

31 August, 2011

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission and the Law on Securities (article 22) of the Republic of Lithuania, management of Invalda AB hereby confirms that, to the best of our knowledge, the attached consolidated and Company's condensed non-audited financial statements for 6 months of 2011 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss, cash flow of Invalda AB and the Consolidated Group. Present Consolidated interim report includes a fair review of the development and performance of the business.

ENCLOSURE:

1. Company's and consolidated interim financial statements for 6 months of 2011.
2. Consolidated interim report for 6 months of 2011.

President

Darius Šulnis

Chief financier

Raimondas Rajeckas

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)

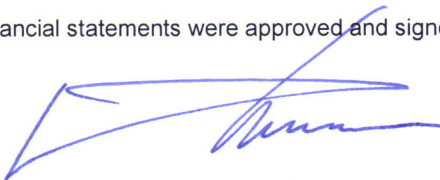
Principal place of business and company code

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

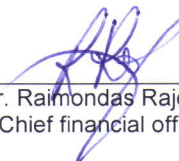
Bankers

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
PROFIT (LOSS) FOR PERIOD	146,169	12,137	193,097	(2,317)
	Unaudited		Unaudited	
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

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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)

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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 later 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 INVALDA**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.



Invalda

Invalda AB
Consolidated Interim Report
for 6 months of 2011

Prepared in accordance with The Rules for the Preparing and the Submission of the Periodic and Additional Information, approved by the Resolution No. 1K-3 of 23.02.2007 of the Lithuanian Securities Commission

Approved by the Board decision No 2011-12 passed on 31-08-2011

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I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 6 months of 2011 (January – June).

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

2.1. Information about the Issuer

Name of the Issuer	Public company Invalda, hereinafter Invalda AB
Enterprise code	121304349
Address	Seimyniskiu str. 1A, LT-09312 Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	info@invalda.lt
Website	www.invalda.lt
Legal form	public limited liability company
Date and place of registration	20.03.1992, Register of Enterprises of Vilnius
Register, in which data about the company are accumulated and stored	the Register of Legal Entities

Invalda AB is one of the major Lithuanian investment companies whose primary objective is to steadily increase the investor equity value. For the purpose of attainment of this objective Invalda actively manages its investments, exercising control or significant influence over target businesses.

Invalda started the activity in 1991. Its equities have been traded on the NASDAQ OMX Vilnius Exchange since 1995. Currently, major part of Invalda Group assets is concentrated in Poland and Lithuania

2.2. Information about other companies comprising the Issuer’s group

The key entities operate in road and rail infrastructure, furniture manufacturing, real estate, facility management, and information technology (IT) infrastructure sectors. Till 19 August 2011 Invalda owned companies of pharmaceutical sector.

Companies of the group and their contacts are presented in the Appendix 1 of this report.



Fig. 2.2.1. Sectors of Invalda AB group

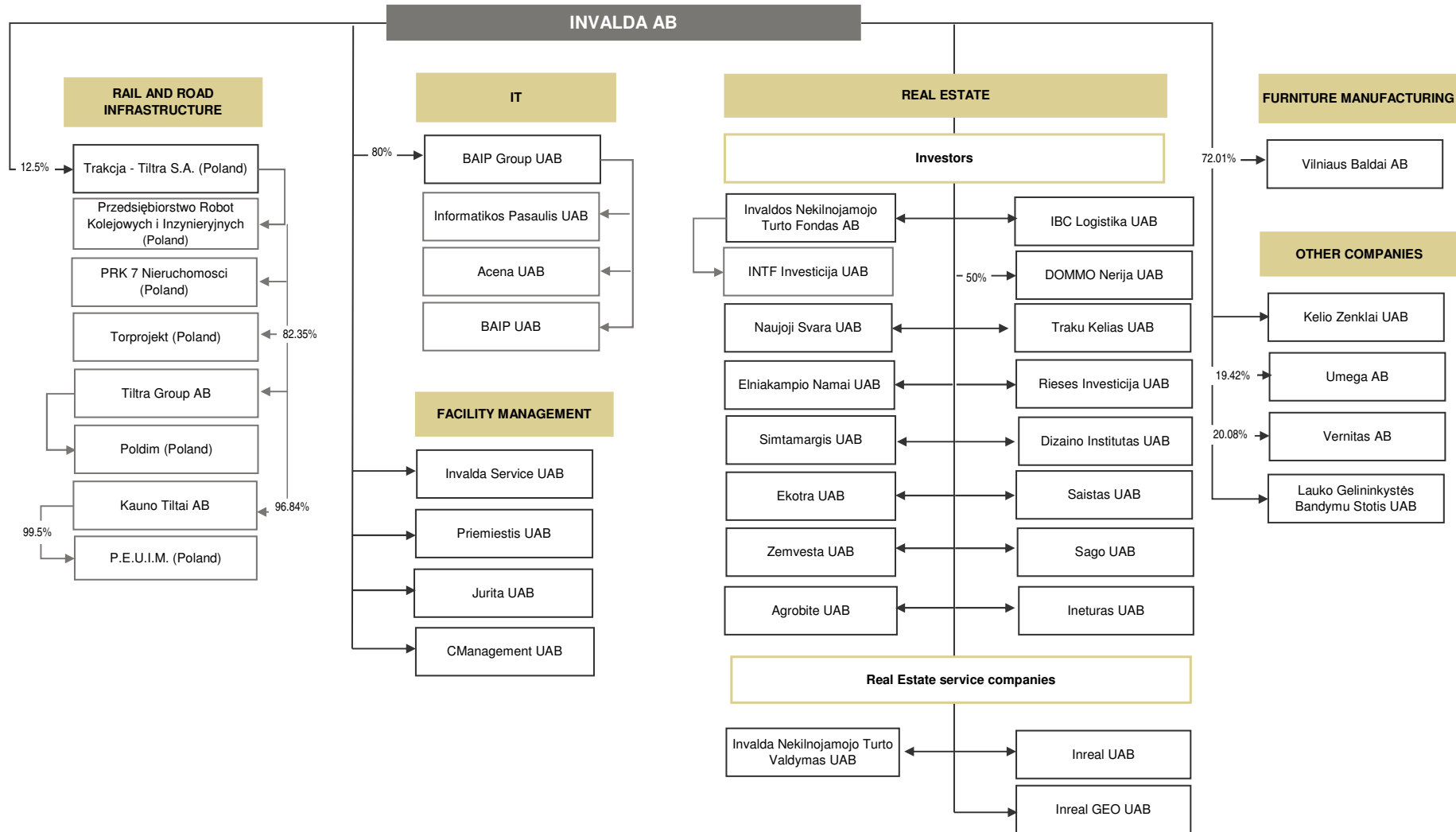


Fig. 2.2.2. Simplified structure of Invalda AB group as of the announcement day of this report

3. Agreements with intermediaries of public trading in securities

Invalda AB has signed agreements with these intermediaries:

- FBC Finasta AB (Maironio str. 11, Vilnius, Lithuania, tel. +370 5 278 6833) – the agreement on the investment services, the agreement on the management of securities accounting, the agreement on the payment of dividends;
- Bank Finasta AB (Maironio str. 11, Vilnius, tel. +370 5203 22 33) – the agreement on management of securities account;
- Siauliu Bankas AB (Tilzes str. 149, Siauliai, Lithuania, tel. +370 41 595 607) – the agreement on the management of securities account and intermediation;
- Bankas Snoras AB (A. Vivulskio str. 7, Vilnius, Lithuania, tel. +370 5 232 7224) – the agreement on the customer services (for a professional investor);
- DnB NOR Bankas AB (J. Basanaviciaus str. 26, Vilnius, Lithuania, tel. +370 5 239 3503) – the agreement on the financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas AB (Gedimino ave. 12, Vilnius, Lithuania, tel. +370 5 268 2370) – the agreement on securities accounting;
- MP Investment Bank hf. acting via MP Investment Bank hf. Baltic branch (A. Tumeno str. 4, Vilnius, tel. +370 5219 55 00) – the agreement on investment services;
- Medicinos Bankas UAB (Pamenkalnio str. 40, Vilnius, Lithuania, tel. +370 5 264 4845) - the agreement on management of securities account.
- Dom Maklerski BZ WBK S.A. (Pl. Wolnosci 15, 60-967 Poznan, Poland, tel. +48 61 856 48 80) – Agreement on provision of brokerage services.

