

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 Of The Republic Of Lithuania, management of Invalda AB hereby confirms that, to the best of our knowledge, the attached Company's and consolidated financial statements for the year 2007 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 of Invalda AB and the Consolidated Group. Presented Consolidated annual report includes a fair review of the development and performance of the business and the position of the Company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

ENCLOSURE: Company's and consolidated financial statements for the year 2007 and Consolidated annual report.

President



Darius Šulnis

Chief financier



Raimondas Rajeckas

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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Independent auditors' report to the shareholders of AB Invalda

Report on the Financial Statements

We have audited the accompanying 2007 financial statements of AB Invalda, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Invalda Group (hereinafter the Group), which comprise the balance sheets as of 31 December 2007, the statements of income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As described in Note 1 to the accompanying financial statements, the Group in the consolidated financial statements accounted for the investment to UAB GIRIŲ BIZONAS using the equity method according to the unaudited financial data of UAB GIRIŲ BIZONAS. We have not been able to obtain sufficient audit evidence with regards to what would the value of the investment (currently stated at LTL 15,796 thousand) and the negative effect of the equity method (currently stated at LTL 1,643 thousand) have been in the Group's consolidated financial statements had the investment been accounted for according to the audited financial data of UAB GIRIŲ BIZONAS.

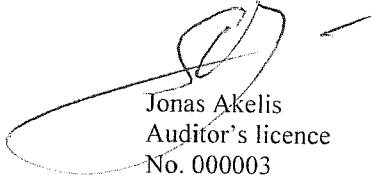
Qualified Opinion

In our opinion, except for the effect of the adjustments, if any, that may have been required had we been able to perform the procedures discussed in section *Basis for Qualified Opinion* above, the accompanying financial statements present fairly, in all material respects, the financial position of AB Invalda and the Group as of 31 December 2007, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

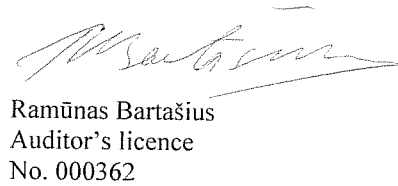
Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 31 December 2007 (presented as a separate document) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2007.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

A handwritten signature in black ink, appearing to read 'Jonas Akelis', with a long horizontal stroke extending to the right.

Jonas Akelis
Auditor's licence
No. 000003

A handwritten signature in black ink, appearing to read 'Ramūnas Bartašius', with a long horizontal stroke extending to the right.

Ramūnas Bartašius
Auditor's licence
No. 000362

The audit was completed on 18 April 2008.

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
(all amounts are in LTL thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

Mr. Vytautas Bučas (Chairman of the Board)
Mr. Dailius Juozapas Mišeikis
Mr. Darius Šulnis

Management

Mr. Darius Šulnis (President)
Mr. Raimondas Rajeckas (Chief Financial Officer)

Registered office and company code

Šeimyniškių Str. 3,
Vilnius,
Lithuania
Company code 121304349

Bankers

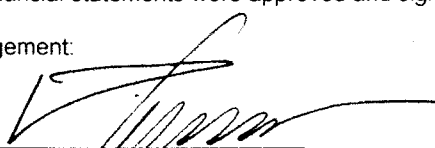
Nordea Bank Finland Plc. Lithuanian Branch
AB DnB NORD Bankas
AB Sampo Bankas
AB SEB Bankas
AB Bankas Hansabankas
AB Bankas Snoras
AB Šiaulių Bankas
UAB Medicinos Bankas


Auditor

UAB Ernst & Young Baltic
Subačiaus St. 7,
Vilnius, Lithuania

The financial statements were approved and signed by the Management and the Board of Directors on 18 April 2008.

Management:



Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief financial officer

According to the Law of Stock Companies of the Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**Income statements**

		Group		Company	
	Notes	2007	2006	2007	2006
Continuing operations					
Revenue	4				
Furniture production revenue		169,865	133,539	-	-
Rent and other real estate income		35,097	35,702	-	-
Financial mediation revenue		33,769	24,825	-	-
Pharmacy revenue		-	16,171	-	-
Other production and services revenue		14,864	14,111	-	-
Total revenue		253,595	224,348	-	-
Other income	5.1.	36,161	24,733	7,726	17,719
Valuation gains of investment properties	12	50,161	50,497	-	-
Valuation losses of investment properties	12	(674)	(4,601)	-	-
Changes in inventories of finished goods and work in progress		(674)	(1,497)	-	-
Raw materials and consumables used		(110,827)	(92,130)	(42)	-
Salaries and related expenses		(67,306)	(57,548)	(1,681)	(1,336)
Depreciation and amortisation	10, 11, 13	(11,713)	(13,868)	(158)	(127)
Subcontractor expenses		(8,791)	(12,354)	-	-
Premises rent and utilities		(13,348)	(9,581)	(385)	(263)
Fees for securities		(3,552)	(7,108)	(94)	(195)
Vehicles maintenance costs		(3,528)	(3,798)	(103)	(54)
Other taxes		(3,579)	(3,464)	(164)	(210)
Advertising and other promotion expenses		(5,074)	(2,790)	(42)	(67)
Goodwill impairment	13, 14	-	(2,980)	-	-
Repair and maintenance of premises		(2,409)	(916)	(3)	-
Other operating expenses	5.2.	(20,587)	(14,976)	(10,008)	(695)
Finance income	5.3.	10,237	5,432	100,114	20,714
Finance expenses	5.4.	(30,353)	(18,034)	(9,064)	(4,229)
Share of profit from associates and joint ventures		30,074	27,686	-	-
Profit before tax		97,813	87,051	86,096	31,257
Income tax expenses	6	(12,241)	(13,501)	708	(2,441)
Profit for the year from continuing operations		85,572	73,550	86,804	28,816
Discontinued operation					
Profit/(Loss) after tax for the year from a discontinued operation	7	1,988	2,002	-	-
PROFIT FOR THE YEAR		87,560	75,552	86,804	28,816
Attributable to:					
Equity holders of the parent		78,964	65,533	-	-
Minority interest		8,596	10,019	-	-
		87,560	75,552	-	-
Basic and diluted earnings per share (in LTL)	8	1.78	1.51		
Basic and diluted earnings per share (in LTL) for continuing operations	7, 8	1.73	1.46		

Balance sheets

		Group		Company	
	Notes	As at 31 December 2007	As at 31 December 2006	As at 31 December 2007	As at 31 December 2006
ASSETS					
Non-current assets					
Property, plant and equipment					
Hotels	10	-	49,821	-	-
Other property, plant and equipment	11	80,424	147,449	535	630
Total property, plant and equipment		80,424	197,270	535	630
Investment properties	12	402,933	391,303	-	-
Intangible assets	13, 14	23,546	5,659	10	8
Non-current financial assets					
Investments into subsidiaries	1	-	-	163,991	67,141
Investments into associates and joint ventures	1	303,952	186,509	216,350	118,797
Investments available-for-sale	15	5,920	18,713	1,821	1,771
Loans granted	16	16,962	15,338	21,961	30,350
Total non-current financial assets		326,834	220,560	404,123	218,059
Other non-current assets	29	2,848	-	-	-
Deferred tax asset	6	809	1,131	708	-
Total non-current assets		837,394	815,923	405,376	218,697
Current assets					
Inventories	17	119,950	18,499	-	-
Trade and other receivables	1	27,365	24,347	239	-
Short-term loans granted	16	77,977	44,974	108,754	16,981
Prepaid income tax		3,678	4,173	900	-
Prepayments and deferred charges	19	22,040	1,832	142	4
Financial assets held for trade	20	24,206	19,097	-	-
Cash and cash equivalents	21	4,248	9,161	30	82
Total current assets		279,464	122,083	110,065	17,067
Non-current assets and assets of disposal group classified as held-for-sale					
	7	87,669	-	10,079	-
TOTAL ASSETS		1,204,527	938,006	525,520	235,764

(cont'd on the next page)

AB INVALIDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

Balance sheets (cont'd)

		Group		Company	
	Notes	As at 31 December 2007	As at 31 December 2006	As at 31 December 2007	As at 31 December 2006
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	1, 22	42,569	45,008	42,569	45,008
Share premium		50,588	50,588	50,588	50,588
Reserves	23	41,852	28,683	39,001	3,068
Retained earnings		136,131	203,860	47,153	47,675
Translation reserve	23	(73)	(48)	-	-
Reserves of disposal group classified as held-for-sale		28,077	-	-	-
		299,144	328,091	179,311	146,339
Minority interest		6,056	40,407	-	-
Total equity		305,200	368,498	179,311	146,339
Liabilities					
Non-current liabilities					
Non-current borrowings	24	270,395	246,347	78,589	2,901
Financial lease liabilities	25	230	6,267	-	-
Government grants		31	109	-	-
Provisions		136	105	-	-
Deferred tax liability	6	35,356	35,976	-	-
Other non-current liabilities	3	1,280	197	-	-
Total non-current liabilities		307,428	289,001	78,589	2,901
Current liabilities					
Current portion of non-current borrowings	24	134,830	80,104	1,350	1,350
Current portion of financial lease liabilities	25	6,102	1,467	-	-
Current borrowings	24	186,821	138,819	144,244	81,770
Trade payables	26	26,159	24,707	890	552
Income tax payable		4,729	2,785	-	1,218
Advances received	7, 17	47,400	19,360	1,233	-
Other current liabilities	27	130,690	13,265	119,903	1,634
Total current liabilities		536,731	280,507	267,620	86,524
Non-current liabilities and liabilities of disposal group directly associated with the assets classified as held-for-sale	7	55,168	-	-	-
Total liabilities		899,327	569,508	346,209	89,425
TOTAL EQUITY AND LIABILITIES		1,204,527	938,006	525,520	235,764

