AB INVALDA

CONSOLIDATED AND PARENT COMPANY’S INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

GENERAL INFORMATION

Board of Directors

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

Management

Mr. Dalius Kaziūnas (president)
Mr. Raimondas Rajeckas (chief financial officer)

Principal place of business and company code

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

Bankers

Nordea Bank Finland Plc Lithuania Branch
AB DNB Bankas
AB Siauliu Bankas
Danske Bank A/S Lithuania Branch
AB bankas Finasta
UAB Medicinos Bankas
AS UniCredit Bank Lithuania Branch
AB SEB Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 28 February 2012.

Mr. Dalius Kaziūnas
President

Mr. Raimondas Rajeckas
Chief financial officer

Interim consolidated and Parent Company's income statements

		Group		Company	
		2011	**2010**	**2011**	**2010**
Continuing operations		Unaudited	Audited	Unaudited	Audited
Revenue					
Furniture production revenue		238,368	197,214	-	-
Residential real estate revenue		1,433	7,426	-	-
Rent and other real estate revenue		25,125	23,771	-	-
Information technology revenue		34,957	27,554	-	-
Facility management		8,463	4,554	-	-
Other production and services revenue		9,656	7,508	-	-
Total revenue		**318,002**	**268,027**	**-**	**-**
Other income	9.3	10,605	4,486	24,406	8,397
Net gains (losses) on disposal of subsidiaries, associates and joint ventures		-	15,350	318,438	(18,013)
Net gains (losses) from fair value adjustments on investment property		(14,944)	1,236	-	-
Net changes in fair value on financial assets	9.1	(83,884)	(4,486)	(37,951)	3,337
Changes in inventories of finished goods and work in progress		(2,471)	1,557	(22)	-
Raw materials and consumables used		(184,744)	(143,445)	-	(25)
Changes in residential real estate		(1,323)	(6,280)	-	-
Employee benefits expenses		(41,806)	(35,741)	(2,516)	(1,911)
Impairment, write-down, allowances and provisions	5,12,13	(18,459)	(4,415)	(30,434)	10,882
Premises rent and utilities		(17,464)	(17,171)	(166)	(178)
Depreciation and amortisation		(10,466)	(10,415)	(83)	(103)
Repair and maintenance of premises		(10,464)	(10,022)	-	(1)
Other operating expenses		(22,294)	(14,304)	(2,897)	(886)
Operating profit (loss)		**(79,712)**	**44,377**	**268,775**	**1,499**
Finance costs	9.2	(13,628)	(18,034)	(9,221)	(13,160)
Share of profit (loss) from associates and joint ventures		74	669	-	-
Profit (loss) before income tax		**93,266**	**27,012**	**259,554**	**(11,661)**
Income tax	7	13,614	(123)	15,587	1,190
Profit (loss) for the period from continuing operations		**(79,652)**	**26,889**	**275,141**	**(10,471)**
Discontinued operation					
Profit/(Loss) after tax for the period from a discontinued operation	10	297,980	25,575	-	-
PROFIT (LOSS) FOR THE PERIOD		**218,328**	**52,464**	**275,141**	**(10,471)**
Attributable to:					
Equity holders of the parent		210,555	42,450	275,141	(10,471)
Non-controlling interests		7,773	10,014	-	-
		218,328	**52,464**	**275,141**	**(10,471)**
Basic earnings (deficit) per share (in LTL)		4.08	0.84	5.33	(0.21)
Diluted earnings (deficit) per share (in LTL)		3.71	0.80	4.84	(0.21)
Basic earnings (deficit) per share (in LTL) from continuing operations		(1.69)	0.33	5.33	(0.21)
Diluted earnings (deficit) per share (in LTL) from continuing operations		(1.69)	0.33	4.84	(0.21)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	2011	**2010**	**2011**	**2010**
	Unaudited	Audited	Unaudited	Audited
PROFIT (LOSS) FOR PERIOD	**218,328**	**52,464**	**275,141**	**(10,471)**
Continuing operation				
Net gain (loss) on cash flow hedge	164	191	-	-
Income tax	(25)	(29)	-	-
	139	**162**	-	-
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	**139**	**(1)**	**-**	**-**
Discontinued operations				
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Income tax	-	-	-	-
Share of other comprehensive income of associates	1,879	4,014	-	-
Other comprehensive income for the period from discontinued operations	**1,879**	**4,014**	**-**	**-**
Other comprehensive income (loss) for the period, net of tax	**2,018**	**4,013**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**220,346**	**56,477**	**275,141**	**(10,471)**
Attributable to:				
Equity holders of the parent	212,573	46,463	275,141	(10,471)
Non-controlling interests	7,773	10,014	-	-