4. The order of changing Issuer's Articles of Association

The Articles of Association of Invalda AB may be changed by the resolution of the General Shareholders Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

During the reporting period the company's Articles of Association were changed once. February 3, 2010 new Articles of Association of Invalda AB were registered. The share capital of Invalda AB was increased from 42 568 849 LTL till 51 659 758 LTL.

Actual wording is dated February 3, 2010. The Articles of Association are announced on the company's website.

II. INFORMATION ABOUT SECURITIES

5. Structure of the authorised capital

Table 5.1. Structure of Invalda AB authorised capital

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %
Ordinary registered shares	51,659,758*	1	51,659,758	100.00

* The company has issued convertible bonds of 32.44 m LTL in nominal value; after converting, the authorized capital could increase by 5.898.182 shares of 1 LTL in nominal value.

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

6. Shareholders

There are no shareholders entitled to a special rights of control.

Invalda AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders that might result in the restriction of transfer of the shares and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect, be amended or terminated in case of change in the Issuer's control.

On 30 June 2011 the total number of shareholders was over 6 500.

Table 6.1. Shareholders who held title to more than 5% of Invalda AB authorised capital and / or votes

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership	Indirectly held votes	Total (together with the persons acting in concert)
Mr. Vytautas Bucas	9,585,803	18.56	18.56	-	26.85
Mr. Darius Sulnis	1,218,530	2.36	2.36	5.52	
Mr. Dalius Kaziunas	213,294	0.41	0.41	-	
Ms. Dovile Kaziuniene	380	0.001	0.001	-	
Ms. Irena Ona Miseikiene	14,095,856	27,29	25,52	-	25,52
Lucrum Investicija UAB, code 300806471, Seimyniskiu str. 3, Vilnius, Lithuania	0	0.00	0.00	10.38	10.38
Ms. Daiva Baniene	1,836,234	3.55	3.55	-	8.29
Mr. Alvydas Banys	3,779,624	7.32	3.93	-	
LJB investments UAB code 300822575, P.Smugleviciaus str. 20, Vilnius, Lithuania	418,144	0,81	0,81	-	
Mr. Algirdas Bucas	5,520,916	10.69	6.63	-	6.63

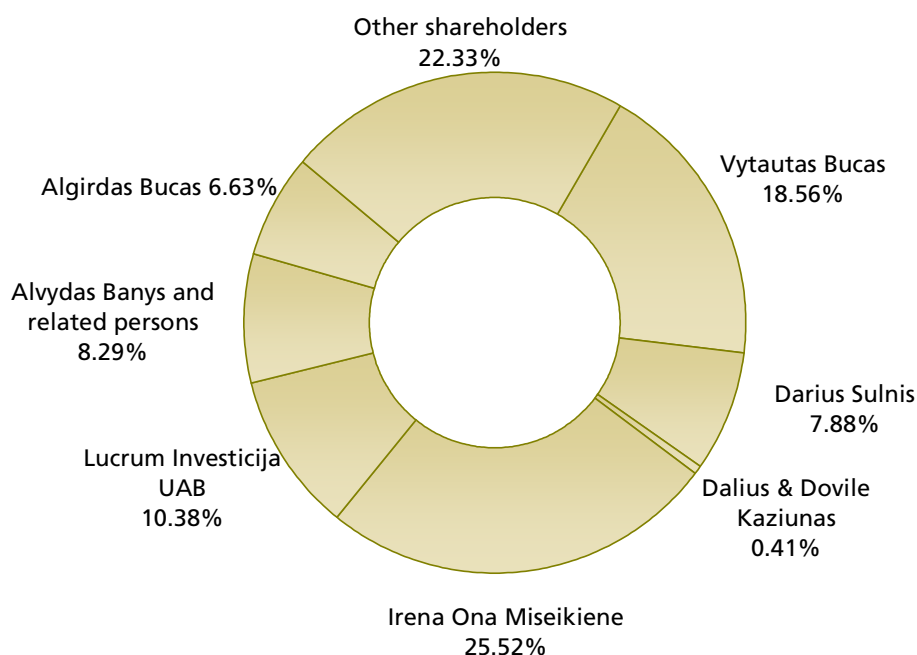


Fig. 6.1. Structure of shareholders (held voices)

7. Information about the Issuer’s own shares

Invalda AB, subsidiary companies and persons acting under their direction but on their-own behalf do not own Invalda AB shares.



8. Data on trading in securities of the Issuer and its group companies' in the regulated markets

8.1. Trading in securities of the Issuer

Table 8.1.1. Main characteristics of Invalda AB shares admitted to trading

ISIN code	LT0000102279
Name	IVL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List (from 01.01.2008)
Listing date	19.12.1995
Share issue, units	51,659,758
Nominal value, LTL	1
Total nominal value, LTL	51,659,758

The Company does not use services of a liquidity providers.

Table 8.1.2. Trading in Invalda AB shares

	6 months of 2009	6 months of 2010	6 months of 2011
Share price, EUR:			
- open	0.484	0.533	2.000
- high	0.608	0.956	2.400
- low	0.319	0.521	1.750
- last	0.379	0.857	2.400
Turnover, units	2,733,203	2,995,901	1,895,688
Turnover, EUR	1,236,973	2,481,337	3,891,813
Traded volume, units	2,488	4,527	3,757
Capitalisation, mEUR	16.13	44.27	123.98

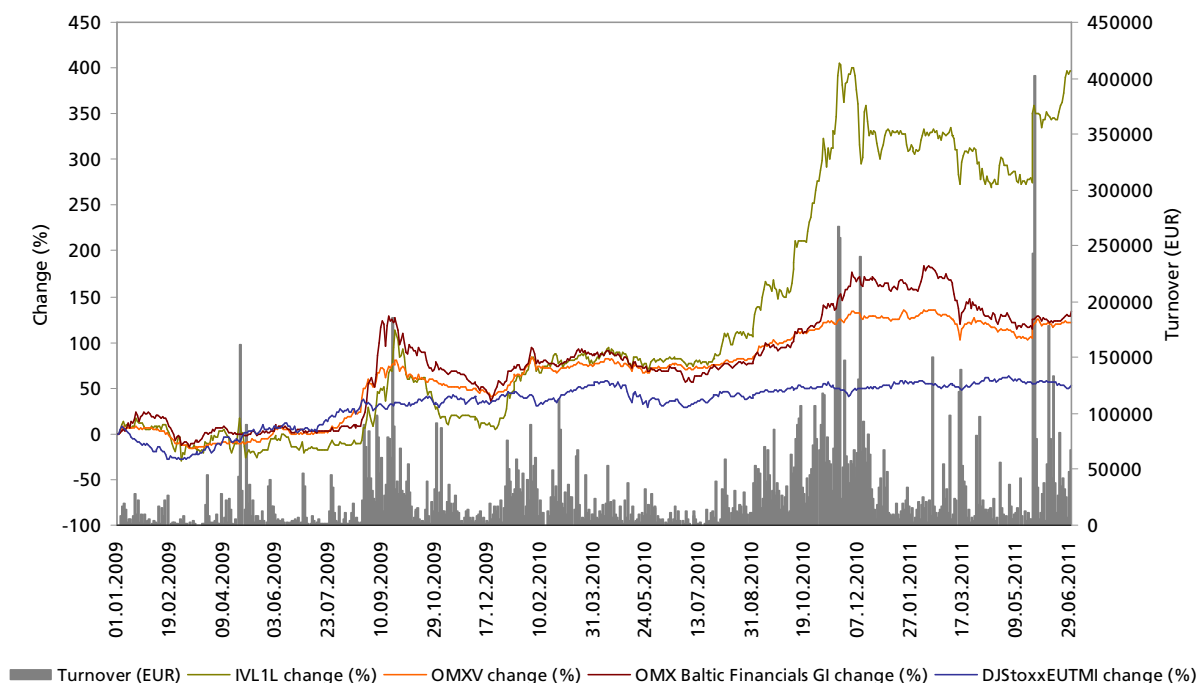


Fig. 8.1.1. Turnover of Invalda AB shares, changes of the share price and indexes*

* OMXV index is an all-share index consisting of all the shares listed on the Main and Secondary lists of the NASDAQ OMX Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares.

