
Total current assets	207,142	265,046	254,745	268,796
Assets of disposal group classified as held-for-sale	10 -	1,708	-	3,745
Total assets	578,821	646,433	378,812	398,964

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

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

	Group		Company	
	As at 30 June 2012	As at 31 December 2011	As at 30 June 2012	As at 31 December 2011
	Unaudited	Audited	Unaudited	Audited
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent				
Share capital	11	57,558	57,558	51,660
Own shares	12	(59,659)	(59,659)	-
Share premium		60,747	60,747	34,205
Reserves	12	295,315	274,870	-
Retained earnings		33,376	42,267	274,870
		387,337	375,783	360,735
		18,954	-	-
Total equity		406,291	375,783	360,735
Liabilities				
Non-current liabilities				
Non-current borrowings	14	104,714	-	-
Financial lease liabilities		488	-	-
Government grants		216	-	-
Provisions		396	-	-
Deferred income tax liability		15,337	-	-
Other non-current liabilities		3,728	-	-
Total non-current liabilities		124,879	-	-
Current liabilities				
Current portion of non-current borrowings	14	4,049	-	6
Current portion of financial lease liabilities		156	-	-
Current borrowings	14	545	362	353
Trade payables		27,860	115	630
Income tax payable		228	-	-
Provisions		288	-	-
Advances received		1,959	-	-
Derivative financial instruments		-	-	-
Convertible bonds	11	-	-	34,059
Other current liabilities	17	12,566	2,552	3,181
Total current liabilities		47,651	3,029	38,229
Total liabilities		172,530	3,029	38,229
Total equity and liabilities		578,821	378,812	398,964

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AB INVALIDA**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and Company's statements of changes in equity

Group	Equity attributable to equity holders of the parent									
	Share capital	Own shares	Share premium	Fair value reserves	Reserves			Subtotal	Non-controlling interests	Total equity
					Legal and other reserves	Foreign currency translation reserve	Retained earnings (accumulated deficit)			
Balance as at 31 December 2011 (audited)	51,660	-	34,205	-	20,299	-	280,046	386,210	29,151	415,361
Profit (loss) for the I half year of 2012	-	-	-	-	-	-	19,885	19,885	2,813	22,698
Other comprehensive income (loss) for the I half year of 2012	-	-	-	-	-	25	29	54	6	60
Total comprehensive income (loss) for the I half year of 2012	-	-	-	-	-	25	19,914	19,939	2,819	22,758
Dividends of subsidiaries	9.3	-	-	-	-	-	-	-	(10,828)	(10,828)
Share based payments	-	-	-	-	-	-	-	-	121	121
Changes in reserves	12	-	-	-	274,991	-	(274,991)	-	-	-
Increase of share capital	11	5,898	-	26,542	-	-	-	32,440	-	32,440
Acquired own shares	12	-	(59,659)	-	-	-	-	(59,659)	-	(59,659)
Acquired minority of subsidiaries	8	-	-	-	-	-	2,309	2,309	(2,309)	-
Reversal of interest of convertible bonds	11	-	-	-	-	-	6,098	6,098	-	6,098
Balance as at 30 June 2012 (unaudited)	57,558	(59,659)	60,747	-	295,290	25	33,376	387,337	18,954	406,291

AB INVALIDA**CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

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

Group	Equity attributable to equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Fair value reserves	Reserves			Subtotal			
				Legal and other reserves	Foreign currency translation reserve	Retained earnings (accumulated deficit)				
Balance as at 31 December 2010 (audited)	51,660	44,676	(139)	20,241	-	58,694	175,132	24,919	200,051	
Profit (loss) for the I half year of 2011	-	-	-	-	-	141,746	141,746	3,608	145,354	
Other comprehensive income (loss) for the I half year of 2011	-	-	97	-	-	(243)	(146)	-	(146)	
Total comprehensive income for the I half year of 2011	-	-	97	-	-	141,503	141,600	3,608	145,208	
Dividends of subsidiaries	-	-	-	-	-	-	-	(4,351)	(4,351)	
Acquisition of subsidiaries	-	-	-	-	-	-	-	500	500	
Share based payments	-	-	-	-	-	-	-	419	419	
Changes in reserves	-	(10,471)	-	58	-	10,413	-	-	-	
Balance as at 30 June 2011 (unaudited)	51,660	34,205	(42)	20,299	-	210,610	316,732	25,095	341,827	