Interim consolidated and Parent Company's income statements

	Group		Company	
	IV Quarter 2011	**IV Quarter 2010**	**IV Quarter 2011**	**IV Quarter 2010**
Continuing operations	Unaudited		Unaudited	
Revenue				
Furniture production revenue	58,941	55,640	-	-
Residential real estate revenue	455	1,630	-	-
Rent and other real estate revenue	8,091	6,306	-	-
Information technology revenue	15,706	10,352	-	-
Facility management	3,060	1,751	-	-
Other production and services revenue	1,574	2,234	-	-
Total revenue	**87,827**	**77,913**	-	-
Other income	3,083	745	5,088	2,034
Net gains (losses) on disposal of subsidiaries, associates and joint ventures	-	-	2,276	-
Net gains (losses) from fair value adjustments on investment property	(15,766)	1,336	-	-
Net changes in fair value on financial assets	(17,271)	902	(16,871)	-
Changes in inventories of finished goods and work in progress	(318)	(307)	-	-
Raw materials and consumables used	(48,842)	(41,749)	(9)	(6)
Changes in residential real estate	(412)	(1,478)	-	-
Employee benefits expenses	(13,054)	(10,996)	(1,184)	(594)
Impairment, write-down, allowances and provisions	91	(446)	(12,493)	(3,240)
Premises rent and utilities	(4,758)	(4,769)	(47)	(54)
Depreciation and amortisation	(2,612)	(2,692)	(20)	(19)
Repair and maintenance of premises	(3,031)	(3,170)	-	-
Other operating expenses	(7,822)	(4,934)	(629)	(325)
Operating profit (loss)	**(22,885)**	**(10,355)**	**(23,889)**	**(2,204)**
Finance costs	(2,059)	(4,200)	(825)	(3,228)
Share of profit (loss) from associates and joint ventures	456	(129)	-	-
Profit (loss) before income tax	**(24,488)**	**6,026**	**(24,714)**	**(5,432)**
Income tax	1,045	921	766	288
Profit (loss) for the period from continuing operations	**(23,443)**	**6,947**	**(23,948)**	**(5,144)**
Discontinued operation				
Profit/(Loss) after tax for the period from a discontinued operation	2,276	7,572	-	-
PROFIT (LOSS) FOR THE PERIOD	**(21,167)**	**14,519**	**(23,948)**	**(5,144)**
Attributable to:				
Equity holders of the parent	(23,190)	12,505	(23,948)	(5,144)
Non-controlling interests	2,023	2,014	-	-
	(21,167)	**14,519**	**(23,948)**	**(5,144)**
Basic earnings (deficit) per share (in LTL)	(0.44)	0.25	(0.46)	(0.10)
Diluted earnings (deficit) per share (in LTL)	(0.44)	0.23	(0.46)	(0.10)
Basic earnings (deficit) per share (in LTL) from continuing operations	(0.49)	0.09	(0.46)	(0.10)
Diluted earnings (deficit) per share (in LTL) from continuing operations	(0.49)	0.09	(0.46)	(0.10)

Interim consolidated and Parent Company's statements of comprehensive income

	Group		Company	
	IV Quarter 2011	**IV Quarter 2010**	**IV Quarter 2011**	**IV Quarter 2010**
	Unaudited		Unaudited	
PROFIT (LOSS) FOR PERIOD	**(21,167)**	**14,519**	**(23,948)**	**(5,144)**
Continuing operation				
Net gain (loss) on cash flow hedge	-	55	-	-
Income tax	-	(9)	-	-
	-	**46**	-	-
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	-	5	-	-
Other comprehensive income(loss) for the period from continuing operation	**-**	**51**	**-**	**-**
Discontinued operations				
Net gain (loss) on available-for-sale financial assets	-	-	-	-
Income tax	-	-	-	-
Share of other comprehensive income of associates	-	(89)	-	-
Other comprehensive income for the period from discontinued operations	**-**	**(89)**	**-**	**-**
Other comprehensive income (loss) for the period, net of tax	**-**	**(38)**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(21,167)**	**14,481**	**(23,948)**	**(5,144)**
Attributable to:				
Equity holders of the parent	(23,190)	12,467	(23.948)	(5,144)
Non-controlling interests	2,023	2,014	-	-

Interim consolidated and Parent Company's statements of financial position

		Group		Company	
		As at 31 December2011	**As at 31 December 2010**	**As at 31 December 2011**	**As at 31 December 2010**
ASSETS		Unaudited	Audited	Unaudited	Audited
Non-current assets					
Property, plant and equipment		40,749	38,876	184	238
Investment properties	13	246,219	240,573	-	-
Intangible assets		12,052	10,490	7	12
Investments into subsidiaries	8	-	-	99,742	87,398
Investments into associates and joint ventures	8	39,283	125,512	738	110,916
Investments available-for-sale		2,859	1,818	1,817	1,817
Loans granted		12,041	-	4,143	1,192
Other non-current assets		2,848	2,848	-	-
Deferred income tax asset		22,073	6,643	20,093	4,335
Total non-current assets		**378,124**	**426,760**	**126,724**	**205,908**
Current assets					
Inventories		25,829	27,618	-	-
Trade and other receivables	12	33,645	29,540	51	1,002
Current loans granted	12	31,246	22,303	174,679	73,360
Prepaid income tax		835	53	-	-
Prepayments and deferred charges		2,910	1,603	123	26
Financial assets held-for-trade	12	31,022	8,446	18,030	1,512
Deposits	5	114,950	-	63,888	-
Restricted cash		2,743	4,173	-	-
Cash and cash equivalents	5	22,260	4,692	11.888	202
Total current assets		**265,440**	**98,428**	**268,659**	**76,102**
Assets of disposal group classified as held-for-sale	10	**1,552**	**72,075**	**3,745**	**25,004**
Total assets		**645,116**	**597,263**	**399,128**	**307,014**

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

		Group		Company	
		As at 31 December2011	**As at 31 December 2010**	**As at 31 December2011**	**As at 31 December 2010**
EQUITY AND LIABILITIES		Unaudited	Audited	Unaudited	Audited
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		20,299	20,102	-	-
Retained earnings (accumulated deficit)		281,587	58,694	275,141	(10,471)
		387,751	**175,132**	**361,006**	**85,865**
Non-controlling interests		**27,452**	**24,919**	**-**	**-**
Total equity		**415,203**	**200,051**	**361,006**	**85,865**
Liabilities					
Non-current liabilities					
Non-current borrowings	11	121,785	127,260	-	94,350
Financial lease liabilities		391	447	-	-
Government grants		66	-	-	-
Provisions		480	480	-	-
Deferred income tax liability		14,854	14,734	-	-
Derivative financial instruments		-	-	-	-
Convertible bonds		-	32,440	-	32,440
Other non-current liabilities		2,124	1,101	-	-
Total non-current liabilities		**139,700**	**176,462**	**-**	**126,790**
Current liabilities					
Current portion of non-current borrowings	11	3,692	119,062	-	-
Current portion of financial lease liabilities		258	231	-	-
Current borrowings	11	793	57,849	359	90,855
Trade payables		34,607	31,172	630	739
Income tax payable		265	609	-	-
Provisions		16	345	-	250
Advances received		2,614	1,520	-	-
Derivative financial instruments		-	163	-	-
Convertible bonds		34,059	-	34,059	-
Other current liabilities	14	13,909	9,799	3,074	2,515
Total current liabilities		**90,213**	**220,750**	**38,122**	**94,359**
Total liabilities		**229,913**	**397,212**	**38,122**	**221,149**
Total equity and liabilities		**645,116**	**597,263**	**399,128**	**307,014**