OMX Baltic Financials GI index includes all the shares of financial companies listed on the Main and Secondary lists of the Baltic exchanges. This index is based on the Global Industry Classification Standard (GICS) and is calculated as Gross index (GI)

Dow Jones Stoxx EU Enlarged TMI index covers approximately 95% of the free float market capitalisation of the New Europe countries, including Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

8.2. Trading in securities of the Issuer’s group companies

Shares of Invalda AB group companies Sanitas AB and Vilnius Baldai AB are admitted to NASDAQ OMX Vilnius Main List. Trakcja – Tiltra shares are admitted to Warsaw Stock Exchange.

8.2.1. Trading in shares of Sanitas AB

Table 8.2.1.1. Main characteristics of Sanitas AB shares admitted to trading

ISIN code	LT0000106171
Name	SAN1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List
Listing date	13.09.1994
Share issue, units	31,105,920
Nominal value, LTL	1
Total nominal value, LTL	31,105,920

Table 8.2.1.2. Trading in Sanitas AB shares

	6 months of 2009	6 months of 2010	6 months of 2011
Share price, EUR:			
- open	2.517	2.760	5.500
- high	2.746	4.098	9.920
- low	1.767	2.731	4.810
- last	1.964	3.901	9.555
Turnover, units	739,809	479,009	1,992,451
Turnover, EUR	1,508,884	1,798,753	17,495,180
Traded volume, units	839	1,718	2,530
Capitalisation, mEUR	61.09	121.34	292.22

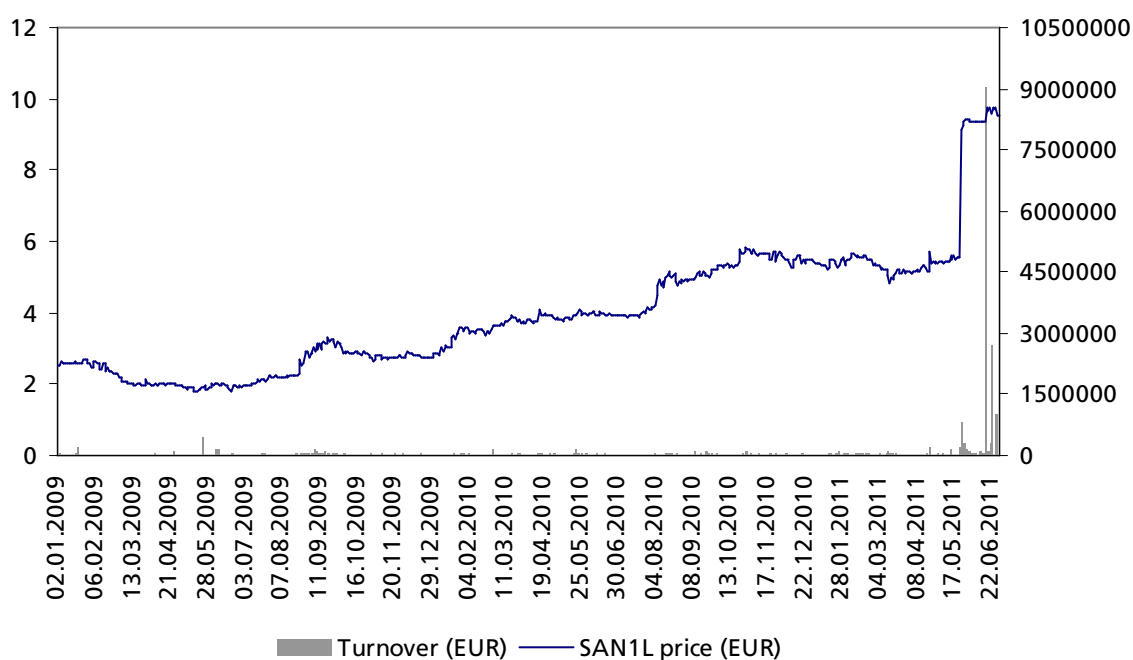


Fig. 8.2.1.1. Turnover of Sanitas AB shares, changes of the share price

8.2.2. Trading in shares of Vilniaus Baldai AB

Table 8.2.2.1. Main characteristics of Vilniaus Baldai AB shares admitted to trading

ISIN code	LT0000104267
Name	VBL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List
Listing date	05.06.2000
Share issue, units	3,886,267
Nominal value, LTL	4
Total nominal value, LTL	15,545,068

Table 8.2.2.2. Trading in Vilniaus Baldai AB shares

	6 months of 2009	6 months of 2010	6 months of 2011
Share price, EUR:			
- open	3.475	2.604	9.401
- high	3.186	5.445	11.997
- low	2.259	2.462	8.999
- last	2.268	5.445	11.800
Turnover, units	11,829	118,604	68,208
Turnover, EUR	31,895	502,109	673,000
Traded volume, units	39	350	724
Capitalisation, mEUR	8.81	21.16	45.86

In 2011 Vilniaus Baldai allocated for dividends 15.5 million LTL or 4 LTL per one share

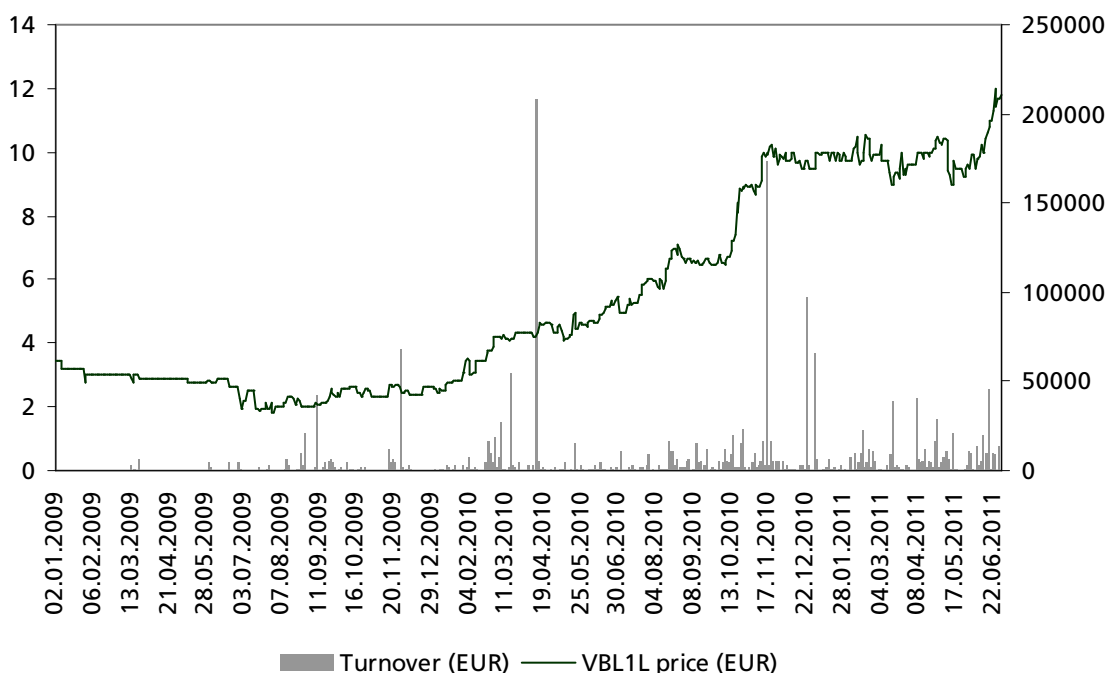


Fig. 8.2.2.1. Turnover of Vilniaus Baldai AB shares, changes of the share price

8.2.3. Trading in shares of Trakcja-Tiltra S.A.

Table 8.2.3.1. Main characteristics of Trakcja-Tiltra S.A. shares admitted to trading

ISIN code	PLTRKPL00014
Name	TRK
Exchange	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie)
Listing date	1 April, 2008
Share issue, units	232 105 480
Nominal value, PLN	0,10
Total nominal value, PLN	23 210 548