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INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

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

Company	Reserves						Total
	Share capital	Own shares	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings (accumulated deficit)	
Balance as at 31 December 2011 (audited)	51,660	-	34,205	-	-	274,870	360,735
Profit (loss) for the I half year of 2012	-	-	-	-	-	36,169	36,169
Increase of share capital	11 5,898	-	26,542	-	-	6,098	38,538
Acquired own shares	12 -	(59,659)	-	-	-	-	(59,659)
Changes in reserves	12 -	-	-	5,756	269,114	(274,870)	-
Balance as at 30 June 2012 (unaudited)	57,558	(59,659)	60,747	5,756	269,114	42,267	375,783

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 (audited)	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

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INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and Company's statements of cash flows

	Group		Company	
	I Half	I Half	I Half	I Half Year
	Year 2012	Year 2011	Year 2012	2011
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from (to) operating activities				
Net profit (loss) for the period	22,698	145,354	36,169	193,097
Adjustments for non-cash items and non-operating activities:				
Valuation (gain) loss, net	(275)	(25)	-	-
Depreciation and amortization	5,058	5,309	41	43
(Gain) loss on disposal of tangible assets	(21)	42	-	-
Realized and unrealized loss (gain) on investments	(7,055)	(25,364)	(5,575)	(25,778)
(Gain) loss on disposal of subsidiaries, associates	(1,282)	(103,649)	1,052	(150,760)
Share of net loss (profit) of associates and joint ventures	(3,460)	(1,191)	-	-
Interest (income)	(2,247)	(2,231)	(6,218)	(4,526)
Interest expenses	2,545	7,676	776	5,862
Deferred taxes	1,724	(6,788)	1,404	(8,067)
Current income tax expenses	1,247	340	3	153
Allowances	(935)	(947)	(1,079)	(1,661)
Change in provisions	(12)	-	-	-
Share based payment	121	419	-	-
Profit from bargain purchases	8	(717)	-	-
Dividend (income)	(18)	-	(28,674)	(11,314)
Loss (gain) from other financial activities	124	88	124	88
	18,212	18,316	(1,977)	(2,863)
Changes in working capital:				
(Increase) decrease in inventories	4,735	3,641	-	-
Decrease (increase) in trade and other receivables	(3,239)	(7,887)	-	966
Decrease (increase) in other current assets	(309)	(5,643)	14	6
(Decrease) increase in trade payables	(6,582)	(6,269)	(548)	148
(Decrease) increase in other current liabilities	(1,770)	1,559	(503)	216
	11,047	3,717	(3,014)	(1,527)
Cash flows (to) from operating activities	11,047	3,717	(3,014)	(1,527)
Income tax (paid) return	(218)	(1,676)	-	(136)
Net cash flows (to) from operating activities	10,829	2,041	(3,014)	(1,663)

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INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