(the end)

Consolidated and Parent Company's statements of changes in equity

	Equity attributable to equity holders of the parent								
			Reserves						
Group	**Share capital**	**Share premium**	**Fair value reserves**	**Legal and other reserves**	**Foreign currency translation reserve**	**Retained earnings (accumulated deficit)**	**Subtotal**	**Non-controlling interests**	**Total equity**
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 year of 2010	-	-	-	-	-	42,450	42,450	10,014	52,464
Other comprehensive income (loss) for the year of 2010	-	-	(6)	-	-	4,019	4,013	-	4,013
Total comprehensive income (loss) for the year of 2010	**-**	**-**	**(6)**	**-**	**-**	**46,469**	**46,463**	**10,014**	**56,477**
Sales of subsidiaries	-	-	-	(211)	-	211	-	7	7
Acquisition of subsidiaries	-	-	-	-	-	-	-	1,505	1,505
Share based payments	-	-	-	-	-	-	-	352	352
Changes in reserves	-	(46,821)	-	(56,171)	-	102,992	-	-	-
Increase of share capital	9,091	40,909	-	-	-	-	50,000	-	50,000
Balance as at 31 December 2010 (audited)	**51,660**	**44,676**	**(139)**	**20,241**	**-**	**58,694**	**175,132**	**24,919**	**200,051**

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

		Equity attributable to equity holders of the parent								
				Reserves						
Group		**Share capital**	**Share premium**	**Fair value reserves**	**Legal and other reserves**	**Foreign currency translation reserve**	**Retained earnings (accumulated deficit)**	**Subtotal**	**Non-controlling interests**	**Total equity**
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 year of 2011		-	-	-	-	-	210,555	210,555	7,773	218,328
Other comprehensive income for the year of 2011		-	-	139	-	-	1,879	2,018	-	2,018
Total comprehensive income for the year of 2011		**-**	**-**	**139**	**-**	**-**	**212,434**	**212,573**	**7,773**	**220,346**
Dividends of subsidiaries		-	-	-	-	-	-	-	(4,351)	(4,351)
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	364	364
Share based payments		-	-	-	-	-	-	-	(162)	(162)
Changes in reserves		-	(10,471)	-	58	-	10,413	-	-	-
Minority of subsidiaries acquired	8	-	-	-	-	-	46	46	(1,091)	(1,045)
Balance as at 31 December 2011 (unaudited)		**51,660**	**34,205**	**-**	**20,299**	**-**	**281,587**	**387,751**	**27,452**	**415,203**

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

			Reserves			
Company	**Share capital**	**Share premium**	**Legal reserve**	**Reserve of purchase of own shares**	**Retained earnings (accumulated deficit)**	**Total**
Balance as at 31 December 2009	**42,569**	**50,588**	**4,257**	**69,126**	**(120,204)**	**46,336**
Profit (loss) for the year of 2010	-	-	-	-	(10,471)	(10,471)
Changes in reserves	-	(46,821)	(4,257)	(69,126)	120,204	-
Increase of share capital	9,091	40,909	-	-	-	50,000
Balance as at 31 December 2010 (audited)	**51,660**	**44,676**	**-**	**-**	**(10,471)**	**85,865**

			Reserves			
Company	**Share capital**	**Share premium**	**Legal reserve**	**Reserve of purchase of own shares**	**Retained earnings (accumulated deficit)**	**Total**
Balance as at 31 December 2010	**51,660**	**44,676**	**-**	**-**	**(10,471)**	**85,865**
Profit (loss) for the year of 2011	-	-	-	-	275,141	275,141
Changes in share premium	-	(10,471)	-	-	10,471	-
Balance as at 31 December 2011 (unaudited)	**51,660**	**34,205**	**-**	**-**	**275,141**	**361,006**

Consolidated and Parent Company's statements of cash flows

		Group		Company	
		2011	**2010**	**2011**	**2010**
		Unaudited	Audited	Unaudited	Audited
Cash flows from (to) operating activities					
Net profit (loss) for the period		218,328	52,464	275,141	(10,471)
Adjustments for non-cash items and non-operating activities:					
Valuation (gain) loss, net		14,944	(1,236)	-	-
Depreciation and amortization		10,466	10,415	83	102
(Gain) loss on disposal of tangible assets		43	128	-	(43)
Realized and unrealized loss (gain) on investments		40,169	4.486	37,951	(3,337)
(Gain) loss on disposal of subsidiaries, associates		(252,647)	(15,350)	(318,438)	18,013
Share of net loss (profit) of associates and joint ventures		(1,692)	(26,244)	-	-
Interest (income)		(6,950)	(1,822)	(13,069)	(8,030)
Interest expenses		12,350	17,407	8,216	13,144
Deferred taxes		(15,668)	(1,796)	(15,757)	(1,190)
Current income tax expenses		2,054	1,919	170	-
Allowances		18,788	5,686	30,684	(9,666)
Change in provisions		(329)	(1,271)	(250)	(1,216)
Share based payment		(162)	352	-	-
Profit from bargain purchases	8	(1,791)	-	-	-
Dividend (income)		-	-	(11,314)	(300)
Loss (gain) from other financial activities		230	(996)	219	-
		38,133	**44,142**	**(6,364)**	**(2,994)**
Changes in working capital:					
(Increase) decrease in inventories		3,089	(252)	-	-
Decrease (increase) in trade and other receivables		(7,671)	(4,818)	967	(2)
Decrease (increase) in other current assets		350	440	(97)	3
Transfer to term deposits		(134,264)	-	(83,540)	-
(Decrease) increase in trade payables		3,435	2,485	(683)	5
(Decrease) increase in other current liabilities		3,808	(481)	695	226
Cash flows (to) from operating activities		**(93,120)**	**41,516**	**(89,022)**	**(2,762)**
Income tax (paid) return		(3,177)	(6,759)	(1)	-
Net cash flows (to) from operating activities		**(96,297)**	**34,757**	**(89,023)**	**(2,762)**