(the end)

AB INVALDA

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

Group	Notes	Equity attributable to equity holders of the parent										
		Share capital	Share premium	Reserves					Discontinued operations	Subtotal	Minority interest	Total equity
				Revaluation reserve	Fair value reserves	Other reserves	Translation reserve	Retained earnings				
Balance as at 31 December 2005		41,735	19,815	19,716	3,273	9,463	472	147,034	-	241,508	93,782	335,290
Net gain on available-for-sale Investments		-	-	-	159	-	-	-	-	159	-	159
Depreciation transfer for hotels		-	-	(1,325)	-	-	-	1,325	-	-	-	-
Foreign currency translation		-	-	-	-	-	(520)	-	-	(520)	-	(520)
Income and expenses for the year recognised directly in equity	1	-	-	-	-	-	-	3,946	-	3,946	-	3,946
Total income and expenses for the year recognised directly in equity		-	-	(1,325)	159	-	(520)	5,271	-	3,585	-	3,585
Profit for the year 2006	8	-	-	-	-	-	-	65,533	-	65,533	10,019	75,552
Total income and expenses for the year		-	-	(1,325)	159	-	(520)	70,804	-	69,118	10,019	79,137
Minority of subsidiaries acquired		-	-	-	-	-	-	(8,234)	-	(8,234)	(47,480)	(55,714)
Issue of new shares	22	3,273	30,773	-	-	-	-	-	-	34,046	-	34,046
Change in reserves		-	-	-	-	(2,603)	-	2,603	-	-	-	-
Equity dividends	9	-	-	-	-	-	-	(8,347)	-	(8,347)	-	(8,347)
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	(15,914)	(15,914)
Balance as at 31 December 2006		45,008	50,588	18,391	3,432	6,860	(48)	203,860	-	328,091	40,407	368,498

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AB INVALDA

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity (cont'd)

Group	Notes	Equity attributable to equity holders of the parent										
		Share capital	Share premium	Reserves					Discontinued operations	Subtotal	Minority interest	Total equity
				Revaluation reserve	Fair value reserves	Other reserves	Translation reserve	Retained earnings				
Balance as at 31 December 2006		45,008	50,588	18,391	3,432	6,860	(48)	203,860	-	328,091	40,407	368,498
Net gain on available-for-sale investments		-	-	-	(2,880)	-	-	-	-	(2,880)	-	(2,880)
Revaluation of hotels		-	-	9,933	-	-	-	-	-	9,933	-	9,933
Depreciation transferred for hotels		-	-	(492)	-	-	-	492	-	-	-	-
Foreign currency translation		-	-	-	-	-	(25)	-	-	(25)	-	(25)
Income and expenses for the year recognised directly in equity	1	-	-	-	-	-	-	8,640	-	8,640	-	8,640
Total income and expenses for the year recognised directly in equity		-	-	9,441	(2,880)	-	(25)	9,132	-	15,668	-	15,668
Profit for the year 2007	8	-	-	-	-	-	-	78,964	-	78,964	8,596	87,560
Total income and expenses for the year		-	-	9,441	(2,880)	-	(25)	88,096	-	94,632	8,596	103,228
Discontinued operations		-	-	(27,832)	-	(245)	-	-	28,077	-	-	-
Minority interest arising on business combination		-	-	-	-	-	-	-	-	-	987	987
Acquisition of minority interests		-	-	-	-	-	-	(298)	-	(298)	(186)	(484)
Sales of subsidiaries		-	-	-	-	-	-	-	-	-	221	221
Changes in share capital after the merger	22	(2,439)	-	-	-	-	-	(109,590)	-	(112,029)	(13,072)	(125,101)
Change in reserves		-	-	-	-	34,685	-	(34,685)	-	-	-	-
Equity dividends	9	-	-	-	-	-	-	(11,252)	-	(11,252)	-	(11,252)
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	(30,897)	(30,897)
Balance as at 31 December 2007		42,569	50,588	-	552	41,300	(73)	136,131	28,077	299,144	6,056	305,200

(the end)

Statements of changes in equity (cont'd)

Company	Notes	Share capital	Share premium	Reserves			Retained earnings	Total
				Legal reserve	Fair value reserve	Other reserves		
Balance as at 31 December 2005		41,735	19,815	2,587	771	-	19,245	84,153
Net profit for 2006		-	-	-	-	-	28,816	28,816
Changes in fair value reserve		-	-	-	(771)	-	-	(771)
Total income and expenses for the year		-	-	-	(771)	-	28,816	28,045
Dividends for 2005	9	-	-	-	-	-	(8,347)	(8,347)
Transferred to legal reserve		-	-	481	-	-	(481)	-
Issue of new shares	22	3,273	30,773	-	-	-	-	34,046
Minority acquisition		-	-	-	-	-	8,442	8,442
Balance as at 31 December 2006		45,008	50,588	3,068	-	-	47,675	146,339
Net profit for 2007		-	-	-	-	-	86,804	86,804
Total income and expenses for the year		-	-	-	-	-	86,804	86,804
Dividends for 2006	9	-	-	-	-	-	(11,252)	(11,252)
Transferred to legal reserve		-	-	1,433	-	-	(1,433)	-
Transferred to reserve of purchase of own shares		-	-	-	-	34,500	(34,500)	-
Changes in share capital after the merger	3	(2,439)	-	-	-	-	-	(2,439)
Loss from annulled own shares acquired during the merger	3	-	-	-	-	-	(40,141)	(40,141)
Balance as at 31 December 2007		42,569	50,588	4,501	-	34,500	47,153	179,311

(the end)

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**Cash flows statements**

	Group		Company	
	2007	2006	2007	2006
Cash flows from (to) operating activities				
Profit after tax from continuing operations	85,572	73,550	86,804	28,816
Profit/(Loss) after tax from discontinued operations	1,988	2,002	-	-
Net profit for the year	87,560	75,552	86,804	28,816
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Valuation gain, net	(49,487)	(45,896)	-	-
Depreciation and amortisation	13,429	16,152	158	127
(Gain) on disposal of tangible assets	(14,419)	(17,758)	-	-
(Gain) on disposal of investments	(7,720)	(1,937)	(1,213)	(17,727)
(Gain) on disposal of subsidiaries	(8,047)	(7,405)	-	-
Share of net profits of associates and joint ventures	(30,074)	(27,686)	-	-
Interest (income)	(8,391)	(4,928)	(7,126)	(2,412)
Interest expenses	27,467	16,132	9,053	4,223
Deferred taxes	4,576	6,970	(708)	-
Current income tax expenses	7,665	6,531	-	-
Allowance for receivables	3,329	1,286	1,200	-
Allowance for inventories	(352)	643	-	-
Allowance for investments	-	-	1,630	-
Change in provisions	31	105	-	-
Dividend income	-	-	(92,877)	(18,302)
Valuation of held for trade investments	1,062	306	-	-
Loss (gain) from other financial activities	52	1,411	(99)	4
	26,681	19,478	(3,178)	(5,271)
Working capital adjustments:				
Decrease (increase) in inventories	2,528	(22,268)	-	-
Decrease (increase) in trade and other receivables	19,886	13,154	(8)	10,444
(Increase) decrease in other current assets	(20,208)	10,696	(138)	45
Increase (decrease) in trade payables	3,731	(24,925)	(529)	5,128
Income tax (paid)	(3,623)	(1,825)	(2,118)	621
Increase (decrease) in other current liabilities	64,932	(11,293)	(14,369)	631
Net cash flows from (to) operating activities	93,927	(16,983)	(20,340)	11,598

(cont'd on the next page)

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**Cash flows statements (cont'd)**