Table 8.2.3.2. Trading in Trakcja-Tiltra S.A. shares

	6 months of 2009	6 months of 2010	6 months of 2011
Share price, PLN:			
- open	4.05	4.12	4.14
- high	4.43	4.70	4.14
- low	3.40	3.84	2.49
- last	3.48	4.18	2.90
Turnover, units	22 970 037	17 534 990	14 588 500
Turnover, thous.PLN	89 886.07	74 733.83	47 685.18
Capitalisation, mPLN	557.16	669.24	673.1

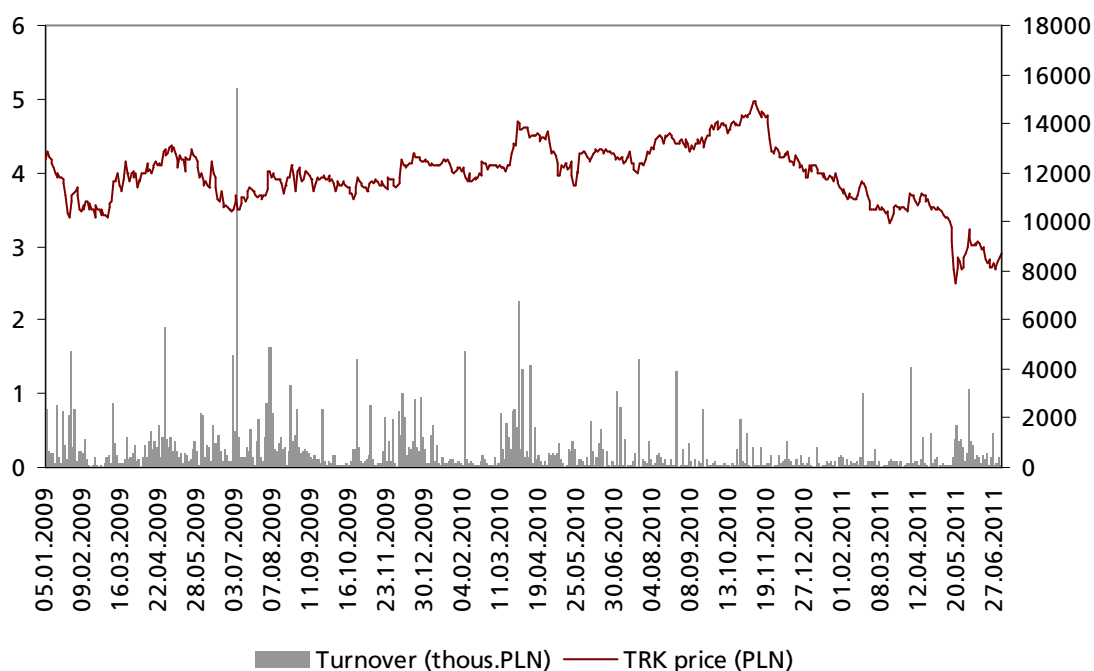


Fig. 8.2.3.1. Turnover of Trakcja-Tiltra S.A. shares, changes of the share price

III. ISSUER'S MANAGING BODIES

9. Issuer's managing bodies

The governing bodies of Invalda AB are the General Meeting of Shareholders, a collegial managing body – the Board and as a single person managing body – the President. The Supervisory Board is not formed.

Information about Issuer's Board members, the president and CFO



Chairman of the Board
Vytautas Bucas (1968)

Educational background, qualification

1993, Vilnius University, Faculty of Economics

1994–2002 a member of the Association of Chartered Certified Accountants, UK

Since 1996 a member of the Lithuanian Chamber of Audit

Job experience

Since 2006 advisor, a member of the Board, Invalda AB; since May 2007 chairman of the Board

2006–2007 a director of Invaldos Nekilnojamojo Turto Fondas AB

2000–2006 a member of the Board, executive vice president, CFO, Head of IT department, SEB Bankas AB

1992–2000 senior auditor, senior manager, manager of Arthur Andersen

Owned amount of Invalda AB shares and votes

9,585,803 units of shares and votes

Participation in other companies

Vilniaus Baldai AB, chairman of the Board

Invaldos Nekilnojamojo Turto Fondas AB, chairman of the Board

Invalda Service UAB, member of the Board

BAIP Group UAB, member of the Board

Invalda Lux S.a.r.l., member of the Board



Member of the Board,
president
Darius Sulnis (1971)

Educational background, qualification

1993, Vilnius University, Faculty of Economics

Financial Broker licence (general) No A109

Job experience

Since 2006 the president, member of the Board, Invalda AB

2002–2006 a director of Invalda Nekilnojamojo Turto Valdymas UAB

1994–2002 a director of FBC Finasta AB

Owned amount of Invalda AB shares and votes

1,218,530 units of shares, 4,071,762 units of votes (2,853,232 votes are left to Darius Sulnis after the shares were transferred)

Participation in other companies

Sanitas AB, member of the Board

Vilniaus Baldai AB, member of the Board

Invaldos Nekilnojamojo Turto Fondas AB, member of the Board

Omega AB, member of the Board

SIA DOMMO GRUPA (Latvia), chairman of the Supervisory Board

SIA Burusala (Latvia), chairman of the Supervisory Board

Golfas UAB (31% shares)

Lucrum Investicija UAB (100% shares, all voting rights are transferred)



member of the Board
Dalius Kaziunas (1976)

Educational background, qualification

2000, Vilnius University, Faculty of Economics
Financial Broker licence (trader) No P022

Job experience

Since February 2008 advisor; Invalda AB, member of the Board (from July)
Since January 2008 CEO of Bank Finasta AB
1996–2008 CEO (from 2002), financial broker, assistant of financial broker of FBC
Finasta AB

Owned amount of Invalda AB shares and votes

213,294 units of shares and votes

Participation in other companies

Ineturas UAB, member of the Board
Invalda Service UAB, member of the Board
Kelio Zenklai UAB, member of the Board
BAIP Group UAB, member of the Board
Vilniaus Baldai AB, member of the Board
Invetex AB, member of the Board
Tiltra Group AB, member of the Board
Vernitas AB, member of the Supervisory Board
Invalda Lux S.a.r.l., member of the Board
Jurita UAB, member of the Board
Lauko Gelininkystes Bandytu Stotis UAB, chairman of the Board



CFO Raimondas Rajeckas
(1977)

Educational background

2001, Vilnius University, Faculty of Economics

Job experience

2001–2006 CFO of Valmeda AB
2000–2001 CFO of Galincius AB
2000–2001 CFO of Invaldos Marketingas UAB (recent name Invalda
Nekilnojamojo Turto Valdymas UAB)
2000–2002 accountant of Gildeta AB
1998–2000 accountant of Invalda AB

Owned amount of Invalda AB shares and votes

1,200 shares and votes

Participation in other companies

Aktyvo UAB, CEO
Investiciju Tinklas UAB, CEO
Fortina UAB, CEO
Aktyvus Valdymas UAB, CEO
Finansu Rizikos Valdymas UAB, CEO
Iniciatyvos Fondas Vsl, CEO
Invaldos Nekilnojamojo Turto Fondas AB, member of the Board
Invetex AB, CFO, chairman of the Board
Consult Invalda UAB, CEO
Rizikos Kapitalas UAB, CEO
MBGK UAB, CEO
MGK invest UAB, CEO
RPNG UAB, CEO
Regenus UAB, CEO
VIA Solutions UAB, CEO

10. Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Board members and CFO

During six months of 2011 the calculated remuneration for the Board members of Invalda AB (as employees of the company) amounted to 347.7 thousand LTL, that is on the average 19.6 thousand LTL per month for each member.

The calculated remuneration to the president of the company (he is the Board member as well) and CFO totalled 167.3 thousand LTL, on the average 14.3 thousand LTL per month for each.

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

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

11. Overview of the Issuer's and its group activity

11.1. Significant Issuer's and its group events during the reporting period and since the end of it

The Issuer

- **Share purchase – sale transactions.** During the first half of this year Invalda completed Tiltra Group merger with Trakcja Polska, signed AB Sanitas share sale and purchase agreement, purchased Lauko Gelininkystes Bandyu Stotis UAB shares. More about these transactions is provided in the review of the Group activities.

- **The independent Audit committee member was elected.** The General Shareholders Meeting of Invalda, held on 29 April 2011, elected Mr. Vaidas Savukynas as independent Audit Committee member of Invalda AB until the term of office of the Audit Committee.