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

		Group		Company	
		2011	**2010**	**2011**	**2010**
Cash flows from (to) investing activities		Unaudited	Audited	Unaudited	Audited
(Acquisition) of non-current assets (except investment		(7,898)	(3,610)	(24)	(157)
Proceeds from sale of non-current assets (except investment properties)		177	127	-	66
(Acquisition) of investment properties	13	(6,812)	(746)	-	-
Proceeds from sale of investment properties	13	1,070	484	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired	8	(7,519)	(2,092)	(109)	(60)
Proceeds from sales of subsidiaries, net of cash disposed		-	46	-	57
(Acquisition) of associates and joint ventures		(38,581)	-	(6)	-
Proceeds from sales of associates and joint ventures	10	369,282	-	369,282	-
Direct expenses related to sale of Group companies		(20,510)	-	(20,510)	-
Loans (granted)		(40,063)	(10,995)	(169,677)	(25,478)
Repayment of granted loans		10,974	13,114	46,310	27,048
Dividends received		-	-	-	300
Interest received		6,793	333	4,743	48
(Acquisition) of and proceeds from sales of held-for-trade and available-for-sale investments	12	42,083	4,986	51,400	4,689
Net cash flows (to) investing activities		**308,996**	**1,647**	**281,409**	**6,513**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
(Acquisition) and changes of non-controlling interests and increase of share capital		(1,045)	-	(173)	-
Dividends (paid) to equity holders of the parent		(59)	(59)	(59)	(59)
Dividends (paid) to non-controlling interests		(4,351)	-	-	-
		(5,455)	(59)	(232)	(59)
Cash flows related to other sources of financing					
Proceeds from loans		13,122	13,950	18,403	29,179
(Repayment) of loans	11	(187,089)	(30,831)	(185,801)	(20,933)
Interest (paid)		(17,882)	(18,020)	(12,851)	(11,830)
Financial lease (payments)		(141)	(294)	-	-
Transfer (to)/from restricted cash		2,533	56	-	-
Other cash flows from financing activities		-	-	-	-
		(189,457)	(35,139)	(180,249)	(3,584)
Net cash flows (to) from financial activities		**(194,912)**	**(35,198)**	**(180,481)**	**(3,643)**
Impact of currency exchange on cash and cash		**(219)**	**-**	**(219)**	**-**
Net (decrease) increase in cash and cash equivalents		**17,568**	**1,206**	**11.686**	**108**
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	**22,260**	**4,692**	**11,888**	**202**

(the end)

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 during 2011 on the priority investments, such as pharmaceutical (sold in the 3rd quarter of 2011), road and bridge construction (sold in the 2nd quarter of 2011), furniture manufacturing, real estate, facilities management, agriculture (acquired in the 4th quarter of 2011) and IT infrastructure segments and financial investment in rail and road infrastructure company 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2011.

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 year ended 31 December 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 year ended 31 December 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

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

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:

<u>Furniture production</u>

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

<u>Real estate</u>

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.

<u>Agriculture</u>

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

<u>Information technology infrastructure</u>

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.

<u>Facilities management (newly separated)</u>

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.

<u>Other production and service segments</u>

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 2011 and pharmacy segment, which was reclassified to assets held-for-sale on 30 June of 2011 and was disposed on 19 August of 2011 (see Note 10).

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.

4 Segment information (cont'd)

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.

The following table present revenues and profit information regarding the Group's business segments for the year ended 31 December 2011:

Period ended 31 December 2011	Furniture production	Real estate	Information technology	Facility management	Other production and service	Elimi-nation	Total continuing operations
Revenue							
Sales to external customers	238,368	25,111	34,957	8,463	11,103	-	318,002
Inter-segment sales	-	1,577	130	2,320	5	(4,032)	-
Total revenue	238,368	26,688	35,087	10,783	11,108	(4,032)	318,002
Results							
Other income	2,867	235	363	2,100	13,495	(8,455)	10,605
Net losses from fair value adjustment on investment property	-	(15,704)	-	-	760	-	(14,944)
Net changes in fair value on financial assets	-	-	-	-	(83,884)	-	(83,884)
Segment expenses	(210,450)	(32,865)	(34,603)	(11,590)	(27,639)	12,487	(304,660)
Impairment, write-down and allowance	113	1,511	(7)	78	(20,154)	-	(18,459)
Share of profit (loss) of the associates and joint ventures	-	461	-	-	(387)	-	74
Profit (loss) before income tax	30,898	(19,674)	840	1,371	(106,701)	-	(93,266)
Income tax	(4,115)	1,946	(307)	(8)	16,098	-	13,614
Net profit (loss) for the period	26,783	(17,728)	533	1,363	(90,603)	-	(79,652)
Attributable to:							
Equity holders of the parent	19,293	(17,724)	329	1,363	(90,686)	-	(87,425)
Non-controlling interests	7,490	(4)	204	-	83	-	7,773

4 Segment information (cont'd)

The following table present revenues and profit information regarding the Group's business segments for the year ended 31 December 2010:

Period ended 31 December 2010	Furniture production	Real estate	Information technology	Facility management	Other production and service	Elimi-nation	Total continuing operations
Revenue							
Sales to external customers	197,214	31,197	27,554	4,554	7,508	-	268,027
Inter-segment sales	-	1,215	131	3,617	86	(5,049)	-
Total revenue	197,214	32,412	27,685	8,171	7,594	(5,049)	268,027
Results							
Other income	3,023	273	232	389	10,189	(9,620)	4,486
Net losses from fair value adjustment on investment property	-	1,236	-	-	-	-	1,236
Net gains on disposal of subsidiaries	-	15,215	-	-	135	-	15,350
Net changes in fair value on financial assets	-	-	-	-	(4,486)	-	(4,486)
Segment expenses	(167,415)	(39,321)	(28,497)	(8,066)	(25,225)	14,669	(253,855)
Impairment, write-down and allowance	(72)	(10,995)	(5)	(176)	6,833	-	(4,415)
Share of profit (loss) of the associates and joint ventures	-	1,226	-	-	(557)	-	669
Profit (loss) before income tax	32,750	46	(585)	318	(5,517)	-	27,012
Income tax	(4,895)	2,864	(44)	128	1,824	-	(123)
Net profit (loss) for the period	27,855	2,910	(629)	446	(3,693)	-	26,889
Attributable to:							
Equity holders of the parent	20,057	597	(503)	446	(3,722)	-	16,875
Non-controlling interests	7,798	2,313	(126)	-	29	-	10,014