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

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
	Unaudited		Unaudited	
Cash flows from (to) investing activities				
(Acquisition) of non-current assets (except investment properties)	(5,662)	(3,791)	(16)	(14)
Proceeds from sale of non-current assets (except investment properties)	109	24	-	-
(Acquisition) of investment properties	16 (2,171)	(1,568)	-	-
Proceeds from sale of investment properties	16 575	795	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired	8 -	(636)	-	(89)
Proceeds from sales of subsidiaries, net of cash disposed	-	-	-	-
(Acquisition) of associates and joint ventures	-	-	-	-
Proceeds from sales of associates and joint ventures	8 3,745	54,202	3,745	54,202
Expenses related to sell of associates	-	(10,551)	-	(10,551)
Loans (granted)	(137)	(8,078)	(23,624)	(22,503)
Repayment of granted loans	40,596	902	50,347	6,307
Transfer to/from term deposits	85,673	-	48,339	-
(Acquisition) of and proceeds from sales held to maturity investments	(5,964)	-	(5,964)	-
Dividends received	15	-	28,049	-
Interest received	3,178	1,843	6,319	2,147
(Acquisition) of and proceeds from sales of held-for-trade and available-for-sale investments	4,625	48,977	2,937	49,615
Net cash flows (to) investing activities	124,582	82,119	110,132	79,114
Cash flows from (to) financing activities				
Cash flows related to Group owners				
(Acquisition) and changes of non-controlling interests and increase of share capital	-	-	(155)	-
Acquisition of own shares	(59,659)	-	(59,659)	-
Dividends (paid) to equity holders of the parent	(48)	(24)	(48)	(24)
Dividends (paid) to non-controlling interests	(9,766)	(4,351)	-	-
	(69,473)	(4,375)	(59,862)	(24)
Cash flows related to other sources of financing				
Proceeds from loans	3,398	12,903	-	12,510
(Repayment) of loans	14 (20,361)	(71,682)	(6)	(68,162)
Interest (paid)	(1,811)	(14,243)	-	(11,974)
Financial lease (payments)	(185)	(70)	-	-
Transfer (to)/from restricted cash	(387)	1,875	-	-
Other cash flows from financing activities	-	-	-	-
	(19,346)	(71,217)	(6)	(67,626)
Net cash flows (to) from financial activities	(88,819)	(75,592)	(59,868)	(67,650)
Impact of currency exchange on cash and cash equivalents	(109)	(88)	(124)	(88)
Net (decrease) increase in cash and cash equivalents	46,483	8,480	47,126	9,713
Cash and cash equivalents at the beginning of the period	5 21,346	4,692	11,888	202
Cash and cash equivalents at the end of the period	5 67,829	13,172	59,014	9,915

(the end)

AB INVALIDA

INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(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. The Company gives the priority to furniture manufacturing, real estate, facilities management, agriculture and IT infrastructure segments.

In respect of each business the Company defines its performance objectives, sets up the management team, participates in the development of the business strategy and monitors its implementation. AB Invalda 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 2012 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 2011.

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 2011, except adoption of new Standards and Interpretations as of 1 January 2012, noted below.

IFRS 7 Disclosures - Transfers of Financial Assets

The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. The amendment affects disclosure only and would have no impact on the Group's financial position or performance. The amendment has not any impact in the Group's financial statements for the six months ended 30 June 2012.

Comparative figures

The comparative figures have been adjusted in the income statements for the six months ended 30 June 2012 due to presenting of discontinued operation.

AB INVALIDA

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(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. The agriculture segment earned a bigger operational profit in the 2nd and 3rd quarter. The 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:

Furniture production

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

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.

Agriculture

Agricultural activities include the primary crop and livestock (milk) production, grain processing and agricultural services. The segment's companies sell plant protection products, fertilizers, seeds, compound feed, feed supplements, veterinary products, buying grain, providing grain and other raw materials drying, cleaning, handling and storage services.

Information technology infrastructure

The information technology infrastructure segment is involved in offering IT infrastructure strategy, security and maintenance solutions, supplies of all hardware and software needed for IT infrastructure solutions of any size and in the development and implementation of software for government register systems, including consultation.

Facilities management

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

Other production and service segments

The other production and service segment is involved in hardware articles production (in 2011), road signs production, wood manufacturing and other activities.