	Group		Company	
	2007	2006	2006	2005
Cash flows from (to) investing activities				
(Acquisition) of non-current assets (except investment properties)	(66,728)	(48,898)	(65)	(449)
Proceeds from sale of non-current assets (except investment properties)	3,839	11,040	-	67
(Acquisition) of investment properties	(58,505)	(90,259)	-	-
Proceeds of sale of investment properties	88,335	17,573	-	-
(Acquisition) and establishment of subsidiaries, net of cash acquired	(6,825)	(4,214)	(763)	(12,104)
Proceeds from sales of subsidiaries	8,767	23,726	9,526	24,504
(Acquisition) of associates, joint ventures	(11,163)	(98,705)	(19,436)	(85,763)
Proceeds from sales of associates, joint ventures	3,046	17,193	671	15,484
Loans (granted)	(78,227)	(9,997)	(114,171)	(119,186)
Repayment of granted loans	8,499	15,906	99,902	107,132
Dividends received	330	869	14,809	25,502
Interest received	8,391	4,938	1,576	276
(Acquisition) of minority interest and increase of share	(2,523)	(2,330)	(23,694)	-
Other cash flow from investing activities	14,500	430	(27)	-
Net cash flows (to) investing activities	(88,264)	(162,728)	(31,672)	(44,537)
Cash flows from (to) financing activities				
Cash flows related to company shareholders				
Dividends (paid) to equity holder of the parent	(10,841)	(8,347)	(10,841)	(7,918)
Dividends (paid) to minority interests	(30,897)	(15,914)	-	-
	(41,738)	(24,261)	(10,841)	(7,918)
Cash flows related to other sources of financing				
Proceeds from loans	151,775	286,944	245,471	105,574
Issue of bonds	2,000	6,000	-	-
(Repayment) of loans	(93,054)	(99,691)	(176,877)	(62,016)
Interest (paid)	(27,467)	(17,203)	(5,484)	(2,619)
Financial lease (payments)	(1,239)	(334)	-	-
Other cash flows from financing activities	1,005	4,678	102	-
	33,020	180,394	63,212	40,939
Net cash flows from financial activities	(8,718)	156,133	52,371	33,021
Impact of currency exchange on cash and cash	-	(10)	-	(4)
Net (decrease) increase in cash and cash equivalents	(3,055)	(23,588)	(52)	78
Cash and cash equivalents at the beginning of the year	9,161	32,749	82	4
Cash and cash equivalents at the end of the year	6,106	9,161	30	82

(the end)

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

Notes to the financial statements**1 General information**

AB Invalda (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania on 20 March 1992. The address of its registered office is as follows:

Šeimyniškių Str. 3,
Vilnius,
Lithuania.

AB Invalda is the company actively managing its investments by acquiring and restructuring businesses, introducing modern management and financial management methods, receiving income from managed companies and/or exiting businesses and providing high return to the shareholders of the Company and diversifying risk. Striving to obtain the highest effectiveness of investments and profitability to the shareholders, concentration to the priority segments is made, such as finance, real estate, pharmacy, roads and bridges construction and furniture manufacturing.

The Company's shares were traded on the Baltic Secondary List of Vilnius Stock Exchange until 31 December 2007 and now are traded on the Baltic Main List of Vilnius Stock Exchange.

As at 31 December 2007 and 2006 the shareholders of the Company were:

	2007		2006	
	Number of shares held	Percentage	Number of shares held	Percentage
Mr. Vytautas Bučas	9,086,325	21.35%	5,882,003	13.07%
UAB Lucrum Investicija	7,276,865	17.09%	-	-
Mr. Algirdas Bučas	3,923,597	9.22%	35,000	0.08%
Mr. Darius Šulnis	3,658,538	8.59%	4,471,762	9.94%
Mr. Dailius Juozapas Mišeikis	2,748,238	6.46%	6,792,556	15.09%
Mrs. Daiva Baniienė	1,836,234	4.31%	117,720	0.26%
Mr. Alvydas Banys	1,029,624	2.42%	5,364,493	11.92%
AB Nenuorama	-	-	9,448,043	20.99%
Other minor shareholders	13,009,428	30.56%	12,896,799	28.65%
Total	42,568,849	100.00%	45,008,376	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as at 31 December 2007 and 2006. On 30 June 2006 the share capital of the Company was increased to LTL 45,008,376 by issuing 3,273,714 ordinary shares with the par value of LTL 1 each. Subsidiaries and associated companies did not hold any shares of the Company as at 31 December 2007 and 2006. The Company did not hold its own shares.

On 28 September 2007 during the merger of the Company and AB Nenuorama 22,305,587 ordinary shares of the Company were annulled and 19,866,060 ordinary shares were issued with the par value of LTL 1 each. After the merger the share capital of the Company was decreased to LTL 42,568,849.

As at 31 December 2007, the number of employees of the Group was 1,723 (as at 31 December 2006 – 2,066). As at 31 December 2007, the number of employees of the Company was 13 (as at 31 December 2006 – 11).

The financial statements were approved and signed by the Management and the Board of Directors on 18 April 2008.

According to the Law of Stock Companies of the Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

AB INVALIDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(all amounts are in LTL thousand unless otherwise stated)

1 General information (cont'd)

The Group consists of the Company and the following directly and indirectly owned subsidiaries (hereinafter the Group):

Company	Registration country	31 December 2007		31 December 2006		Main activities
		Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	
Real estate segment:						
AB Invalidos Nekilnojamojo Turto Fondas	Lithuania	100.00	91,608	56.21	6,557	Real estate investor
UAB PVP Nida	Lithuania	100.00	10	100.00	10	Real estate investor
UAB Ineturas	Lithuania	100.00	2,000	100.00	2,000	Real estate investor
UAB Vilniaus Senamiesčio Restauravimo Direkcija	Lithuania	-	-	100.00	1,978	Real estate investor
UAB Trakų Kelias	Lithuania	100.00	512	100.00	512	Real estate investor
UAB Naujoji Švara	Lithuania	100.00	1,501	100.00	1,501	Real estate investor
UAB Ekotra	Lithuania	100.00	500	100.00	500	Real estate investor
UAB IBC Logistika	Lithuania	100.00	1,400	100.00	1,400	Real estate investor
UAB Saistas	Lithuania	100.00	1,884	100.00	1,884	Real estate investor
Incredo TOV	Ukraine	100.00	254	100.00	27	Real estate investor
SIA Gravity	Latvia	100.00	766	100.00	766	Real estate investor
UAB Šimtamargis	Lithuania	100.00	300	100.00	300	Real estate investor
UAB Dizaino Institutas	Lithuania	100.00	2,677	100.00	2,677	Real estate investor
UAB INTF Investicija*	Lithuania	100.00	700	-	-	Real estate investor
UAB Žemvesta*	Lithuania	100.00	300	-	-	Real estate investor
UAB SAGO*	Lithuania	100.00	1,500	-	-	Real estate investor
UAB Nerijos Būstas	Lithuania	100.00	1,000	100.00	1,000	Real estate investor
UAB Riešės Investicija	Lithuania	100.00	1,500	100.00	1,500	Real estate investor
UAB Inreal	Lithuania	100.00	1,475	100.00	400	Intermediation in operation with real estate, property valuation
UAB Inred (former UAB Invalida Real Estate)	Lithuania	100.00	5,899	100.00	764	Real estate management and administration
SIA Inreal	Latvia	100.00	499	100.00	499	Intermediation in operation with real estate, property valuation
UAB Invalida Construction Management	Lithuania	100.00	367	100.00	367	Construction management
Inreal TOV	Ukraine	88.68	1,768	87.79	1,080	Intermediation in operation with real estate, property valuation
Inreal-Ocinka TOV*	Ukraine	88.68	117	-	-	Intermediation in operation with property valuation
UAB Aikstentis	Lithuania	75.00	8	75.00	8	Real estate investor
UAB Saulės Investicija	Lithuania	75.00	150	75.00	150	Real estate investor
UAB Broner	Lithuania	73.42	6,234	73.35	6,227	Real estate investor
UAB Wembley Neringa	Lithuania	63.39	400	63.39	400	Real estate investor

(cont'd in the next page)

*These companies were newly established in 2007.