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

Segment assets	Furniture production	Real estate	Agriculture	Information technology	Facility management	Other production and service	Elimi-nation	Total continuing operations
At 31 December 2011	115,167	263,132	38,575	25,468	12,124	315,947	(125,297)	645,116
At 31 December 2010	108,717	266,915	-	16,285	8,347	102,138	(101,996)	400,406

5 Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
Cash at bank	21,157	4,507	11,888	202
Cash in hand	38	24	-	-
Cash in transit	65	161	-	-
Term deposits with the maturity up to 3 months	1,000	-	-	-
	22,260	4,692	11,888	202

On 31 December 2011, the Group and the Company have placed also with the banks term deposits and have invested in the banks bonds with the maturity more than 3 month.

	Group	Company
Deposits with the maturity between 3 and 6 months	59,659	48,339
Deposits with the maturity more than 6 months	39,404	-
Deposit's certificate of AB bankas Snoras	20,000	20,000
Bonds of the banks	15,000	15,000
Accumulated interest	1,175	837
Less allowance for impairment as consequence of AB bankas Snoras insolvency	(20,288)	(20,288)
	114,950	**63,888**

On 24 November 2011, the Bank of Lithuania recognised AB bankas Snoras as insolvent and revoked the licence. According to the public information about AB bankas Snoras, most likely is that bank's assets was significantly less as liabilities already on 30 September 2011. So the management of the Company decided to recognise allowance for impairment of deposit's certificate for full amount.

6 Dividends

In 2011 and 2010 dividends were not declared.

7 Income tax

	Group		Company	
	2011	2010	2011	2010
Components of income tax expense				
Current income tax charge	(2,187)	(1,931)	(170)	-
Prior year current income tax correction	133	12	-	-
Deferred income tax income (expense)	15,668	1,796	15,757	1,190
Income tax (expenses) income charged to the income statement	13,614	(123)	15,587	1,190

8 Investment into subsidiaries and associates

UAB Lauko gėlininkystės bandymų stotis

On 4 January 2011, the Group acquired 51 % of shares of UAB Lauko gėlininkystės bandymų stotis for LTL 911 thousand (all amount paid in cash) from Valstybės turto fondas (the State Property Fund). Acquisition-related cost was equal to nil.

The acquiree operates in field of growing and trading of ornamental trees and shrubs. Operations of the company acquired are meant to be continued also developing the owned real estate.

The fair values of the identifiable assets and liabilities of UAB Lauko gėlininkystės bandymų stotis were:

	Fair values
Property, plant and equipment	1,437
Inventories	597
Trade receivables	11
Other current assets	29
Cash	275
Total assets	**2,349**
Current liabilities	(158)
Other current liabilities	(63)
Total liabilities	**(221)**
Net assets	2,128
Non-controlling interests	(500)
Acquired net assets	**1,628**
Profit from bargain purchases	**(717)**
Purchase consideration transferred	**911**

On 22 July 2011, the Group acquired 49 % of 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. The value of the additional interest acquired was LTL 542 thousand. The positive difference equal to LTL 42 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders equity.

Acquired business contributed revenues of LTL 1,448 thousand and suffered the net loss of LTL 60 thousand to the Group during the year of 2011.

8 Investment into subsidiaries and associates (cont'd)

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.

Based on a preliminary assessment, the fair values of the identifiable assets and liabilities of UAB Jurita on 30 September 2011 were:

	Provisional fair values
Intangible assets	500
Property, plant and equipment	2,613
Inventories	32
Trade receivables	294
Other current assets	11
Term deposits and restricted cash	1,103
Cash	586
Total assets	**5,139**
Non - current liabilities	(955)
Deferred income tax liability	(237)
Current liabilities	(361)
Total liabilities	**(1,553)**
Net assets	**3,586**
Profit from bargain purchases	**(1,067)**
Acquisition price	**2,519**

Acquired business contributed revenues of LTL 1,142 thousand and net profit of LTL 104 thousand to the Group for the period from 1 August 2011 to 31 December 2011.

If the acquisition of UAB Jurita had occurred on 1 January 2011, the consolidated revenue would have been LTL 319,254 thousand and consolidated net profit would have been LTL 218,211 thousand.

Based on the preliminary assessment, the fair value of acquired trade receivables is LTL 294 thousand. The gross contractual amount for the acquired trade receivables due is LTL 542 thousand, of which LTL 248 thousand is expected to be uncollectible.

8 Investment into subsidiaries and associates (cont'd)

UAB Puškaitis, UAB Žemynėlė and UAB IŽB 1

On 30 September 2011, the Group acquired 100 % of the shares of UAB Puškaitis and UAB Žemynėlė. On 22 December 2011, the Group acquired 100 % of the shares of UAB IŽB 1. The total consideration was LTL 1,115 thousand (the total acquisition price paid in cash). The companies are investing in agricultural land. Acquisition-related cost was equal to nil.

The fair value of assets and liabilities of UAB Puškaitis, UAB Žemynėlė and UAB IŽB 1 on 31 December 2011 were:

	Fair value
Investment properties	9,649
Trade receivables	367
Other current assets	11
Deferred income tax asset	37
Cash	95
Total assets	**10,159**
Long-term bank borrowings	(2,503)
Deferred income tax liability	(100)
Short-term borrowings and other liabilities refinanced by the Group	(6,654)
Other current liabilities	(30)
Total liabilities	**(9,287)**
Net assets acquired	**872**
Recognized loss from fair value adjustment on investment properties	**243**
Acquisition price	**1,115**

Acquisition of Norway Registers Development, AS

On 28 November 2011, UAB BAIP grupė (the Group owns 80 % of the shares of this company) acquired 100 % of the shares of Norwegian company Norway Registers Development, AS, owning 70.73 % of the shares of UAB NRD in Lithuania. The total consideration was LTL 4,368 thousand. Acquisition-related costs were 218 thousand LTL and were included in other operating expenses. The contract on acquiring of 100% of shares of Norway registers Development, AS was signed by the Group on 20 October 2011.