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 COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(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 6 months ended 30 June 2012:

6 months ended 30 June 2012	Furniture production	Real estate	Facility management	Agriculture	Information technology and service	Other production	Elimi- nation	Total continuing operations
Revenue								
Sales to external customers	115,398	19,236	5,186	-	15,136	6,028	-	160,984
Inter-segment sales	-	622	795	-	107	2	(1,526)	-
Total revenue	115,398	19,858	5,981	-	15,243	6,030	(1,526)	160,984
Results								
Other income	1,116	56	223	-	159	6,115	(4,885)	2,784
Net losses from fair value adjustment on investment property	-	275	-	-	-	-	-	275
Net gain (losses) on disposal of subsidiaries, associates and joint ventures	-	(755)	-	-	-	2,037	-	1,282
Net changes in fair value on financial assets	-	-	-	-	-	7,055	-	7,055
Segment expenses	(103,753)	(20,649)	(6,442)	-	(16,773)	(9,912)	6,411	(151,118)
Impairment, write-down and allowance	71	802	12	-	-	62	-	947
Share of profit (loss) of the associates and joint ventures	-	(124)	-	3,554	-	30	-	3,460
Profit (loss) before income tax	12,832	(537)	(226)	3,554	(1,371)	11,417	-	25,669
Income tax	(1,974)	248	33	-	83	(1,361)	-	(2,971)
Net profit (loss) for the period	10,858	(289)	(193)	3,554	(1,288)	10,056	-	22,698
Attributable to:								
Equity holders of the parent	7,833	(288)	(193)	3,554	(1,056)	10,035	-	19,885
Non-controlling interests	3,025	(1)	-	-	(232)	21	-	2,813

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(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 6 months ended 30 June 2011:

6 months ended 30 June 2011	Furniture production	Real estate	Facility management	Information technology	Other production and service	Elimi- nation	Total continuing operations
Revenue							
Sales to external customers	114,825	12,481	3,169	14,442	5,312	-	150,229
Inter-segment sales	-	859	1,271	39	5	(2,174)	-
Total revenue	114,825	13,340	4,440	14,481	5,317	(2,174)	150,229
Results							
Other income	1,628	17	662	635	5,407	(3,995)	4,354
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	(100,911)	(16,150)	(4,872)	(16,124)	(14,965)	6,169	(146,853)
Impairment, write-down and allowance	86	861	-	-	-	-	947
Share of profit (loss) of the associates and joint ventures	-	(112)	-	-	(315)	-	(427)
Profit (loss) before income tax	15,628	(2,019)	230	(1,008)	(23,428)	-	(10,597)
Income tax	(2,244)	631	(25)	7	8,079	-	6,448
Net profit (loss) for the period	13,384	(1,388)	205	(1,001)	(15,349)	-	(4,149)
Attributable to:							
Equity holders of the parent	9,637	(1,385)	205	(801)	(15,413)	-	(7,757)
Non-controlling interests	3,747	(3)	-	(200)	64	-	3,608

The following table represents segment assets of the Group operating segments as at 30 June 2012 and 31 December 2011:

Segment assets	Furniture production	Real estate	Facility management	Agriculture	Information technology	Other production and service	Elimi- nation	Total continuing operations
At 30 June 2012	86,523	272,282	9,559	42,157	24,263	290,669	(146,632)	578,821
At 31 December 2011	116,061	272,238	12,152	38,575	26,951	307,645	(127,189)	646,433

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

5 Cash and cash equivalents

	Group		Company	
	As at 30 June 2012	As at 31 December 2011	As at 30 June 2012	As at 31 December 2011
Cash at bank	48,641	21,157	40,001	11,888
Cash in hand	52	38	-	-
Cash in transit	123	65	-	-
Term deposits with the maturity up to 3 months	19,013	1,000	19,013	-
	<u>67,829</u>	<u>22,260</u>	<u>59,014</u>	<u>11,888</u>

On 30 June 2012, the Group and the Company have placed also with the banks term deposits with the maturity more than 3 month and have invested into financial assets held to maturity.