AB INVALDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

1 General information (cont'd)

Company	Registration country	31 December 2007		31 December 2006		Main activities
		Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	
Financial mediation segment:						
AB FMĮ Finasta	Lithuania	100.00	7,202	100.00	7,202	Financial mediation
AB Finasta Įmonių Finansai	Lithuania	100.00	20,150	100.00	150	Financial mediation
UAB Finasta Investicijų Valdymas	Lithuania	100.00	2,609	100.00	2,609	Financial mediation
Finasta Asset Management AS	Latvia	100.00	496	100.00	496	Financial mediation
UAB DB Voltera	Lithuania	-	-	69.42	62	Financial mediation
UAB Finansų Spektras	Lithuania	100.00	1,000	100.00	1,000	Financial mediation
UAB Finansų Spektro Investicija	Lithuania	100.00	703	100.00	703	Financial mediation
UAB Finasta Rizikos Valdymas	Lithuania	100.00	97	100.00	97	Financial mediation
Finasta TOV	Ukraine	95.00	1,033	100.00	322	Financial mediation
Furniture production segment:						
UAB Kelio Ženkloi	Lithuania	100.00	1,520	100.00	1,520	Road signs production, furniture manufacturing
ООО Bazilika	Russia	100.00	471	100.00	471	Furniture manufacturing
ООО Bazilika Invest	Russia	100.00	150	100.00	1	Furniture manufacturing
AB Vilniaus Baldai	Lithuania	69.60	11,978	68.90	11,133	Furniture manufacturing
UAB Ari-Lux	Lithuania	69.60	16	-	-	Furniture manufacturing
AB Minija	Lithuania	-	-	88.88	6,496	Furniture manufacturing
Hotels management segment:						
AB Valmeda	Lithuania	100.00	7,805	100.00	7,805	Hotel management
UAB Kelionių Viešbučiai	Lithuania	100.00	50	100.00	50	Hotel management

(cont'd in the next page)

AB INVALDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

1 General information (cont'd)

Company	Registration country	31 December 2007		31 December 2006		Main activities
		Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	
<i>Other production and services segment:</i>						
VšĮ Iniciatyvos Fondas*	Lithuania	100.00	10	-	-	Social initiatives activities
UAB Positor*	Lithuania	80.00	403	-	-	Information technology solution
UAB Informatikos Pasaulis	Lithuania	80.00	836	-	-	Information technology solution
UAB Vitma	Lithuania	80.00	6,076	-	-	Information technology solution
UAB Baltic Amadeus	Lithuania	80.00	3,886	-	-	Information technology solution
UAB Hidroprojektas	Lithuania	97.99	2,274	97.99	2,274	Production and services
UAB Invalda Service	Lithuania	100.00	500	100.00	500	Facility management
UAB Ente*	Lithuania	100.00	10	-	-	Dormant
UAB 4IN*	Lithuania	100.00	10	-	-	Dormant
UAB Trakų Rekreacijos Centras*	Lithuania	75.00	10	-	-	Dormant
UAB Aktyvo*	Lithuania	100.00	10	-	-	Dormant
UAB Investicijų Tinklas*	Lithuania	100.00	10	-	-	Dormant
			194,644		75,398	
Less indirect ownership			(18,944)		(8,257)	
Less impairment Investments into subsidiaries (Company)			(1,630)		-	
			174,070		67,141	
Presented as:						
Investment into subsidiaries			163,991		67,141	
Non-current assets and assets of disposal group classified as held-for-sale			10,079		-	

*These companies were newly established in 2007.

(the end)

In 2007 the investment to SIA Gravity and UAB Finansų Spektras were impaired by LTL 1,630 thousand till the recoverable amounts which represent the equity amounts of these companies. Previously these companies have paid dividends to the Company which were recognised in the finance income and reimbursed the investments of the Company.

As at 31 December 2007 the Group investment to hotels management segment companies (100% subsidiary of the Company AB Valmeda and its 100% subsidiary UAB Kelionių Viešbučiai) and UAB Hidroprojektas are classified as non-current assets and assets of disposed group classified as held-for-sale (Note 7).

AB INVALDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

1 General information (cont'd)

Associates of the Group as at 31 December 2007 were as follows (amounts stated relate to 100% of these entities):

Company	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Profit (loss) for the reporting year	Assets	Share-holders equity	Liabilities	Revenue	Main activities
AB Umea	21.37	2,684	1,795	16,509	4,278	12,231	35,819	Production and services
UAB Girių Bizonas	17.40	26,250	(9,799)	266,247	51,521	174,742	196,931	Furniture manufacturing
UAB VIPC Klaipėda	42.00	3,672	15,432	55,351	38,093	17,258	19,091	Real estate investor
UAB ŽVF Projektai	21.46	2	(46)	293	(41)	334	1	Investment property
AB Agrowill Group*	20.63	352	33,815	189,116	68,749	120,367	43,922	Agriculture
AB Sanitas**	42.75	184,672	37,290	769,154	367,149	402,005	345,498	Pharmacy
AB Kauno Tiltai	41.76	19,313	13,835	319,573	71,334	248,239	253,009	Roads and bridge construction
		236,945						
Less other than Company's interest		(26,250)						
Investment into associates (Company)		210,695						

Associates of the Group as at 31 December 2006 were as follows (amounts stated relate to 100% of these entities):

Company	Share of the stock held by the Group (%)	Size of investment (acquisition cost)	Profit (loss) for the reporting year	Assets	Share-holders equity	Liabilities	Revenue	Main activities
AB Umea	21.37	2,684	1,196	14,221	3,730	10,491	28,085	Production and services
UAB Panevėžio Melioracija	26.09	454	541	7,443	6,633	810	7,596	Production and services
UAB Girių Bizonas	17.34	26,250	(2,429)	264,489	56,321	172,068	108,459	Furniture manufacturing
UAB VIPC Klaipėda	42.00	3,672	343	36,230	22,662	13,568	1,193	Real estate investor
UAB ŽVF Projektai	21.46	2	(4)	37	5	32	-	Investment property
UAB Žemės Vystymo Fondas	21.46	161	190	8,030	3,156	4,874	712	Investment property
UAB Žemės Vystymo Fondas 11	21.46	21	5	7,769	2,058	5,711	1,007	Investment property
UAB Žemės Vystymo Fondas 12	21.46	21	(56)	4,927	25	4,902	371	Investment property
AB Agrowill Group*	21.46	355	4,856	92,426	41,774	50,652	36,379	Agriculture
UAB Žemės Vystymo Fondas 14	21.46	2	(88)	1,427	(78)	1,505	-	Investment property
UAB Žemės Vystymo Fondas 15	21.46	2	(21)	373	(11)	384	-	Investment property
UAB Žemės Vystymo Fondas 16	21.46	2	(2)	8	8	-	-	Investment property
UAB Žemės Vystymo Grupė 3	21.46	21	(109)	1,603	(10)	1,613	7	Investment property
UAB Žemės Vystymo Grupė 4	21.46	2	(2)	8	8	-	-	Investment property
UAB Žemės Vystymo Grupė 5	21.46	2	(2)	8	8	-	-	Investment property
UAB Žemės Vystymo Grupė 6	21.46	2	(2)	8	8	-	-	Investment property
AB Sanitas**	34.71	105,276	(7,335)	725,453	310,898	414,555	177,461	Pharmacy
AB Kauno Tiltai	38.59	12,625	7,552	138,491	41,427	97,064	158,607	Roads and bridge construction
		151,554						
Less other than Company's interest		(38,417)						
Investment into associates (Company)		113,137						

* Former AB Agrovaldymo Grupė

** The fair value of the Group's and the Company's investment to AB Sanitas as at 31 December 2007 amounted to LTL 397,568 thousand (LTL 146,827 thousand and LTL 133,162 thousand for the Group and the Company investment respectively as at 31 December 2006).

All investments into associates are above 20%. The amount of share of the stock held by the Group stated in the table for UAB Girių Bizonas is below 20% as this associate is held by AB Vilniaus Baldai which is not a fully owned subsidiary of the Company.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

1 General information (cont'd)

The Group has a 50% interest in the following jointly controlled entities in 2007 and 2006:

Joint venture	Registration country	Description
SIA DOMMO GRUPA (former SIA Industrial and Logistics Centre Lapeples Group)	Latvia	Real estate investor, management and administration
SIA Ammo	Latvia	Real estate investor
UAB MBGK Group	Lithuania	Real estate investor
UAB Laikinosios Sostinės Projektai	Lithuania	Real estate investor
UAB DOMMO Nerija	Lithuania	Real estate investor

In year 2007 the Group had a 50% interest in dormant entity UAB RGJ Investicija (registered in Lithuania). In year 2006 the Group also had a 50% interest in Amber Viking Capital TOV (registered in Ukraine, production and services supplier). This entity was disposed in 2007.

The share of the assets, liabilities, income and expenses of the jointly controlled entities at 31 December 2007 and 2006 and for the years then ended are as follows (amounts stated relate to 100% of these entities):

	2007	2006
Current assets	72,628	27,807
Non-current assets	218,556	209,567
Total assets	291,184	237,374
Current liabilities	117,797	104,790
Non-current liabilities	128,346	83,066
Total liabilities	246,143	187,856
Revenue	28,334	64,724
Expenses	(27,351)	(18,737)
Profit before income tax	983	45,987
Income tax expenses	(196)	(12,657)
Net profit	787	33,330

The Company's interest in joint ventures as at 31 December 2007 and 2006 amounted to LTL 5,655 thousand and LTL 5,660 thousand, respectively.

Income and expenses for the year recognised directly in the consolidated Group equity represent associates and joint ventures income / expense items recognised directly in their equity movement.

2 Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for the year ended 31 December 2007 are as follows:

2.1. Basis of preparation

These financial statements have been prepared on a historical cost basis, except for investment properties and financial assets held for trading and available-for-sale investments that have been measured at fair value and hotel properties that have been measured at revalued amounts. The financial statements are presented in Litas (LTL) and all values are rounded to the nearest thousand except when otherwise indicated.

Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interest by the Group are accounted using the Entity concept method, i.e. the difference between the carrying value of the net assets acquired from the minority in the Group's financial statements and the acquisition price is accounted directly in equity.