The acquired company specializes in the programming of register systems including legislation development, project implementation and support.

8 Investment into subsidiaries and associates (cont'd)

Acquisition of Norway Registers Development, AS (cont'd)

The following table summarises the consideration paid for Norway registers Development, AS, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

Consideration:

Cash	4,143
Contingent consideration	225
Total consideration	**4,368**
Pro rata part of consideration, attributed to the Company	**3,494**

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Provisional fair value
Intangible assets	26
Property, plant and equipment	977
Deferred income tax asset	127
Trade and other receivables	576
Prepaid income tax	32
Prepayments and deferred charges	1,655
Cash and cash equivalents	437
Total assets	**3,830**
Long-term bank borrowings	(714)
Income tax payable	(203)
Other current liabilities	(1,123)
Total liabilities	**(2,040)**
Net assets	1,790
Non-controlling interest, measured as a proportion of net assets acquired	(738)
Acquired net assets	**1,052**
Unidentified intangible assets	**2,442**
Consideration attributed to the Company	**3,494**

At this stage identification and valuation of identifiable intangible assets is not yet over. Subject to goodwill value is yet to be determined and the carrying amount of recognised intangible assets will be specified at a later stage.

The contingent consideration arrangement requires the group to pay the former owners of Norway Registers Development, AS 50% of the positive difference between the total EBITDA for the years 2011–2013 and EUR 900 thousand (LTL 3,108 thousand)

Acquired business contributed revenues of LTL 1,460 thousand and net profit of LTL 417 thousand to the Group for the period from 1 December 2011 to 31 December 2011.

If the acquisition of Norway registers Development, AS had occurred on 1 January 2011, the consolidated revenue would have been LTL 324,070 thousand and consolidated net profit would have been LTL 218,425 thousand.

Analysis of cash flows on acquisition during the year 2011:	
Consideration paid in cash	(8,913)
Cash acquired with the subsidiary	1,393
Acquisition of subsidiaries, net of cash acquired	**(7,520)**

8 Investment into subsidiaries and associates (cont'd)

Investment to UAB Litagra

On 7 November 2011, the Group signed an agreement to invest into UAB Litagra shares of. The share capital increase of UAB Litagra was concluded on 15 December 2011, when a permission of the Competition Council was received. The Group invested a total of LTL 38,575 thousand into shares of UAB Litagra: LTL 37.092 thousand was invested into new share issue and existing shares were acquired from the current shareholders for LTL 1,483 thousand. After the transaction the Group owns 36.88% shares of UAB Litagra, the chairman of the board of UAB Litagra Mr. Gintaras Kateiva - 37%, investment fund Amber Trust II – 18%, Mr. Dziugas Grigaliunas and Mr. Adomas Grigaitis, managers of Litagra Group, - 6.4% and 1.7% respectively.

The enterprise value of UAB Litagra – a leading company operating in the agricultural sector of the Baltic countries has been estimated at about LTL 200 million before the increase of the share capital. During the year of 2011 the consolidated turnover of Litagra Group was LTL 338.8 million, i.e. 7.8% higher than during the same period of the last year (LTL 314.4 million).

The companies of Litagra Group are engaged in the primary crop and livestock (milk) production, grain processing and agricultural services. Group companies trade in plant protection products, fertilizers, seeds, compound feed, feed supplements, veterinary products. Moreover, companies trade grain, provide grain and other raw materials drying, cleaning, loading and storage services. Group companies provide agricultural services in Lithuania, Latvia and Estonia.

The Company also signed Shareholders Agreement regarding the management of Litagra with other shareholders of UAB Litagra: Mr. Gintaras Kateiva, investment fund Amber Trust II, Mr. Dziugas Grigaliunas and Mr. Adomas Grigaitis.

UAB Litagra is accounted as an associate in the financial statements using equity method. The acquisition of UAB Litagra is reflected in the financial statements according to the data of UAB Litagra financial position statement for the year ended 31 December 2011. Therefore, it would not have any impact to the Group net profit for the year 2011. The valuation of fair value of the identifiable assets acquired and liabilities assumed is not yet completed. Therefore, the amounts of the identifiable assets acquired and liabilities assumed are not shown in this financial statement. Based on a provisional assessment, the amount of acquired net assets is approximate to the consideration paid.

Acquisition of non – controlling interest

The Group acquired 0.13 % of the shares of AB Vilniaus baldai and 6.41 % of the shares of AB Invetex for LTL 544 thousand. The value of the additional interest acquired was LTL 548 thousand. The positive difference equal to LTL 4 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders equity.

Establishment of companies (increase of share capital)

During the year of 2011 the Group has established these new companies: UAB Inreal GEO, Invalda Lux S.a.r.l, UAB Perspektyvi veikla, UAB Via Solutions, UAB Minijos valda. UAB Naujosios Vilnios turgavietė was separated from UAB Priemiestis. Also a dormant company UAB Cedus was acquired. The total amount of these investments is LTL 119 thousand.

In December 2011 the Company and the Group invested LTL 21,740 thousand and LTL 22,810 thousand additionally to increase share capital of subsidiaries, mainly converting loans granted to shares.

In August 2011 the Group acquired additionally shares for LTL 6 thousand. Also in September 2011 the Group invested LTL 1.351 thousand additionally to increased share capital of AB Umega converting loans granted to shares. As consequence the share of stock held by the Group was increased from 19.42 until 29.27 percent. The value of the additional interest acquired was LTL 1.419 thousand and in the income statements has been recognised profit of LTL 62 thousand. See Note 10 and 16, where information about the sale of shares of AB Umega after the reporting period is described.

In December 2011 Group invested additionally LTL 100 thousand to share capital of UAB Dommo Nerija converting granted loan to shares.