The Group

Pharmacy sector

In the pharmaceutical sector Invalda had an investment in the company Sanitas, which is engaged in generic medicines (injectables, tablets, capsules and ointments) production and sale. In Poland Sanitas Group controls the pharmaceutical company Jelfa and medical ointments producer Homeofarm, in Slovakia - Sanitas Pharma company.

Invalda and other 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 Sanitas to Valeant Pharmaceuticals International, Inc. Sanitas enterprise value (including net debt) amounts to 365 million EUR (1.26 billion LTL) in this transaction.

On 19 August 2011, the biggest transaction of the recent years was finished, and Invalda received 83 million EUR (286.7 million LTL) for the owned 26.5 percent block of shares. Taking into account share price adjustment mechanism set out in the agreement signed in 2008, total proceedings of Invalda from Sanitas shares amounted to 91.4 mln. EUR (315.6 mln. LTL)

The net gain in the standalone financial statements of Invalda is 59.2 mln. EUR (204.5 mln. LTL) and consolidated financial statements – 54.4 mln. EUR (188 mln. LTL).

In terms of the profit – it is one of the most successful transactions for Invalda. Also it reflects one of typical strategies of Invalda - to create regional leaders through organic growth and acquisitions. Invalda, in this case, acted as an active investment manager and contributed to corporate strategy and building of executives team.

Other financial investors also earned from this transaction, as well as minority shareholders and international team of Sanitas group management; a stock option program was created in order to motivate this team.

From the first Invalda's investment in Sanitas in 2003, a small local company grew more than 10 times due to the efforts of shareholders, Sanitas group's management and all employees. The majority of revenues are received outside of Lithuania, i.e. in Poland, Russia and other Central and Eastern European markets.

Furniture manufacturing sector

In the furniture manufacturing sector Invalda controls Vilniaus Baldai AB. This company produces flat-pack furniture and sells almost all its production to the Swedish concern IKEA. Vilniaus Baldai manufactures furniture from particle board for the mass production. Due to used BOF (board on frame) technology the furniture is lightweight.

During the first half of the 2011 Vilniaus Baldai has achieved the best ratios of sales and net profit in company's history. The company has produced about 30 percent more production than during the same period in 2010. The company is continuously improving manufacturing processes and due to this it could profit from the increased demand of Ikea concern. The main challenge remains a trend of increasing prices in the market of raw materials. In order to reduce costs, new technologies are used and the existing ones are optimized. The company is also looking for alternative raw materials and its suppliers. Vilniaus Baldai can not increase productions prices due to high competition in the market. Increasing sales should compensate reduced EBITDA and profit margins. This allow to increase profits in absolute terms.

During the shareholders meeting of Vilniaus Baldai, which was held on 28 April 2011, the shareholders allocated for dividends 15.545 million LTL, or 4 LTL per share.

11.1.1. Table. Furniture manufacturing sectors results

	mln. LTL	6 months of 2009	6 months of 2010	6 months of 2011
Sales		63.7	86.7	114.8
EBITDA		5.4	17.8	18.2
Net result		1.4	12.6	13.4

Vilniaus Baldai shares are listed on the Official List of NASDAQ OMX Vilnius Stock Exchange. More information about the company and its financial reports can be found on the public company's website www.vilniausbaldai.lt.

Real estate sector

The real estate sector of Invalda Group can be divided into two groups according to companies activity:

- companies investing into residential and commercial real estate and agricultural land;
- service companies involved in real estate management and administration, intermediary services.

Rental income has declined comparing the first half of 2011 with the same period in 2010. This was caused by revision of prices of the contracts signed earlier and the end of some rental agreements. Nevertheless, in 2011 income stabilization is noticed and there are positive trends in the commercial real estate market.

A residential house in Valakampiai was started to construct. Also possibilities to launch new higher class residential projects are analyzed.

During the first half of this year, the real estate was sold for 1.7 million LTL and purchased for 4.2 million LTL. The most actively investments were made into agricultural land. Also the project in Neringa was acquired for 2.6 million. LTL.

The main events of the first half of 2011 are establishment of Inreal GEO and construction of residential house Elniakampio Namai. Briefly about these events:

- In 2011 Invalda Nekilnojamojo Turto Valdymas has started developing a new residential apartment house called Elniakampio Namai in Valakampiai. Legal registration of this small three-storey (with a lift) 17 apartment house of original architecture should be finished by the end of this year. After three months from beginning of the sales, 7 apartments out of 17 are already presold.
- In 2011 March, in order to expand the range of services, a company Inreal GEO was established. The company provides the preparation of land cadastral and topographical plans, the land plots' formation and rearrangement services, prepares projects of rural development planning. Inreal GEO provides services in the whole territory of Lithuania. The company has six employees. Invalda owns 100 percent Inreal GEO shares.

11.1.2. Table. Results of the real estate sector

	million LTL	6 months of 2009	6 months of 2010	6 months of 2011
Result of the real estate sector		-64.6	3.3	-1.4

Real estate sector recorded 1.4 million LTL loss, in 2010 the sector earned 3.3 million LTL profit, which was largely due to one-off events.

Real estate revaluation is performed every December, so the annual results of the real estate sector will depend on market trends, which will be clearer in the autumn. The value of assets is influenced by two main factors - the general market changes, and results of improvements (preparation of detailed plans and other) performed during a year.

Rail and road infrastructure sector's transaction

On 19 April 2011, 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 its largest shareholder Comsa Emte (Spain) group and agreed to restore the effectiveness of the 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 – 777,536 thousand PLN (679,528 thousand LTL). Both Invalda's partners and companies' executives has earned from the transaction.

Amounts provided below are attributable only to Invalda.

Trakcja Polska acquired from Invalda 44.78% stake in Tiltra Group AB and 43.36% stake in AB Kauno Tiltai for total amount of 314,120 thousand PLN (274,525 thousand LTL) and subsequently, Invalda acquired:

(i) 29,017,087 newly issued Trakcja Polska shares for a 132,318 thousand PLN (115,639 thousand LTL) (4.56 PLN (3.99 LTL) per share), amounting to 12.5% in share capital of Trakcja Polska.

(ii) 59,892 bonds of Trakcja Polska with par value 1000 PLN (873.95 LTL) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2013, for 59,892 thousand PLN (52,343 thousand LTL).

(iii) 59,891 bonds of Trakcja Polska with par value 1000 PLN (873.95 LTL) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2014, for 59,891 thousand PLN (52,342 thousand LTL).

Remaining 62,019 thousand PLN (54,202 thousand LTL) was paid to AB Invalda in cash.

Taking into account market price of acquired financial instruments at the closing date, LTL/PLN exchange rate, expenses related to the transaction and formed provisions for possible liabilities, positive result in the consolidated financial statements Invalda Group and standalone financial statements of AB Invalda is 103.6 million LTL and 150.8 million LTL respectively.

Proceedings paid to Invalda for shares of Tiltra Group AB and Kauno Tiltai might be reduced depending on the financial results of Tiltra Group. The following objectives are set:

(i) for the financial year ending 31 March 2011 - the aggregate net profit have to be 63 million PLN (about 55 million LTL), and the aggregate profit before interest, taxes, depreciation and amortization (EBITDA) - 109 million PLN (about 95 million LTL)

(ii) for the financial year ending 31 March 2012 - the aggregate net profit have to be 67.5 million PLN (about 59 million LTL), and the aggregate profit before interest, taxes, depreciation and amortization (EBITDA) - 119 million PLN (about 104 million LTL).

If net profit indicators are not reached by 1 million PLN (about 0.87 million LTL) and more, the price will be reduced by 4 PLN for every 1 PLN difference. If the EBITDA target is not reached by 1 million PLN (about 0.87 million LTL) and more, the price will be reduced by 3 PLN for each 1 PLN difference. The price will be reduced by the higher amount of the above mentioned adjustments. The price cannot be reduced by more than 150 million PLN (about 131 million LTL) for the whole transaction. Invalda has a risk to reduce price by 60.6 million PLN (about 53 million LTL) out of the whole this amount.

Since Invalda doesn't have a key impact on management of sold companies, the management of Invalda decided to form a reserve equal to the discounted largest price reduction risk - 46.7 million LTL.

Invalda is obliged not to sell acquired Trakcja Polska shares for at least 12 months. The company also provided other guaranties for fulfillment of the liabilities.