	Group	Company
Deposits with the maturity between 3 and 6 months	7,179	-
Deposits with the maturity more than 6 months	5,654	-
Deposit's certificate of AB bankas Snoras	20,000	20,000
Government bonds	5,993	5,993
Accumulated interest of term deposits	187	113
Less allowance for impairment as consequence of AB bankas Snoras insolvency	(20,100)	(20,100)
	<u>18,913</u>	<u>6,006</u>

6 Dividends

In 2011 and 2010 dividends were not declared.

7 Income tax

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
Components of income tax expense				
Current income tax charge	(1,289)	(514)	(3)	(153)
Prior year current income tax correction	42	174	-	-
Deferred income tax income (expense)	(1,724)	6,788	(1,404)	8,067
Income tax (expenses) income charged to the income statement	<u>(2,971)</u>	<u>6,448</u>	<u>(1,407)</u>	<u>7,914</u>

AB INVALIDA

INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(all amounts are in LTL thousand unless otherwise stated)

8 Investment into subsidiaries and associates

Establishment of companies (increase of share capital)

During the 1st Half of 2012 the Company and the Group has invested LTL 155 thousand to increase share capital of Invalda Lux S.a.r.l. During 1st Quarter of 2012 UAB Justiniškių Valda and UAB Justiniškių Aikštelė, which owns investment property previously owned by UAB Jurita, were separated from UAB Jurita. The new separated entities are assigned to real estate segment. The Group has established two real estate investment companies by investing by cash LTL 20 thousand: UAB Laukseja (investment in the agricultural land) and UAB Danės Gildija (project of apartments building in Klaipėda). Also investment properties with carrying value of LTL 7,970 thousand, located in Klaipėda, were invested into share capital of UAB Danės Gildija.

During the 1st Half of 2011 the Group has established these new companies: UAB Inreal GEO, Invalda Lux S.a.r.l, UAB Perspektyvi Veikla, UAB Via Solutions. The total amount of these investments was LTL 269 thousand.

AB Umega

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

Other sales and acquisitions in 2012

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

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

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

8 Investment into subsidiaries and associates (cont'd)UAB 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). Acquisition-related cost was equal to nil.

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.

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	597
Trade receivables	11
Other current assets	29
Cash	275
Total assets	2,349
Current liabilities	(158)
Other current liabilities	(63)
Total liabilities	(221)
Net assets	2,128
Non-controlling interests	(500)
Acquired net assets	1,628
Profit from bargain purchases	(717)
Purchase consideration transferred	911
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)

Investment to UAB Litagra

On 7 November 2011, the Group signed an agreement to invest into UAB Litagra shares of. The share capital increase of UAB Litagra was concluded on 15 December 2011, when a permission of the Competition Council was received. The Group invested a total of LTL 38,575 thousand into shares of UAB Litagra.

UAB Litagra is accounted as an associate in the financial statements using equity method. The acquisition of UAB Litagra is reflected in the financial statements according to the data of UAB Litagra financial position statement for the year ended 31 December 2011. The Group has made adjustments to profit (loss) of the UAB Litagra to conform business local standards requirements to IFRS requirements. The valuation of fair value of the identifiable assets acquired and liabilities assumed is not yet completed. Therefore, the profit (loss) for the 1st Half of 2012 can be adjusted in future. Based on a provisional assessment, the amount of acquired net assets is approximate to the consideration paid.