9 Other revenues and expenses

9.1. Net changes in fair value on financial assets

		Group		Company	
		2011	2010	2011	2010
Gain (loss) from bonds of Trakcja – Tiltra S.A.	10	(5,507)	-	(5,507)	-
Gain (loss) from shares of Trakcja – Tiltra S.A.	10	(76,564)	-	(76,564)	-
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	-	-	43,715	-
Other		(1,813)	(4,706)	405	3,337
Net gain (loss) from financial assets at fair value, total		*(83,884)*	*(4,706)*	*(37,951)*	*3,337*
Realised (loss) gain from available-for-sale investments		-	*220*	-	-
		(83,884)	(4,486)	(37,951)	3,337

9.2. Finance expenses

	Group		Company	
	2011	2010	2011	2010
Interest expenses	(12,350)	(17,407)	(8,216)	(13,144)
Other finance expenses	(1,278)	(627)	(1,005)	(16)
	(13,628)	(18,034)	(9,221)	(13,160)

9.3. Other income

	Group		Company	
	2011	2010	2011	2010
Interest income	6,950	1,822	13,069	8,030
Dividend income	-	-	11,314	300
Profit from bargain purchases	1,791	-	-	-
Other income	1,864	2,664	23	67
	10,605	4,486	24,406	8,397

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
Non-current assets classified as held-for-sale				
AB Umega	1,552	-	3,745	-
Road and bridge construction segment	-	72,075	-	25,004
	1,552	72,075	3,745	25,004

Tiltra Group AB and AB Kauno Tiltai

On 18 November 2010, the Company signed an agreement regarding the sale 44.78 % shares of Tiltra Group AB and 43.36 % shares of AB Kauno Tiltai, if the conditions precedent set out in the Agreement is fulfilled. The mentioned companies compose the road and bridge construction segment. The Buyer of the shares is Trakcja Polska S. A. (current name – Trakcja – Tiltra S.A.), which main activity is a rail infrastructure construction. Therefore the investments were classified as assets held for sale in the statement of financial position 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 S.A. 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 S.A. 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 S.A.
(ii) 59,892 bonds of Trakcja Polska S.A. 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 S.A. 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.
Amounts in PLN are converted to LTL at the actual currency exchange rate ruling at 19 April 2011.

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 S.A.	92,055	92,055
Bonds of Tiltra – Trakcja S.A.	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)	-
Price reduction due to Tiltra Group's failure to achieve the agreed results	(40,193)	(40,193)
Gain on disposal of associates without transaction expenses	**130,998**	**178,109**

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:

	2011
Gain on sale of associates without related expenses	178,109
Direct expenses related to sale	(20,510)
Profit of sales of associates	**157,599**

Proceedings paid to the Company for shares of Tiltra Group AB and AB Kauno tiltai might have been reduced depending on the financial results of the companies. These targets were agreed:
(i) the aggregated net profit for the financial year ended 31 March 2011 would 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 would 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 have been lower than the respective amount mentioned above by at least PLN 1 million (approximately LTL 0.87 million), the price would have been reduced by PLN 4 for each PLN 1 difference, and if EBITDA would have been lower than the respective amount mentioned above by at least PLN 1 million (approximately LTL 0.87 million), the price would have been reduced by PLN 3 for each PLN 1 difference. The price would have been reduced by the higher of the mentioned adjustments. According to this rule the price could not have been reduced more than PLN 150 million (approximately LTL 131 million) for the entire transaction. PLN 60.6 million (approximately LTL 53 million) from this amount was attributable to the Company.
Amounts in PLN are converted to LTL at the currency exchange rate at 19 April 2011.

Also, the Company had a liability in respect of representations and warranties provided to Trakcja Polska, and regarding a title to sold shares. In general, total liability of AB Invalda might not have exceeded total proceedings from the transaction.
The Company was obliged for at least 12 months not to sell Trakcja Polska shares acquired and also provided other guarantees for fulfilment of the liabilities.

The parties had 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 would have been reduced accordingly. After the peaceful settlement had been reached with Mr. J. Jurek, the claim was withdrawn.

On 21 December 2011, the Company and other former shareholders of Tiltra Group executed an agreement with Trakcja – Tiltra S. A. and its shareholder Comsa S. A. regarding the amendment to an agreement of 18 November 2010. Due to the reason that Tiltra Group would not achieve planned results for the financial year ending 31 March 2012 it was agreed to reduce Tiltra Group price and settle. Price attributable to the Company was reduced by LTL 40,193 thousand, measured at fair value. The Company sold to Trakcja - Tiltra S. A. 54,652 bonds issued by Trakcja – Tiltra S. A. with par value PLN 1000 (LTL 771.10) each, annual interest rate – 7% (paid out on 30 June and 31 December of each year), maturity date – 12 December 2014 (bonds' fair value at settlement date LTL 39,647 thousand). Also PLN 707 thousand (LTL 546 thousand) were paid in cash. Amounts in PLN are converted to LTL at the currency exchange rate at 21 December 2011.

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

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 for the 6 months ended 30 June 2011 and presented as discontinued operations in the income statement.

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, Invalda 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. For the shares acquired from business partners in January 2009 was paid additionally to them LTL 16,293 thousand, because final acquisition price has depended from sale price of AB Sanitas shares.

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, total proceedings of the Company from previous sold shares of AB Sanitas less payments to business partners was amounted to LTL 45,227 thousand. So was realized the derivative, which has represented probable share price adjustment for shares,

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

	Group	Company
Sales price, received in cash	286,690	286,690
Additional payment for acquisition of shares in January 2009	(16,293)	(16,293)
The carrying amount of sold investments	(126,116)	(109,558)
Cash flow hedge reserve of sold associates	(266)	-
Foreign currency translation reserve of sold associates	(1,856)	-
Profit from sales of associates	**142,159**	**160,839**

Cash flows related to sales of associates:

	Group	Company
Cash received for the sale of road and bridge construction segment	54,202	54,202
Sales price of AB Sanitas, received in cash	286,690	286,690
Additional payment for acquisition of shares in January 2009	(16,293)	(16,293)
Additionally net cash flows related to sales of AB Sanitas shares according to the agreement signed on 24 October 2008 with Baltic Pharma Limited	45,227	45,227
Cash paid for the price reduction	(546)	(546)
Total cash flows related to sales of associates	**369,280**	**369,280**