Functional and presentation currency

The consolidated financial statements are prepared in local currency of the Republic of Lithuania, Litas (LTL), and presented in LTL thousand. Litas is the Company's functional and Group's and the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

As at the reporting date, the assets and liabilities of the foreign subsidiaries are translated into the presentation currency of the Company (LTL) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Starting from 2 February 2002 Lithuanian Litas is pegged to EUR at the rate of 3.4528 Litas for 1 EUR, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

As these financial statements are presented in LTL thousands, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the following new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures:

- IFRS 7 Financial Instruments: Disclosures.
- Amendments to IAS 1 Capital Disclosures.
- IFRIC 7 Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies".
- IFRIC 8 Scope of IFRS 2.
- IFRIC 9 Reassessment of Embedded Derivatives.
- IFRIC 10 Interim Financial Reporting and Impairment.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

The principal effects of these changes are as follows:

IFRS 7 Financial Instruments: Disclosures. This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. There has been no effect on the financial position or results and comparative information has not been changed.

IAS 1 Presentation of Financial Statements. This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in Note 28.

IFRIC 7 Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies". This interpretation provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period. The interpretation had no impact on the financial position or performance of the Group.

IFRIC 8 Scope of IFRS 2. This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are not issued to employees, the interpretation had no impact on the financial position or performance of the Group.

IFRIC 9 Reassessment of Embedded Derivatives. IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The interpretation had no impact on the financial position or performance of the Group.

IFRIC 10 Interim Financial Reporting and Impairment. The Group adopted IFRIC Interpretation 10 as at 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Group had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Group.

Standards issued but not yet effective

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- IFRS 2 Share-based Payments – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009 once adopted by the EU). The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group does not expect significant implications on its accounting for share-based payments.
- IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009 once adopted by the EU). The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 supersedes IAS 14 Segment Reporting.
- IAS 1 Revised Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009 once adopted by the EU). The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company is still evaluating whether it will have one or two statements.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- IAS 23 Borrowing Costs – Revised (effective for annual periods beginning on or 1 January 2009 once adopted by the EU). The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Currently the Group and the Company applies borrowing costs capitalisation option of effective IAS 23, therefore there will be no impact on the Group's and the Company's financial statements on the adoption of the revised standard.
- IAS 27 Consolidated and Separate Financial Statements – Revised (effective for annual periods beginning on or 1 January 2009 once adopted by the EU). Revised standard requires that changes in ownership interest in a subsidiary are accounted for as equity transactions. Also, accounting for losses incurred by the subsidiary was changed: such losses will be allocated between the controlling and non-controlling interests even if the losses exceed the non-controlling equity investment in the subsidiary. On a loss of control of a subsidiary, any retained interest will be remeasured to fair value and will impact the gain or loss recognised on disposal. In addition, revised standard provides more guidance as to when multiple arrangements should be accounted for as a single transaction. These most significant changes introduced by the revised standard will be applied prospectively, except for the multiple arrangements that have been accounted for as a single transaction – these arrangements require retrospective assessment.
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009 once adopted by the EU). The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact the financial statements of the Group.
- IFRS 3 Business Combinations – Revised (effective for annual periods beginning on or 1 January 2009 once adopted by the EU). The scope of IFRS 3 has been revised to include combinations of mutual entities and combinations without consideration (dual listed shares). Also a number of changes are introduced in accounting for business combinations that will impact the amount of goodwill recognised, the results in the period when the acquisition occurs, and future revenues reported. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standard will not be restated.
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007 once adopted by the EU). The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity.
- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008 once adopted by the EU). The interpretation addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements.
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008 once adopted by the EU). This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled.
- IFRIC 14 IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008 once adopted by the EU). This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan.

The Group will apply new standards and interpretations from respective effective date.

The Group expects that the adoption of the pronouncements listed above will have no significant impact on the Group's financial statements in the period of initial application, except for IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements – Revised.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group has not decided what operating segments will be used by IFRS 8 Operating Segments yet.

IAS 1 Presentation of Financial Statements – Revised

This standard sets out new requirements on the presentation of the statement of changes in equity and introduces a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income" and requires a separate disclosure of all items reclassified from other comprehensive income to profit and loss as well as disclosure of the income tax relating to each component of other comprehensive income. Also, requirements related to the presentation of the financial statements in a case of their retrospective restatement are amended and new terminology, replacing "balance sheet" with "statement of financial position" and "cash flow statement" with "statement of cash flows", although the titles are not obligatory, is introduced.

2.2. Property, plant and equipment

Hotels

Hotels are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing hotel at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of a hotel. Repair and exploitation expenses are not included to the carrying amount of the hotel. Subsequent to initial recognition, hotels are stated at revalued amount being its fair value at the date of revaluation less any subsequent depreciation and subsequent accumulated impairment losses. Gains or losses arising from changes in the fair values of hotels are included in the revaluation reserve in equity section in the year in which they arise.

Depreciation is calculated on a straight-line basis from the revaluated value over the 40 years estimated useful life.

Valuations are performed frequently enough to ensure that the fair value of a revaluated asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly off-setting a previous surplus on the same asset is directly off-set against the surplus in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revaluated carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revaluated amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Other property, plant and equipment

Other property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when the obligation is incurred, if the recognition criteria are met. Replaced parts are written off.

The carrying values of other property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

2 Accounting principles (cont'd)**2.2. Property, plant and equipment (cont'd)**Other property, plant and equipment (cont'd)

Depreciation is calculated on a straight-line basis over the following estimated useful lives.

Buildings	8-66 years
Machinery and equipment	3-10 years
Vehicles	3-10 years
Other non-current assets	2-12 years

The asset residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of other property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Construction in progress represents plant and properties under construction and is stated at cost. This includes the cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and are available for its intended use.

2.3. Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy adopted for property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any differences between fair value of the property at that date and its previous carrying amount is recognised in the income statement. When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.4. Intangible assets other than goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets other than goodwill are assessed to be finite. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives.

2 Accounting principles (cont'd)

2.4. Intangible assets other than goodwill (cont'd)

Contracts

Contracts include the pension accumulation fund's contracts acquired separately and information technology solution service contracts acquired during information technology solutions entities acquisition.

Contracts assured on the acquisition of subsidiaries are capitalised at the fair value established on acquisition and treated as an intangible asset. Following initial recognition, contracts are carried at cost less any accumulated impairment losses. Contracts are amortised during 5-6 years.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised during 3-5 years.

Costs incurred in order to restore or maintain the future economic benefits that the Company and the Group expect from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Other intangible assets are amortised during 3-6 years.

2.5. Business combinations and goodwill

Business combinations are accounted for using the purchase accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2 Accounting principles (cont'd)

2.6. Investment in associates (the Group)

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the income statement.

2.7. Investment in joint ventures (the Group)

The Group has an interest in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in the joint venture using the equity method. The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party.

2.8. Investments in subsidiaries, associates and joint ventures (the Company)

Investments in subsidiaries, associates and joint ventures in the Company's stand-alone financial statements are carried at cost, less impairment.

2.9. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revaluated where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

2 Accounting principles (cont'd)

2.9. Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revaluated amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2.10. Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the settlement date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognised in profit and loss. Interest income or expense are recognised in finance income or expense (gain / loss from financial asset held for trade) according to the terms of the contract or when right to the payment has been established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement non-current loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through amortisation process.

Current receivables are subsequently carried at cost less impairment.

2 Accounting principles (cont'd)

2.10. Investments and other financial assets (cont'd)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial instruments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised directly in equity in the net unrealised gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognised in the income statement. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement as "Dividends received" when the right of payment has been established.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

The Group and the Company do not have financial assets at fair value through profit or loss as at 31 December 2007 and 2006.

2.11. Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group assesses whether objective evidence of impairment exists individually for financial assets. The examples of objective evidence is a debtor is facing serious financial difficulties, it is highly probable that insolvency proceedings will be initiated against the debtor, an active market for the financial asset disappears, there is a substantial change in the technological, economic or legal environment and the market environment of the issuer, or there is a continuous decline in the fair value of the financial asset to a level below amortised cost. When financial asset are assessed as uncollectible the impaired asset is derecognised. The objective evidence for that is insolvency proceedings against the debtor is initiated and the debtor has not enough assets to paid to creditors, the debtor could not be found.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2 Accounting principles (cont'd)

2.11. Impairment of financial assets (cont'd)

Assets carried at amortised cost (cont'd)

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.12. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials purchase cost on a first in, first out basis;
- finished goods and work in progress cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity and including borrowing costs, where applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank account as well as deposit in bank with original term of less than 3 months.

2.14. Interest bearing loans and borrowings

Borrowings are initially recognised at the fair value less directly attributable transaction costs. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. The borrowings are classified as non-current if the financial agreement before the balance sheet date provides evidence that the substance of the liability at the balance sheet date was long-term.