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

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

		Group		Company	
		I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
Gain (loss) from bonds of Trakcja – Tiltra	10	-	1,023	-	1,023
Gain (loss) from shares of Trakcja – Tiltra	10	5,665	(19,481)	5,665	(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		1,390	(414)	(90)	-
<i>Net gain (loss) from financial assets at fair value, total</i>		<u>7,055</u>	<u>(18,872)</u>	<u>5,575</u>	<u>25,778</u>
<i>Realised (loss) gain from available-for-sale investments</i>		-	-	-	-
		<u>7,055</u>	<u>(18,872)</u>	<u>5,575</u>	<u>25,778</u>

9.2. Finance expenses

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
Interest expenses	(2,545)	(7,676)	(776)	(5,862)
Other finance expenses	(102)	(138)	-	(5)
	<u>(2,647)</u>	<u>(7,814)</u>	<u>(776)</u>	<u>(5,867)</u>

9.3. Other income

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
Interest income	2,247	2,231	6,218	4,526
Dividend income	18	-	28,674	11,314
Profit from bargain purchases	-	717	-	-
Other income	519	1,406	2	12
	<u>2,784</u>	<u>4,354</u>	<u>34,894</u>	<u>15,852</u>

The Company has received dividends of LTL 28,034 thousand from subsidiary AB Vilniaus Baldai and interim dividends of LTL 622 thousand from subsidiary UAB Elniakampio Namai. The Group and the Company has received dividends of 18 thousand from financial investment into AB Rokiškio sūris. Dividends of AB Vilniaus Baldai attributable to the non-controlling interest were LTL 10,828 thousand.

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

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

	Group		Company	
	As at 30 June 2012	As at 31 December 2011	As at 30 June 2012	As at 31 December 2011
Non-current assets classified as held-for-sale				
AB Umega	-	1,708	-	3,745
	-	1,708	-	3,745

AB Umega

On 30 November 2011, the Company signed an agreement regarding the sale of 29.27% shares of AB Umega, which operates in metal processing. The deal was completed in January 2012, when the permission of the Competition Council was received (see Note 8). The investments were classified as assets held for sale in the statement of financial position for the year ended 31 December 2011. Because the investment did not constitute a separate operating segment, it is not presented as discontinued operations in the income statement.

Discontinued operations

	I Half Year 2012	I Half Year 2011
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
Share of profit of associates (pharmacy segment)	-	1,618
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
Total discontinued operations	-	149,503

Tiltra Group AB and AB Kauno Tiltai

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 (the use of the equity method was discontinued from 31 December 2010) and presented as discontinued operations in the income statement. The deal was completed on 19 April 2011.

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. Pursuant to the agreement, the Company sold 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 deal was completed on 19 August 2011.

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

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

Earnings per share:	<u>I Half Year 2012</u>	<u>I Half Year 2011</u>
Basic from discontinued operations	-	2.89
Diluted from discontinued operations	-	2.60

11 The conversion of the convertible bonds

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

12 Distribution of the profit and the acquisition of own shares

On 30 April 2012, the shareholders of the Company decided to transfer LTL 269,114 thousand from retained earnings to the reserve for the acquisition of own shares and LTL 5,756 thousand to the legal reserve. In other entities of the Group LTL 121 thousand was transferred from retained earnings, attributable to the equity holder of the parent, to reserves.

The share buy-back program was exercised on 2 – 15 May 2012. 10 percent of own shares – 5,755,794 shares were acquired for LTL 59,659 thousand, including brokerage fees (for each share – LTL 10.358). Acquired own shares do not have voting rights.

After acquisition of own shares the shareholders of the Company are (by votes):

	<u>Number of votes held</u>	<u>Percentage</u>
Mrs. Irena Ona Mišeikienė	12,434,159	24.00%
Mr. Vytautas Bučas	8,198,367	15.83%
Mr. Algirdas Bučas	4,234,709	8.17%
Mr. Darius Šulnis	3,984,762	7.69%
UAB Lucrum Investicija	3,836,621	7.41%
UAB RB Finansai	3,279,972	6.33%
Mr. Alvydas Banys	2,029,624	3.92%
Mr. Daiva Baniene	1,836,234	3.54%
Other minor shareholders	11,967,698	23.11%
Total	<u>51,802,146</u>	<u>100.00%</u>

On 24 May 2012 the shareholders of the Company decided to reduce the share capital to LTL 51,802,146 by annulling own shares.