Changes after the transaction

Invalda sold a part of the purchased Trakcja Polska bonds after the transaction (received 49.6 million LTL).

15 June 2011 Trakcja Polska changed its name to Trakcja - Tiltra.

Trakcja - Tiltra shares are accounted as financial assets in the Invalda's financial statements and the change of the value causes the profit or loss:

	million LTL	6 months of 2011
Profit (loss) from the change of value of Trakcja – Tiltra bonds		1.0
Profit (loss) from the change of value of Trakcja – Tiltra shares		(19.5)

Trakcja - Tiltra is listed on Warsaw Stock Exchange. More information about the company's activities can be found <http://www.trakcjatiltra.com/>

IT sector

In the IT sector Invalda owns BAIP Group. IT company Baltic Amadeus Infratrukturos Paslaugos, specialises in creation, reconstruction, exploitation and maintenance of the critical IT infrastructure. Since 8 February 2011 the company is called BAIP. The change of name has been provided in the company's purchase conditions, when group of companies Positor, which specializes in IT investments, bought it from the company Baltic Amadeus in 2007. In order to keep the integrity of the communication, Positor also changed the name and now is presented by BAIP Group name.

The main events in 2011:

BAIP together with Baltic Bull UAB and BGM UAB partners in the Vilnius University has designed and installed high-performance computing systems that will allow scientists to perform a new quality of multidimensional computing processes. Installed computing hardware, software and storage systems are worth more than 12 million LTL. Such a scale of supercomputer infrastructure was applied in Lithuania for the first time.

BAIP won the Lithuanian Prosecutor General's Office license subscription and Microsoft based information system maintenance services tender and signed a contract worth about 800 thousand LTL. It is a mutual project of BAIP and Microsoft where required licenses for proper functioning of IT systems of the Prosecution General's Office will be delivered together with problem solution and proactive support services.

BAIP provides critical IT infrastructure services and IT security services for the Ministry of the Interior, the Ministry of Finance, the Ministry of Health, the Ministry of Economy and the Ministry of Agriculture, the Police Department, the Government and the Office of the President, State Consumer Protection Department, Vilnius University and other institutions, large private sector companies, such as the telecommunications company Omnitel, a biotechnology company Fermentas, MAXIMA GRUPE, Bank SNORAS, Lifosa, Western Union and others.

Considering IT consolidation trends felt in the Lithuanian market, BAIP fortified its expertise in the field of private cloud computing and signed a partnership agreement with Abiquo and Veeam Software - worldwide leaders in software development for cloud computing and virtual infrastructure management.

On April, the first European Grid Infrastructure users forum took place in Lithuania. It gathered about 400 computing experts from around the world. The Forum was organized by Vilnius University and BAIP. Vilnius University and BAIP signed a cooperation agreement with Innovative Pharmacology Industry Association (IFPA) during the event. It will contribute to the country's pharmaceutical and medical innovation development.

11.1.3. Table. Results of the IT sector

	million LTL	6 months of 2009	6 months of 2010	6 months of 2011
Sales		14.2	6.5	14.5
EBITDA		0.8	-0.1	0.8
Net result		-0.4	-1.5	-0.2

The largest part of profit in IT sector is gained in the end of the year, therefore the recovery of IT market and better results of the first half of the year allow to expect the better results in 2011.

Facility management sector

Since the beginning of 2011 facility management sector is established as a separate segment in the financial statements of Invalda. This sector is comprised of companies Invalda Service, Priemiestis and Jurita (the acquisition of the later was completed in August 2011). Facility management sector develops both organically and through acquisitions.

In June 2011 Invalda Service signed the contract for the maintenance and management of residential - commercial buildings' complex Evita and won the tender for the administration of real estate, managed by DnB NORD bank subsidiary Intractus and the provision of facility management services.

The purchase of the company Jurita, that manages apartment houses in the capital's Justiniskes catchment area, was completed in August. The value of the contract – 2.519 mln. Litas. In Justiniskes Jurita supervises 76 blocks of flats, which total area is about 151.7 thousand square meters.

The total area of the buildings, managed by companies of Invalda's facility management sector (Invalda Service, Priemiestis and Jurita) is more than 1 million square meters.

In July a company Naujosios Vilnios Turgaviete was separated from Priemiestis. The new company took over from Priemiestis the management and operation of the market place in a district of Naujoji Vilnia. This reorganisation was carried out to separate a non-core business.

11.1.4. Table. Results of the facility management sector

	million LTL	6 months of 2009	6 months of 2010	6 months of 2011
Sales		2.4	2.9	4.4
EBITDA		0.1	0.3	0.5
Net result		0.0	0.3	0.2

Other companies

Umega AB

At the end of July Invalda asked permission of the Competition Council of the Republic of Lithuania to acquire up to 100% of a metal processing company Umega. Currently Invalda owns 21.1% of Umega's capital. As it was announced earlier, there are possible transactions when Invalda's stake will slightly exceed 25% limit indicated in the Competition Law. Invalda plans to participate in the capital increase of Umega.

During the first half of 2011 sales of Umega reached 32 mln. LTL – 80 % more than during the same period in 2010.

Vernitas AB

At the end of July Invalda asked permission of the Competition Council of the Republic of Lithuania to acquire up to 100% of yarn manufacturing company Vernitas. At the end of 2010 Invalda owned 11.7% of Vernitas shares. This stake was increased till more than 20% after the shares from the minor shareholders were purchased.

The permission is asked, in order to have a possibility under acceptable conditions to increase owned stake up to the controlling. This would allow to initiate changes that focus on the restoration of the company's profitability and shareholders' equity increase.

Kelio zenklai UAB

During the first half of 2011 furniture manufacturing and metal processing company Kelio Zenklai increased sales by 23% (compared with the same period in 2010) up to 3.8 mln. LTL.

Lauko Gelininkystes Bandymu Stotis UAB

In the beginning of this year Invalda purchased 51% of Lauko Gelininkystes Bandymu Stotis (brand name Augalu Centras) shares from the State Property Fund for 911 thousand LTL. At the end of July this stake was increased till 100%. About 500 thousand LTL were paid to the minority shareholders for the remaining 49% of shares.

Revenues of Augalu Centras brand name using company reached 1 mln. LTL during the first half of 2011 and exceeded sales of the same period last year twice.

11.2. Results of the Issuer and its group

Table 11.2.1. Financial results of Invalda AB and its group, thousand LTL

	2010			2011		
	January – March	April – June	January - June	January – March	April – June	January - June
GROUP						
Profit (loss) from continuing operations before taxes	5,783	7,063	12,846	4,266	-14,048	-9,782
Discontinued operations	-2,321	2,908	587	4,169	145,334	149,503
Net profit (loss)	2,559	9,578	12,137	8,188	137,981	146,169
Net profit (loss) attributable to the parent company	-1,471	8,083	6,612	6,381	136,029	142,410
COMPANY						
Profit (loss) before taxes	-1,680	-922	-2,602	-1,380	186,563	185,183
Net profit (loss)	-1,507	-810	-2,317	-1,045	194,142	193,097

Table 11.2.2. Part of consolidated net result attributable to the shareholders of Invalda AB (by sectors and major financial investments impact), thousand LTL

Sector and major financial investments	2010			2011		
	January - March	April - June	January - June	January - March	April - June	January - June
Furniture manufacturing	5,020	4,024	9,044	4,948	4689	9,637
Real estate	-1,354	2,387	1,033	263	-1648	-1,385
Trakcja - Tiltra shares' value change	-	-	-	-	-19,481	-19,481
Trakcja - Tiltra bonds' value change	-	-	-	-	1.023	1,023
Information technologies	-945	-270	-1,215	-242	44	-198
Facility management	139	122	261	71	134	205
Road construction (sold segment)	-6,366	2,361	-4,005	-	103,649	103,649
Pharmacy (sold segment)	4,045	547	4,592	4,169	-2,551	1,618
Change in value of derivative related to Sanitas shares sale price correction according to the agreement	-	-	-	-	44,236	44,236
Other	-2,010	-1,088	-3,098	-2,828	5,934	3,106
Total	-1,471	8,083	6,612	6,381	136,029	142,410

Table 11.2.3. Main items of balance sheet, LTL thousand

	Group			Company		
	31.12.2010	30.06.2011	change	31.12.2010	30.06.2011	change
Non - current assets	426,760	311,332	-115,428	205,908	104,426	-101,482
Current assets	98,428	242,439	144,011	76,102	224,752	148,650
Non-current assets held for sale	72,075	171,864	99,789	25,004	155,306	130,302
Equity	200,051	341,888	141,837	85,865	278,962	193,097
Equity attributable to the equity holders of the parent company	175,132	317,396	142,264	86,865	278,962	193,097
Minority interest	24,919	24,492	-427	0	0	0
Non - current liabilities	176,462	264,347	87,885	126,790	111,010	-15,780
Current liabilities	220,750	119,400	-101,350	94,359	94,512	153

After completion of Sanitas shares sale transaction Invalda AB has used proceeds from this transaction to repay practically all financial obligations to banks and group companies, amounting to 110.5 million LTL (32 mln. EUR).