2 Accounting principles (cont'd)**2.15. Lease**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfilment is dependant on a specified asset; or
- (d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Financial lease*Group as a lessee*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

If the result of sales and lease back transactions is financial lease, any profit from sales exceeding the book value is not recognised as income immediately. It is postponed and amortised over the lease term.

Operating lease*Group as a lessee*

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 Accounting principles (cont'd)

2.16. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Sale of investment

Revenue from sale of investment is recognised when the significant risk and rewards of ownership of the investment have passed to the buyer and are accounted under operating activity caption, as the parent company treats the securities trading as its main activity.

Long-term contracts

The Group recognises the revenues from long-term contracts according to the stage of completion, which is estimated comparing actual expenses incurred with those calculated in the project estimate.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends income

Revenue is recognised when the Group's right to receive the payment is established.

2.17. Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved.

2.18. Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2 Accounting principles (cont'd)

2.19. Income tax and deferred tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the respective country's tax legislation.

The standard income tax rate in Lithuania is 15%. On 1 January 2006 the Provisional Social Tax Law came into effect, which stipulates that along with the corporate income tax, for one financial year beginning on 1 January 2006, companies will have to pay an additional 4% tax calculated based on the income tax principles, and for the following year a 3% tax starting from 1 January 2007. After the year 2007 the income tax applied to the companies in the Republic of Lithuania will be standard, i.e. 15%.

The standard income tax rate in Latvia is 15% and in Ukraine – 25%.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset has been recognised in the balance sheet to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.20. Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as income in the financial statements over the period of depreciation of the assets associated with this grant. In the income statement, depreciation expense account is decreased by the amount of grant amortisation.

2.21. Segments

In these financial statements the primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced.

In these financial statements secondary information is reported geographically. The Group's geographical segments are based on the location of the Group's assets.

2.22. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2 Accounting principles (cont'd)

2.23. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management of the Group and the Company to make judgements, estimates and assumptions that affect the reported amounts revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The significant areas of estimation used in the preparation of these financial statements are discussed below.

Fair value of investment properties

Investment properties have been valued on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics or on the sales comparison approach method which refers to the prices of the analogous transactions in the market and which are subjected to uncertainty. The fair value of the investment properties as at 31 December 2007 was LTL 402,933 thousand (as at 31 December 2006 – LTL 391,303 thousand) (in more details described in Note 12).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2007 and 2006 was LTL 4,831 thousand (in more details described in Note 13 and Note 14).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised tax losses (net of allowance) as at 31 December 2007 for the Group and the Company were LTL 2,571 thousand and LTL 337 thousand, respectively (as at 31 December 2006 - LTL 997 thousand and nil, respectively) (further details are contained in Note 6).

Other areas involving estimates include useful lives of property, plant and equipment, intangible assets, allowances for inventories and accounts receivable, provisions. According to the management, these estimates do not have significant risk of causing a material adjustment.

2.24. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

2.25. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company and the Group retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Company or the Group have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2 Accounting principles (cont'd)

2.25. Derecognition of financial assets and liabilities (cont'd)

Financial assets (cont'd)

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.26. Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.27. Comparative figures

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

3 Business combinations and acquisition of minority interests

Acquisitions in 2007

Merger with AB Nenuorama

On 28 September 2007 the former shareholder of the Company AB Nenuorama was merged to the Company by the way of reorganisation. AB Nenuorama did not perform active business activities and was a holding company, therefore according to IFRS this transaction is not a business combination, but an acquisition of a group of assets (the investments to the other companies). The cost of the acquired asset group is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. AB Sanitas and the Company's shares fair value has been determined based on quoted market price as at 28 September 2007 (LTL 32.95 and LTL 19.67, respectively). AB Invalidos Nekilnojamojo Turto Fondas shares' fair value has been determined based on the valuation performed by V. Černiaus Turto Vertinimo Paslaugų Įmonė, an accredited independent valuer. The fair value was set using Income approach method. Income approach method is based on the assumption that defined correlation between net activity future income and fair value of the object exists. Capitalisation rate used to determine the fair value was 11.68% and yield used to evaluate real estate objects was decreased from 8% in 2007 till 6.5% in 2015.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

3 Business combinations and acquisition of minority interests (cont'd)Acquisitions in 2007 (cont'd)*Merger with AB Nenuorama (cont'd)*

The Company took over AB Nenuorama assets and liabilities and issued 19,866 thousand shares to the shareholders of AB Nenuorama.

	Carrying amount	Fair value recognised on acquisition
AB Sanitas shares (7.42%)	30,008	75,122
AB Invalidos Nekilnojamojo Turto Fondas shares (43.79%)	1,190	85,051
The Company's shares (49.56%)	195,916	433,346
Other investments	2	2
Trade and other receivables	39	39
Cash	2	2
Total assets	227,157	593,562
Liabilities	(204,945)	(202,797)
Total liabilities	(204,945)	(202,797)
Fair value of newly issued shares		390,765
Consideration		593,562

Assets and liabilities, taken over from AB Nenuorama, were recognised at fair value in the Company's financial statements. AB Nenuorama owned shares of the Company (22,305 thousand) were annulled, respectively the value of acquired own shares was annulled. The loss of LTL 40,141 thousand has been recognised in equity of the Company due to this transaction.

During the merger, the Group acquired additionally 43.79% shares of AB Invalidos Nekilnojamojo Turto Fondas. It was an acquisition of minority interest, so according to the Group accounting policy it was accounted using the Entity concept method. The value of the additional interest acquired was LTL 15,606 thousand at the acquisition day. The negative difference between the consideration and the value of the interest acquired equal to LTL 69,449 thousand has been recognised directly to the shareholders equity of the Group.

During the merger, the Group also acquired additional 7.42% AB Sanitas shares. The fair value of the additional interest in the net assets acquired directly attributable to the Group was LTL 5,689 thousand. The goodwill of LTL 69,433 thousand arising from this transaction was recognised in the value of the investment into associate.

3 Business combinations and acquisition of minority interests (cont'd)Acquisitions in 2007 (cont'd)*UAB Informatikos Pasaulis*

On 20 August 2007 the Group acquired 80% shares of information technology solution company UAB Informatikos Pasaulis. Based on preliminary assessment the fair and the carrying values of the identifiable assets and liabilities of UAB Informatikos Pasaulis at the acquisition date were:

	Carrying value	Provisional fair value recognised on acquisition
Intangible assets	1	780
Non-current assets	28	28
Inventories	34	34
Trade receivables	400	400
Cash	21	21
Liabilities	(427)	(427)
Net assets	57	836
Total consideration		836
Cash acquired		(21)
Cash outflow on acquisition		815

The management of the Group has performed a preliminary Purchase Price Allocation and preliminary assessed that the difference between the purchase price and the fair value of the acquired identifiable net assets largely comprises customers, suppliers and technology based contracts. Therefore the initial accounting for this acquisition is provisional and the purchase price allocation according to IFRS 3 *Business combinations* requirements will be performed by the management of the Group during the year 2008.

If the acquisition of UAB Informatikos Pasaulis had been performed as at 1 January 2007, the revenue of the Group in 2007 would be larger by LTL 2,419 thousand and the net result would be greater by LTL 46 thousand.

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(all amounts are in LTL thousand unless otherwise stated)

3 Business combinations and acquisition of minority interests (cont'd)Acquisitions in 2007 (cont'd)*UAB Vitma and UAB Baltic Amadeus Infrastruktūros Paslaugos*

On 29 December 2007 the 80% owned Group company UAB Positor has acquired 100% shares of dormant company UAB Vitma, which at the same day has acquired 100% shares of UAB Baltic Amadeus Infrastruktūros Paslaugos. Based on the preliminary assessment the fair and the carrying values of the consolidated identifiable assets and liabilities of UAB Vitma and UAB Baltic Amadeus Infrastruktūros Paslaugos at the acquisition date were:

	Carrying value	Provisional fair value recognised on acquisition
Intangible assets	-	9,914
Trade receivables	168	168
Other current assets	6	6
Cash	10	10
Liabilities	(136)	(136)
Net assets	48	9,962
Total consideration		9,962

The acquisition consideration is calculated as follows:

Cash paid at acquisition date	6,000
Costs related to acquisition	20
Cash payable in the future	4,000
Provisional adjustment to acquisition cost	271
Discount effect on consideration payable in the future	(329)
Total consideration	9,962
Purchase consideration settled in cash	6,020
Cash acquired	(10)
Cash outflow on acquisition	(6,010)

According to the share purchase agreements LTL 4,000 thousand for UAB Vitma and UAB Baltic Amadeus Infrastruktūros Paslaugos acquisition are payable by the Group in the future: LTL 2,720 thousand (Note 27) in 2008 and LTL 1,280 thousand in 2009.

Besides, in the acquisition agreements it was agreed, that the Group will have to pay to the former owners of UAB Baltic Amadeus Infrastruktūros Paslaugos an additional payment if the revenue of this company will exceed the set in the agreement threshold during the year 2008. Provisional amount of LTL 271 thousand was accounted for by the Group as it is forecasted that the revenue will exceed the set threshold.