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

13 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for the 1st half year of 2012 and 2011 were as follows:

Calculation of weighted average for the 1st half year of 2012	Number of shares (thousand)	Par value (LTL)	Issued/182 (days)	Weighted average (thousand)
Shares issued as at 31 December 2011	51,660	1	182/182	51,660
Shares issued as at 30 March 2012	5,898	1	92/182	2,981
Own shares acquired on 18 May 2012	(5,756)	1	43/182	(1,360)
Shares issued as at 30 June 2012	51,660	1	-	53,281

Calculation of weighted average for the 1st half year of 2011	Number of shares (thousand)	Par value (LTL)	Issued/181 (days)	Weighted average (thousand)
Shares issued as at 31 December 2010	51,660	1	181/181	51,660
Shares issued as at 30 June 2011	51,660	1	-	51,660

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

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
Net profit (loss), attributable to the equity holders of the parent from continuing operations	19,885	(7,757)	36,169	193,097
Net profit, attributable to the equity holders of the parent from discontinued operation	-	149,503	-	-
Net profit (loss), attributable to equity holders of the parent for basic earnings	19,885	141,746	36,169	193,097
Weighted average number of ordinary shares (thousand)	53,281	51,660	53,281	51,660
Basic earnings (deficit) per share (LTL)	0.37	2.74	0.68	3.74

AB INVALIDA**INTERIM CONSOLIDATED AND COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

(all amounts are in LTL thousand unless otherwise stated)

13 Earnings per share (cont'd)

The following table reflects the share data used in the diluted earnings per share computations for the 1st half year of 2012:

	Number of shares (thousand)	Issued/182 (days)	Weighted average (thousand)
Weighted average number of ordinary shares for basic earnings per share	-	-	53,281
Potential shares from convertible bond of LTL 25 million (issued on 1 December 2008)	4,545	90/182	2,248
Potential shares from convertible bond of LTL 7.44 million (issued on 8 January 2010)	1,353	90/182	669
Weighted average number of ordinary shares for diluted earnings per share	-	-	<u>56,198</u>

The following table reflects the share data used in the diluted earnings per share computations for the 1st half year of 2011:

	Number of shares (thousand)	Issued/181 (days)	Weighted average (thousand)
Weighted average number of ordinary shares for basic earnings per share	-	-	51,660
Potential shares from convertible bond of LTL 25 million (issued on 1 December 2008)	4,545	181/181	4,545
Potential shares from convertible bond of LTL 7.44 million (issued on 8 January 2010)	1,353	181/181	1,323
Weighted average number of ordinary shares for diluted earnings per share	-	-	<u>57,558</u>

The following table reflects the income data used in the diluted earnings per share computations for the 1st half year of 2012 and 2011:

	Group		Company	
	I Half Year 2012	I Half Year 2011	I Half Year 2012	I Half Year 2011
Net profit (LTL thousand), attributable to the equity holders of the parent for basic earnings	19,885	141,746	36,169	193,097
Interest on convertible bond	768	1,593	768	1,593
Net profit (LTL thousand), attributable to equity holders of the parent for diluted earnings	20,653	143,339	36,937	194,690
Weighted average number of ordinary shares (thousand)	56,198	57,558	56,198	57,558
Diluted earnings(deficit) per share (LTL)	<u>0.37</u>	<u>2.49</u>	<u>0.66</u>	<u>3.38</u>

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(all amounts are in LTL thousand unless otherwise stated)

14 Borrowings

During the 1st Half of 2012 the entity operated in the information technology segment has signed with AB DNB bank the loan agreement of LTL 3.000 thousand. Until 30 June 2012 LTL 2,594 thousand of the borrowing was used.