Table 11.2.4. Ratios

	Group		Company	
	2010	2011	2010	2011
Return on average equity (ROAE), %	33.45	78.83	-15.84	99.17
Debt ratio	0.67	0.53	0.72	0.42
Debt - equity ratio	1.99	1.12	2.58	0.74
Liquidity ratio	0.77	3.47	1.07	4.02
Earnings per share (EPS), LTL	0.84	3.45	-0.21	3.58
Price - earnings ratio (P/E)	8.22	2.40	Negative	2.31

Methodology of calculations:

Return on average equity (ROAE) * / ** = net profit / (equity 12 months ago + equity at the end of a time period) / 2

Debt ratio = total liabilities / total assets

Debt - equity ratio = total liabilities / equity

Liquidity ratio = current assets / current liabilities

Earnings per share (EPS) ** = net profit / average share amount

Price - earnings ratio (P/E) = share price at the end of a time period / EPS

Remarks:

Calculating ratios, for 2010 the actual data (company's and consolidated net result, as well as consolidated net result attributable to the equity holders of the parent company) were used, for the year 2011 - company's and consolidated net result, as well as consolidated net result attributable to the equity holders of the parent company for the last 12 months (data for the second half of 2010 and the first half of 2011).

* Calculating group ratios, the items of equity attributable to holders of the parent company and consolidated net profit attributable to holders of the parent company, are used

** Calculating group ratios, the item of net consolidated profit attributable to holders of the parent company, is used

12. The principal risks and uncertainties

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

13. Significant investments made during the reporting period

During the reporting period Invalda has finished merger transaction of Tiltra Group and Trakcja Polska and invested in a rail and road infrastructure company Trakcja-Polska (now is Trakcja-Tiltra) purchasing its shares and bonds. More about this investment is described in the section 11.1. of this report.

14. Activity plans and forecasts

The Board did not approve the company's forecasts for the year 2011.

Invalda AB will continue to seek the long term goal to increase shareholders equity. For the purpose of attainment of this objective Invalda actively manages its investments, exercising control or significant influence over target businesses.

In 2011 Invalda sold a large part of its businesses (in pharmaceuticals and road and bridge construction sectors) and is actively looking for opportunities to invest in new projects.

15. Information on the related parties' transactions

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

President



Darius Sulnis

ANNEX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
PHARMACY SECTOR (till 19 August 2011)			
Sanitas AB	Code 134136296 Address Veiverių str. 134, Kaunas, Lithuania Legal form – public limited liability company Registration date 30.06.1994	manufacturing and sale of pharmaceutical preparations	Telephone + 370 37 226 725 Fax +370 37 223 696 E-mail sanitas@sanitas.lt www.sanitas.lt
Jelfa SA	Code 66687 Address 21 Wincentego Pola Str., 58-500 Jelenia Góra, Poland Legal form – limited liability company Registration date 02.12.1991	manufacturing and sale of pharmaceutical preparations	Telephone +48 75 64 33 240 Fax +48 75 75 24 455 E-mail jelfa@jelfa.com.pl www.jelfa.pl
Laboratorium Farmaceutyczne Homeofarm sp. z. o. o.	Code 00001442971 Address Janka Wisniewskiego Str. 13, Gdansk, Poland Legal form – limited liability company Registration date 12.12.1992	manufacturing and sale of pharmaceutical preparations	Telephone +48 585 533 303 Fax +48 585 538 947 E-mail homeofarm@homeofarm.pl www.homeofarm.pl
Sanitas Pharma a.s.	Code 45563811 Address Bajkalska str. 5, Bratislava, Slovakia Legal form – limited liability company Registration date 15.05.2010	pharmaceuticals sale	Telephone +421 917846711 E-mail michaela.tahunova@sanit aspharma.sk
FURNITURE MANUFACTURING SECTOR			
Vilniaus Baldai AB	Code 121922783 Address Savanorių ave. 178, Vilnius, Lithuania Legal form – public limited liability company Registration date 09.02.1993	furniture design and manufacturing	Telephone +370 5 252 5700 Fax +370 5 231 1130 E-mail info@vilniausbaldai.lt www.vilniausbaldai.lt
Ari-Lux UAB	Code 120989619 Address Savanorių ave. 178, Vilnius, Lithuania Legal form – private limited liability company Registration date 28.10.1991	fitting packing	Tel. / fax +370 5 252 5744
REAL ESTATE SECTOR			
Invalda Nekilnojamojo Turto Valdymas UAB	Code 222894170 Address Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 22.12.1994	real estate management and administration, development of investment projects	Telephone +370 5 273 0944 Fax +370 5 273 3065 E-mail info@invaldaNT.lt www.invaldaNT.lt
Inreal UAB	Code 300576166 Address Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 14.06.2006	intermediation purchasing or selling real estate, real estate rent and valuation	Telephone +370 5 273 0000 Fax +370 5 273 0858 E-mail info@inreal.lt www.inreal.lt
Invaldos Nekilnojamojo Turto Fondas AB	Code 152105644 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – public limited liability company Registration date 28.01.1997	investments into real estate	Telephone +370 5 279 0614 Fax +370 5 273 3065 E-mail intf@intf.lt

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
INTF Investicija UAB	Code 300643227 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 02.02.2007	investments into real estate	Telephone +370 5 275 5093 Fax +370 5 273 3065
DOMMO Nerija UAB	Code 300516742 Registration address Smiltnes str. 25, Klaipeda, Lithuania Located at S. Simkaus str. 8, Klaipeda, Lithuania Legal form – private limited liability company Registration date 21.12.2005	investments into real estate	Telephone +370 46 276 691 Fax +370 46 314 316
Ineturas UAB	Code 126075527 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 20.10.2002	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065
Naujoji Svara UAB	Code 125235345 Registration address Seimyniskiu str. 3, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 12.04.2000	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065
Traku Kelias UAB	Code 124928371 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 31.05.1999	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065
Rieses Investicija UAB	Code 300606428 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 11.10.2006	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065
IBC Logistika UAB	Code 300016395 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 07.04.2004	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Ekotra UAB	Code 300040019 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at K.Donelaicio str. 33-323, Kaunas Lithuania Legal form – private limited liability company Registration date 21.07.2004	purchase, sale and rent of land	Telephone +370 37 202 120 Fax +370 37 321 132
Simtamargis UAB	Code 300593984 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at K.Donelaicio str. 33-323, Kaunas Lithuania Legal form – private limited liability company Registration date 29.08.2006	purchase, sale and rent of land	Telephone +370 37 202 120 Fax +370 37 321 132
Zemvesta UAB	Code 300955547 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at K.Donelaicio str. 33-323, Kaunas Lithuania Legal form – private limited liability company Registration date 26.07.2007	purchase, sale and rent of land	Telephone +370 37 202120 Fax +370 37 321 132
Inreal GEO UAB	Code 302604810 Registration address Palangos str. 4, Vilnius, Lithuania Located at K.Donelaicio str. 33-323, Kaunas Lithuania Legal form – private limited liability company Registration date 31.03.2011	land plots' geodetic measurement	Telephone +370 37 202120 Fax +370 37 321 132
Agrobite UAB	Code 302546727 Registration address A.Juozapaviciaus str. 7, Vilnius, Lithuania Located at K.Donelaicio str. 33-323, Kaunas Lithuania Legal form – private limited liability company Registration date 20.09.2010	purchase, sale and rent of land	Telephone +370 37202 120 Fax +370 37 321 132
Laikinosios Sostines Projektai UAB	Code 300543732 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 01.03.2006	investments into real estate	Telephone +370 5 2730944 Fax +370 5 273 3065
Dizaino Institutas UAB	Code 122288385 Registration address A.Juozapaviciaus str. 11, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 29.12.1993	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Designing Firm Saistas UAB	Code 133689632 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at K.Donelaicio str. 33-323, Kaunas, Lithuania Legal form – private limited liability company Registration date 26.05.1993	investments into real estate	Telephone +370 37 202 120 Fax +370 5 321 132
Rovelija UAB	Code 302575846 Address Seimyniskiu str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 20.12.2010	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065
Sago UAB	Code 301206878 Registration address Seimyniskiu str. 3, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 31.10.2007	investments into real estate	Telephone +370 5 273 0944 Fax +370 5 273 3065
Aikstentis UAB	Code 126412617 Registration address Seimyniskiu str. 1A, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 23.12.2003	carries no activity	Telephone +370 5 279 0614 Fax +370 5 273 3065
Wembley – Neringa UAB	Code 110013029 Registration address A. Juozapavicaus str. 6 / Slucko str. 2, Vilnius, Lithuania Located at Palangos str. 4, Vilnius Lithuania Legal form – private limited liability company Registration date 28.05.1991	carries no activity	Telephone +370 5 273 0944 Fax +370 5 273 3065
Elniakampio Namai UAB	Code 300667160 Address Palangos str. 4, Vilnius, Lithuania Legal form – private limited liability company Registration date 04.04.2007	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
RAIL AND ROAD CONSTRUCTION SECTOR			
Trakcja – Tiltra S.A.	Code 0000084266 Address Zlota str. 59, 00-120 Warsaw, Poland Legal form – public limited liability company Registration date 29.01.2002	rail infrastructure construction, road and bridge construction	Telephone +48 22 628 6263 Fax +48 22 483 3013 E-mail sekretariat@trakcja.com www.trakcjatiltra.com
INFORMATION TECHNOLOGY (IT) SECTOR			
BAIP Group UAB	Code 300893533 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 27.06.2007	investments into IT companies	Telephone +370 698 23368 Fax +370 5 219 5900 E-mail info@baip.lt www.baipgroup.lt