The management of the Group has performed a preliminary Purchase Price Allocation and preliminary assessed that the difference between the purchase price and the fair value of the acquired identifiable net assets largely comprises customers, suppliers and technology based contracts as the part of the former parent of UAB Baltic Amadeus Infrastruktūros Paslaugos business, operating for a long time in the information technology market, was carved-out and transferred to UAB Baltic Amadeus Infrastruktūros Paslaugos at its establishment date (1 December 2007). The initial accounting for this acquisition is provisional and the purchase price allocation according to IFRS 3 *Business combinations* requirements will be performed by the management of the Group during the year 2008.

If the acquisition of UAB Vitma and UAB Baltic Amadeus Infrastruktūros Paslaugos would have been performed as at 1 January 2007, the revenue and the net result of the Group would not differ materially.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

3 Business combinations and acquisition of minority interests (cont'd)Establishment of companies (increase of share capital)

Newly established Group companies are mentioned in Note 1. The Company increased share capital of Inreal TOV, Finasta TOV, Inredo TOV, UAB Inreal, UAB Inred and AB Finasta Įmoniq Finansai. The share capital of AB Finasta Įmoniq Finansai was increased by LTL 20,000 thousand in order to establish the bank (Note 19 and Note 31). Due to non-pro rata share capital's increase in Finasta TOV the Group had a deemed disposal of 5%. The gain on deemed disposal, amounting to LTL 17 thousand was recognised in the income statement.

Minority acquisition*AB Vilniaus Baldai*

In 2007 the Group acquired additional 0.7% shares of AB Vilniaus Baldai for LTL 491 thousand. The value of the additional interest of the net assets acquired was LTL 186 thousand. The negative difference equal to LTL 305 thousand between the consideration and the value of the interest acquired has been recognised directly in the shareholders equity.

Additional acquisition of associates*AB Sanitas*

In January 2007 the Group acquired additional 0.62% shares of AB Sanitas for LTL 2,498 thousand. The value of the additional interest of the net assets acquired was LTL 251 thousand. The goodwill of LTL 2,247 thousand was recognised in the value of the investment into associate.

AB Kauno Tiltai

The Group acquired 3.17% of net assets of AB Kauno Tiltai for LTL 6,688 thousand additionally during 2007. The goodwill of LTL 2,142 thousand was recognised in the value of the investment into associate.

Disposals in 2007*UAB DB Voltera*

UAB DB Voltera was sold on 7 December 2007. The carrying values of identifiable assets and liabilities as at the date of disposal were:

	<u>Carrying values</u>
Intangibles assets	7
Property, plant and equipment	59
Trade receivables and other current assets	152
Cash	50
Total assets	268
Liabilities	(172)
Net assets	96
Group sold net assets	67
Profit on sale	333
Proceeds from sale	400
Cash sold	(50)
Net cash received	350

The revenues and net profit of UAB DB Voltera during 2007 until the date of disposal amounted to LTL 1,066 thousand and LTL 39 thousand, respectively.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

3 Business combinations and acquisition of minority interests (cont'd)Disposals in 2007 (cont'd)*AB Minija*

AB Minija was sold on 21 June 2007. The carrying values of identifiable assets and liabilities as at the date of disposal were:

	<u>Carrying values</u>
Intangibles assets	37
Property, plant and equipment	5,520
Inventories	1,463
Trade and other receivables	920
Cash	25
Total assets	7,965
Trade and other liabilities	(1,370)
Bank borrowings	(8,065)
Total liabilities	(9,435)
Net assets	(1,470)
Group sold net assets	(1,307)
Profit on sale	1,307
Proceeds from sale	-
Cash sold	(25)
Net cash received	(25)

The revenues and net loss of AB Minija during 2007 until the date of disposal amounted to LTL 3,279 thousand and LTL 1,443 thousand, respectively. The Company has granted the loan to AB Minija with nominal value as at 31 December 2007 LTL 1,935 thousand which was impaired until its recoverable amount of LTL 735 thousand.

UAB Vilniaus Senamiesčio Restauravimo Direkcija

UAB Vilniaus Senamiesčio Restauravimo Direkcija was sold in 2007. The carrying values of identifiable assets and liabilities as at the date of disposal were:

	<u>Carrying values</u>
Investment property	2,790
Trade receivables and other current assets	592
Cash	2
Total assets	3,384
Deferred tax liability	(38)
Interest bearing liabilities	(2,945)
Other liabilities	(4)
Total liabilities	(2,987)
Net assets	397
Profit on sale	8,729
Proceeds from sale	9,126
Cash sold	(2)
Net cash received	9,124

The revenues and net loss of UAB Vilniaus Senamiesčio Restauravimo Direkcija until the date of disposal amounted to LTL 249 thousand and LTL 216 thousand, respectively.

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(all amounts are in LTL thousand unless otherwise stated)**3 Business combinations and acquisition of minority interests (cont'd)**Disposals of associates and joint venture*UAB Panevėžio Melioracija*

In February 2007 UAB Panevėžio Melioracija was sold. The loss on the sale of LTL 1,271 thousand has been recognised in the income statement.

In March 2007 UAB Žemes Vystymo Fondas, UAB Žemes Vystymo Fondas 11, UAB Žemes Vystymo Fondas 12, UAB Žemes Vystymo Fondas 14, UAB Žemes Vystymo Fondas 15, UAB Žemes Vystymo Fondas 16, UAB Žemės Vystymo Grupė 3, UAB Žemės Vystymo Grupė 4, UAB Žemės Vystymo Grupė 5 and UAB Žemės Vystymo Grupė 6 were sold to the associate AB Agrowill Group in order to achieve more efficient management of the companies.

In May 2007 0.21% shares of AB Agrowill Group were sold. In September 2007 the Group had deemed disposals of 0.62% shares of AB Agrowill Group due to non-pro rata share capital increase in this company. The loss of the disposals of LTL 312 thousand has been recognised in the income statement.

Acquisitions in 2006*UAB Medicinos Banko Investicijų Valdymas*

On 28 September 2006 the Group acquired 100% shares of UAB Medicinos Banko Investicijų Valdymas. UAB Medicinos Banko Investicijų Valdymas was a fund management company. On the 29 December 2006 UAB Medicinos Banko Investicijų Valdymas was merged to 100% owned subsidiary of the Group UAB Finasta Investicijų Valdymas. The fair and the carrying values of the identifiable assets and liabilities of UAB Medicinos Banko Investicijų Valdymas at the acquisition date were:

	Carrying value	Fair value recognised on acquisition
Intangible assets	8	8
Current investment	824	824
Trade receivables	4	4
Other current assets	442	442
Total assets	1,278	1,278
Other current liabilities	(12)	(12)
Total liabilities	(12)	(12)
Net assets	1,266	1,266
Goodwill arising on acquisition		243
Total consideration		1,509
Cash acquired		(441)
Total purchase consideration, net of cash acquired		1,068

The goodwill comprises the fair value of expected synergies arising from acquisition and a customer list which is not separately recognised. Due to contractual terms imposed on acquisition, the customer list is not separable and therefore does not meet the criteria as an intangible asset under IAS 38 Intangible assets.

If the acquisition of UAB Medicinos Banko Investicijų Valdymas would have been performed as at 1 January 2006, the revenue and the net result of the Group in 2006 would not differ materially.

AB INVALDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

3 Business combinations and acquisition of minority interests (cont'd)Acquisitions in 2006 (cont'd)*UAB Dizaino Institutas*

On 30 June 2006 the Group acquired 100% of shares in UAB Dizaino Institutas. UAB Dizaino Institutas is a real estate investor. The fair and the carrying values of the identifiable assets and liabilities of UAB Dizaino Institutas as at the date of acquisition were:

	Carrying value	Fair value recognised on acquisition
Investment property	381	3,800
Intangible assets	1	1
Other non-current assets	7	7
Trade receivables	105	105
Other current assets	150	150
Total assets	644	4,063
Trade creditors	(5)	(5)
Other current liabilities	(493)	(493)
Total liabilities	(498)	(498)
Net assets	146	3,565
Goodwill arising on acquisition		(909)
Total consideration		2,656
Cash acquired		(148)
Total purchase consideration, net of cash acquired		2,508

If the acquisition UAB Dizaino Institutas would have been performed as at 1 January 2006, the revenue and the net result of the Group in 2006 would not differ materially.

SIA Gravity

On 3 May 2006 the Group acquired 100% of shares in SIA Gravity. The negative goodwill, arising on acquisition, amounted to LTL 40 thousand. Cash paid, net of cash received, amounted to LTL 638 thousand.

Negative goodwill on SIA Gravity acquisition, together with the amount of negative goodwill derived from the investment into UAB Dizaino Institutas, mentioned above, was accounted for in the income statement as an excess of subsidiary's net assets acquired.