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. In April 2012 amendments of the above mentioned agreement was signed. According to them, the Group has fully early paid back the liabilities of UAB Naujoji Švara to the bank (LTL 14,701 thousand). The assets with carrying amounts of LTL 21,782 was released from the pledge, which allows more successfully develop them. Also was agreed, that amortization of borrowings of UAB Sago and UAB INTF Investicija would be cancelled, and the liabilities would be fully paid in 2014. Therefore, would be accelerated the amortization of the loan of the UAB Invalidos nekilnojamojo turto fondas. So during 2012 the Group would have to pay back LTL 2,123 thousand more.

In June 2012 liabilities to the AB Šiaulių Bankas were covered by an entity, which invest into the agricultural land (LTL 2,503 thousand).

15 Financial assets and fair value hierarchy

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

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

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

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

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2012:

	Level 1	Level 2	Level 3	Total balance
Assets				
Shares of Trakcja Tiltra	21,155	-	-	21,155
Held-for-trade securities	10,306	15,660	-	25,966
Total Assets	31,461	15,660	-	47,121
Liabilities	-	-	-	-

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2011:

	Level 1	Level 2	Level 3	Total balance
Assets				
Shares of Trakcja Tiltra	15,491	-	-	15,491
Held-for-trade securities	16,840	15,268	-	32,108
Total Assets	32,331	15,268	-	47,599
Liabilities	-	-	-	-

During the 1st half year of 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

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16 Investment properties and residential real estate

During the 1st Half of 2012 the Group has acquired additionally investment properties for LTL 2,171 thousand, including agriculture land for LTL 1,983 thousand. The construction of residential real estate, located in Elniakampio street 7, Vilnius, was completed and the apartments were sold for LTL 5,278 thousand excluding VAT.

During the 1st Half 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 in cash was acquired for LTL 1,568 thousand (agriculture land for LTL 945 thousand). Also investment properties was sold for LTL 795 thousand (the sale price was equal to the carrying amount).

17 Other current liabilities

	Group		Company	
	As of 30 June 2012	As of 31 December 2011	As of 30 June 2012	As of 31 December 2011
Employee benefits	7,158	6,146	518	1,021
Other	5,408	6,287	2,034	2,160
Total other current liabilities	12,566	12,433	2,552	3,181

18 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 2012 and related quarter-end balances were as follows:

1st half year 2012 Company	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	5,162	9	168,089	362
Rent and utilities	-	79	-	99
Dividends	28,656	-	622	-
Other	-	2	223	-
	33,818	90	168,934	461
Liabilities to shareholders and management	-	-	-	-

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

1st half year 2011 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	-
	14,374	1,180	93,283	32,134
Liabilities to shareholders and management	-	-	-	-

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(all amounts are in LTL thousand unless otherwise stated)

18 Related party transactions (cont'd)

The Group's transactions with related parties in the 1st half year of 2012 and related quarter-end balances were as follows:

1st half year 2012 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	27	-	6,844	-
Real estate income	-	-	-	-
Other	-	-	-	-
	<u>27</u>	<u>-</u>	<u>6,844</u>	<u>-</u>
Liabilities to shareholders and management	270	-	689	-

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

1st half year 2011 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	67	-	9,593	-
Rent and utilities	56	-	67	-
Furniture segment	-	821	-	142
Roads and bridges construction segment	124	-	128	-
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	-

During 1st half year of 2012 the Group and the Company was accrued interest expenses of LTL 768 thousand for owners of convertible bonds, which become the shareholder of the Company (1st half year of 2011 – LTL 1,593 thousand). Upon conversion the accrued interest was reversed.

19 Events after the reporting periodThe annulling of acquired own shares

On 6 August 2012, the new version of the Articles of Association of the Company was registered. According to the Articles of Association the share capital was reduced from LTL 57,557,940 to LTL 51,802,146 by annulling 5,755,794 ordinary registered shares with par value of LTL 1, which the Company had acquired (see Note 12). So the decision of shareholder meeting, occurred on 24 May 2012, was implemented.