Company	Registration information	Type of activity	Contact details
INFORMATION TECHNOLOGY (IT) SECTOR			
Informatikos Pasaulis UAB	Code 126396718 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 11.12.2003	IT infrastructure solutions	Telephone +370 5 277 9700 Fax +370 5 277 9725 E-mail info@infopasaulis.lt www.infopasaulis.lt
Vitma UAB	Code 121998756 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 25.06.1993	investment into IT companies	Telephone +370 5 272 9421
Acena UAB	Code 300935644 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 27.07.2007	IT infrastructure development and support	Telephone +370 5 275 9647 Fax +370 5 273 5106 E-mail info@acena.lt www.acena.lt
BAIP UAB	Code 301318539 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 03.12.2007	IT infrastructure solutions, IT security consultations, technological solutions, IT infrastructure support services	Telephone +370 5 219 0000 Fax +370 5 219 5900 E-mail info@baip.lt www.baip.lt
FACILITY MANAGEMENT			
Invalda Service UAB	Code 126180446 Address Seimyniskiu str. 3, Vilnius, Lithuania Legal form – private limited liability company Registration date 25.03.2003	facility management	Telephone +370 5 273 6565 Fax +370 5 273 6667 E-mail info@inservice.lt www.inservice.lt
Priemiestis UAB	Code 221487620 Address Skydo str. 30, Vilnius, Lithuania Legal form – private limited liability company Registration date 09.07.1992	facility management	Telephone +370 5273 0951
Jurita UAB	Code 220152850 Address Justiniskiu 62, Vilnius, Lithuania Legal form – private limited liability company Registration date 28.12.1990	facility management	Telephone +370 5248 2088
CManagement UAB	Code 186139653 Registration address A.Juozapaviciaus str. 6/2, Vilnius Lithuania Located at Seimyniskiu str. 3, Vilnius, Lithuania Legal form – private limited liability company Registration date 17.02.1994	construction	Telephone +370 5 272 5565 Fax +370 5 273 6667

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
Umega AB	Code 126334727 Address Metalo str. 5, Utena, Lithuania Legal form – public limited liability company Registration date 25.09.2003	production of electric devices, metal items	Telephone +370 389 53 542 Fax +370 389 69 646 E-mail info@umega.lt www.umega.lt
Kelio Zenklai UAB	Code 185274242 Address Gelezinkelio str. 28, Pilviskiai, Vilkaviskis district Legal form – private limited liability company Registration date 06.09.1994	metal and wood processing, wholesale of different materials	Telephone +370 342 67 756 Fax +370 342 67 644 E-mail info@keliozenklai.lt www.keliozenklai.lt
Iniciatyvos Fondas VšĮ	Code 300657209 Registration address Seimyniskiu str. 3, Vilnius, Lithuania Located at Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – public institution Registration date 08.03.2007	organising of social initiative programmes	Telephone +370 5 263 6129 Fax +370 5 279 0530 E-mail info@iniciatyvosfondas.lt www.iniciatyvosfondas.lt
Invetex AB	Code 133190113 Address Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – public limited liability company Registration date 31.01.1992	investment activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
MBGK UAB	Code 300083611 Address Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – public limited liability company Registration date 27.01.2005	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Finansu Rizikos Valdymas UAB	Code 300045450 Address Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 04.08.2004	investment activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Lauko Gelininkystes Bandymu Stotis UAB	Code 221496060 Address A.Kojelaviciaus str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 23.07.1992	cultivation and trade of ornamental plants and flowers	Telephone +370 5 267 1718 Fax +370 5 267 7949 E-mail inga@augalucentras.lt www.augalucentras.lt
Vernitas AB	Code 151223650 Address Stoties str. 16, Marijampole, Lithuania Legal form – public limited liability company Registration date 06.01.1994	yarn manufacturing	Telephone +370 343 68150 Fax 370 343 68140 E-mail info@vernitas.lt www.vernitas.lt
Investiciju Tinklas UAB	Code 301206885 Registration address Seimyniskiu str. 3, Vilnius Lithuania Residence address Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 31.10.2007	investment activity	Telephone +370 5 263 6129 Fax +370 5 279 0530

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
VOLO UAB	Code 301673796 Registration address Seimyniskiu str. 3, Vilnius Lithuania Located at Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 07.04.2008	investments into facility management companies	Telephone +370 5 263 6129 Fax +370 5 279 0530
Aktyvo UAB	Code 301206846 Registration address Seimyniskiu str. 3, Vilnius Lithuania Located at Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 31.10.2007	management of bad debts	Telephone +370 5 263 6129 Fax +370 5 279 0530
Aktyvus Valdymas UAB	Code 301673764 Registration address Seimyniskiu str. 3, Vilnius Lithuania Located at Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 07.04.2008	investments into real estate companies	Telephone +370 5 263 6129 Fax +370 5 279 0530
FORTINA UAB	Code 301673789 Registration address Seimyniskiu str. 3, Vilnius Lithuania Located at Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 07.04.2008	investment activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
ENTE UAB	Code 301206860 Registration address Seimyniskiu str. 3, Vilnius Lithuania Located at Seimyniskiu str. 1A, Vilnius, Lithuania Legal form – private limited liability company Registration date 31.10.2007	investments into real estate companies	Telephone +370 5 263 6129 Fax +370 5 279 0530
MGK Invest UAB	Code 302531757 Address Seimyniskiu str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 27.07.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
RPNG UAB	Code 302575892 Address Seimyniskiu str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Consult Invalda UAB	Code 302575814 Address Seimyniskiu str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
Regenus UAB	Code 302575821 Address Seimyniskiu str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Rizikos Kapitalas UAB	Code 302576631 Address Seimyniskiu str. 1, Vilnius, Lithuania Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
VIA Solutions UAB	Code 302617188 Address Palangos str. 4, Vilnius, Lithuania	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Invalda LUX S.a.r.l.	Code B158274 Address 560A, rue de Neudorf, L- 22200 Luxembourg Legal form –limited liability company Registration date 25.01.2011	carries no activity	Telephone +352 26 43661 Fax +352 26 4366300