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

Discontinued operations

	2011	2010
Share of profit of associates (road and bridge construction)	-	11,431
Gain on sale of road and bridge construction segment	130,998	-
Direct expenses related to sale	(20,510)	-
Total discontinued operations (road and bridge construction)	**110,488**	**11,431**
Share of profit of associates (pharmacy segment)	1,618	14,144
Gain from derivative representing the share sale price adjustment of AB Sanitas according to the agreement	43,715	-
Pharmacy segment sales result	142,159	-
Total discontinued operations (pharmacy segment)	**187,492**	**14,144**
Total discontinued operations	**297,980**	**25,575**

Earnings per share:	2011	2010
Basic from discontinued operations	5.77	0.50
Diluted from discontinued operations	5.18	0.45

AB Umega

On 30 November 2011, the Company signed an agreement regarding the sale of 29.27% shares of AB Umega, which operates in metal processing. The deal was completed in January 2012, when the permission of the Competition Council was received (see Note 16). The investments were classified as assets held for sale in the statement of financial position for the year ended 31 December 2011. Because the investment did not constitute a separate operating segment, it is not presented as discontinued operations in the income statement.

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 31 December 2011 loans of LTL 116,469 thousand (as at 31 December 2010 – LTL 7,032 thousand) were recognised as non-current in statement of financial position, and loans of LTL 1,532 thousand (as at 31 December 2010 – LTL 115,174 thousand) were recognised as current portion of non-current loans.

During the year of 2011, the Group and the Company refunded respectively LTL 187,089 thousand and LTL 185,801 thousand of loans (during the year of 2010 respectively LTL 30,831 thousand and LTL 20,933 thousand), mainly used the proceeds from sale of road and bridge construction and pharmacy segments and bonds. The Company's liabilities to AB Šiaulių bankas, AB bankas Snoras, AB DNB bank and UAB Medicinos bankas was fully covered (on the statement of financial position for the year ended 2010 – LTL 18,000 thousand, LTL 24,254 thousand, LTL 94,350 thousand and 2,048 thousand LTL, respectively). The Company's liabilities to the Group companies decreased from LTL 46,553 thousand to LTL 359 thousand.

During the year of 2011 the Group paid down liabilities to the bank before maturity. The amount of paid down liabilities of subsidiaries amounted to LTL 28,964 thousand in the statement of financial position for the year ended 2010.

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 1,984 thousand). In 2010 and 2011 on the Company level was recognised additionally impairment losses to granted loans to subsidiaries operated in real estate segment due decreased carrying amount of assets of these companies. During 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 19,731 thousand). On the Group level during 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 31 December 2011:

	Level 1	Level 2	Level 3	Total balance
Assets				
Shares of Trakcja Tiltra	15,491	-	-	15,491
Other	15,531	-	-	15,531
Held-for-trade securities	31,022	-	-	31,022
Total Assets	31,022	-	-	31,022
Liabilities				

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	-	-

During the year of 2011, there were no transfers between Level 1 and Level 2 fair value measurements. In August of 2011 has expired cash flow hedge. The derivative representing the share price adjustment of AB Sanitas according to the agreement realized after sale of AB Sanitas. Therefore are not any instruments in level 3.

Cash flows

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

	Group		Company	
	2011	2010	2011	2010
Sale of bonds of Trakcja – Tiltra S.A	53,473	-	53,473	-
(Acquisition) and sale of held-for-trade investments	(10,348)	4,986	(2,073)	4,689
(Acquisition) and sale of available-for-sale investments	(1,042)	-	-	-
	42,083	4,986	51,400	4,689

13 Investment properties

During the year of 2011 the Group has acquired additionally investment properties for LTL 19,061 thousand, from which the investment property for LTL 2,600 thousand was obtained as collateral for trade receivable (see Note 12), during business combination was acquired for LTL 9,649 thousand (see Note 8) and in cash was acquired for LTL 6,812 thousand. Also investment properties was sold for LTL 990 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 31 December 2011	As of 31 December 2010	As of 31 December 2011	As of 31 December 2010
Employee benefits	5,892	3,985	914	293
Other	8,017	5,814	2,160	2,222
Total other current liabilities	13,909	9,799	3,074	2,515

15 Related party transactions

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

The Company's transactions with related parties during the year 2011 and related quarter-end balances were as follows:

2011 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	8,338	1,293	163,864	353
Rent and utilities	-	135	-	4
Dividends	-	-	-	-
Other	-	62	50	-
	8,338	1,490	163,914	357
Liabilities to shareholders and management	-	-	-	-

The Company's transactions with related parties during the year 2010 and related quarter-end balances were as follows:

2010 Company	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	8,931	2,249	80,935	46,553
Rent and utilities	-	134	-	128
Dividends	300	-	-	-
Transfer tax losses within the Group	-	-	999	-
Other	-	66	-	6
	9,231	2,449	81,934	46,687
Liabilities to shareholders and management	916	2	-	-

The Group's transactions with related parties during the year 2011 and related quarter-end balances were as follows:

2011 Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	108	-	6,687	-
Real estate income	98	-	60	-
Roads and bridges construction segment	266	3,904	86	-
Furniture production segment	-	1,541	-	71
Other	128	9	11	-
	600	5,454	6,844	71
Liabilities to shareholders and management	882	-	12,041	-

15 Related party transactions (cont'd)

The Group's transactions with related parties during the year 2010 and related quarter-end balances were as follows:

2010 Group	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	635	217	9,029	-
Rent and utilities	147	-	66	-
Furniture segment	-	590	-	162
Roads and bridges construction segment	273	57	109	-
Other	52	6	12	-
	1,107	870	9,216	162
Liabilities to shareholders and management	3,640	10	13,975	-

16 Events after the reporting period

AB Umega

On 12 January 2011, the sale of 29.27% of shares of AB Umega according to the agreement signed on 30 November 2011 was completed. Price for the shares sold equal to LTL 3,745 thousand. The Group has earned a profit of LTL 2,193 thousand. In the Company statements, the price for the shares sold was equal to the carrying amount of the investments.