Other

In the beginning of 2006 the joint venture of the Group UAB Kelesta acquired and later was merged to AB Kauno Tiltai, a roads and bridge construction company. On the transaction the Company share decreased to 38.59%. On the decrease the gain amounting to LTL 806 thousand was recognised directly in shareholders equity following the Entity approach.

On 14 June 2006 the Group acquired additional 22.72% of the voting shares of a subsidiary AB Minija, taking its ownership to 88.88%. Cash consideration of LTL 1,665 thousand was paid. The value of the net assets of AB Minija at this date was LTL 1,990 thousand and the value of the additional interest acquired was LTL 452 thousand. The negative difference of LTL 1,213 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders equity.

On 30 June 2006 AB Pozityvios Investicijos which owned certain companies of the Group merged to the Company. During this merger the effective minority of these companies was acquired, amounting to LTL 13,520 thousand. The biggest minority acquired were as follows: UAB Aikstentis – LTL 2,423 thousand, UAB IBC Logistika – LTL 4,515 thousand, UAB Ineturas – LTL 1,662 thousand, UAB Naujoji Švara – LTL 2,543 thousand. On the merger the loss amounting to LTL 8,237 thousand was recognised directly in shareholders equity following the Entity approach.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**3 Business combinations and acquisition of minority interests (cont'd)**Acquisitions in 2006 (cont'd)

On 16 October 2006 the Group acquired an additional 34.98% of the voting shares of UAB Saistas, taking its ownership to 100%. Cash consideration of LTL 665 thousand was paid. The fair value of the net assets of UAB Saistas at this date was LTL 3,075 thousand and the value of the additional interest acquired was LTL 1,075 thousand. The difference of LTL 410 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders' equity.

Disposals in 2006*AB Sanitas*

In April 2006 AB Sanitas issued new shares emission designated to finance the acquisition of Jelfa S.A. Due to the fact that other investors acquired bigger share, the share of the Company and related parties effectively was diluted. Consequently, AB Sanitas group was deemed as partly disposed, retaining significant influence since the issue of new shares and became an associate. The gain on deemed disposal, amounting to LTL 3,174 thousand was recognised in the income statement.

Net assets of AB Sanitas group as at the date of deemed partial disposal:

	Carrying values
Intangible assets	832
Property, plant and equipment	50,250
Other non-current assets	53,219
Inventories	12,752
Trade receivables	13,211
Non-current assets classified as held-for-sale	22,466
Other current assets	5,847
Total assets	158,577
Non-current liabilities	(18,597)
Current financial liabilities	(40,400)
Trade and other creditors	(42,661)
Equity minority interest	(32,266)
Total liabilities	(133,924)
Net assets	24,653
Equity after shares issue	307,558
Group's portion of net assets after shares issue and partial disposal	106,746
Net assets change	82,093
Consideration paid	(78,919)
Gain on partial disposal	3,174

The revenues and net gain of AB Sanitas during 2006 until the date of deemed disposal amounted to LTL 16,171 thousand and LTL 904 thousand, respectively. The revenues and net loss of AB Sanitas during the whole 2006 year amounted to LTL 161,721 thousand and LTL 7,335 thousand, respectively.

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(all amounts are in LTL thousand unless otherwise stated)

3 Business combinations and acquisition of minority interests (cont'd)Disposals in 2006 (cont'd)*AB Klaipėdos Konditerija*

AB Klaipėdos Konditerija was sold on 31 August 2006. The carrying values of identifiable assets and liabilities as at the date of disposal were:

	<u>Carrying values</u>
Property, plant and equipment	6,981
Inventories	787
Trade and other receivables	801
Cash	778
Total assets	9,347
Trade and other liabilities	(713)
Bank borrowings	(2,100)
Total liabilities	(2,813)
Net assets	6,534
Proceeds from sale	6,757
Profit on sale	223
Cash sold	(778)
Net cash received	5,979

The revenues and net loss of AB Klaipėdos Konditerija during 2006 until the date of disposal amounted to LTL 2,641 thousand and LTL 161 thousand, respectively.

UAB Apželdinimas

UAB Apželdinimas was sold on 28 September 2006. The carrying values of identifiable assets and liabilities as at the date of disposal were:

	<u>Carrying values</u>
Investment property	30,000
Property, plant and equipment	31
Inventories	7
Trade and other receivables	419
Cash	29
Total assets	30,486
Trade and other liability	(364)
Deferred tax liabilities	(5,557)
Liabilities	(5,921)
Net assets	24,565
Proceeds from sale	31,747
Profit on sales	7,182
Cash sold	(29)
Liabilities extinguished	(14,000)
Net cash received	17,718

The revenues and net income of UAB Apželdinimas during 2006 until the date of disposal amounted to LTL 335 thousand and LTL 312 thousand, respectively.

4 Segment information

The operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Group is organised into following segments:

Real estate

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

Financial mediation

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

Pharmacy

The pharmacy segment produces injections preparations, tablets, ointments.

Furniture production

The furniture segment includes furniture design, production and sale.

Hotels management

The hotels management segment renders room revenue, restaurant revenue, conference facilities revenue. The segment was sold in 2008 and in these financial statements it is presented as discontinued operations (Note 7 and Note 31).

Roads and bridge construction

The roads and bridge construction segment is involved in building bridges and high quality highway construction.

Other production and service segments

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

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

AB INVALIDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

4 Segment information (cont'd)

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

Year ended 31 December 2007	Continuing operations							Discontinued operation		
	Real estate	Financial mediation	Pharmacy	Furniture production	Roads and bridge construction	Other production and service	Elimination and other	Total	Hotels management	Total operations
Revenue										
Sales to external customers	35,097	33,769	-	169,865	-	14,864	-	253,595	14,581	268,176
Inter-segment sales	2,251	229	-	134	-	2	(2,616)	-	-	
Total revenue	37,348	33,998	-	169,999	-	14,866	(2,616)	253,595	14,581	268,176
Results										
Other income	72,313	19,954	-	2,714	-	25	879	95,885	14	95,899
Segment expenses	(56,383)	(36,210)	-	(169,289)	-	(13,756)	9,149	(266,489)	(12,412)	(278,901)
Unallocated expenses	-	-	-	-	-	-	(15,252)	(15,252)	-	(15,252)
Operating profit (loss)	53,278	17,742	-	3,424	-	1,135	(7,840)	67,739	2,183	69,922
Share of profit (loss) of the associates and joint ventures	6,866	-	13,203	(2,361)	5,675	6,691	-	30,074	-	30,074
Profit (loss) before income tax	60,144	17,742	13,203	1,063	5,675	7,826	(7,840)	97,813	2,183	99,996
Income tax expenses	(7,299)	(3,690)	-	(988)	-	(264)	-	(12,241)	(195)	(12,436)
Net profit for the year	52,845	14,052	13,203	75	5,675	7,562	(7,840)	85,572	1,988	87,560
As at 31 December 2007										
Assets and liabilities										
Segment assets	600,496	151,951	-	117,034	-	18,004	(67,543)	819,942	63,247	883,189
Investment in associate	36,191	-	206,545	15,796	28,090	11,675	-	298,297	-	298,297
Unallocated assets	-	-	-	-	-	-	23,041	23,041	-	23,041
Total assets	636,687	151,951	206,545	132,830	28,090	29,679	(44,502)	1,141,280	63,247	1,204,527
Segment liabilities	449,872	100,919	-	86,157	-	15,417	(49,110)	603,255	51,538	654,793
Unallocated liabilities	-	-	-	-	-	-	244,534	244,534	-	244,534
Total liabilities	449,872	100,919	-	86,157	-	15,417	195,424	847,789	51,538	899,327
Other segment information										
Capital expenditure:										
Property, plant and equipment	53,203	1,729	-	3,362	-	377	-	58,671	197	58,868
Investment properties	53,144	-	-	5,361	-	-	-	58,505	-	58,505
Intangible assets	18	7,584	-	176	-	82	-	7,860	-	7,860
Depreciation and amortisation	(566)	(591)	-	(10,020)	-	(539)	-	(11,716)	(1,713)	(13,429)
Fair value loss on investment properties	(155)	-	-	(519)	-	-	-	(674)	-	(674)
Impairment losses recognised in income statement	(1,102)	(427)	-	(593)	-	-	-	(2,122)	-	(2,122)

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 (all amounts are in LTL thousand unless otherwise stated)

4 Segment information (cont'd)

The following table present revenues and profit and certain assets and liabilities information regarding the Group's business segments for the year ended 31 December 2006:

Year ended 31 December 2006	Continuing operations							Discontinued operation		
	Real estate	Financial mediation	Pharmacy	Furniture production	Roads and bridge construction	Other production and service	Elimination and other	Total	Hotels management	Total operations
Revenue										
Sales to external customers	35,702	24,825	16,171	133,539	-	14,111	-	224,348	14,114	238,462
Inter-segment sales	2,091	5,650	-	70	-	110	(7,921)	-	-	-
Total revenue	37,793	30,475	16,171	133,609	-	14,221	(7,921)	224,348	14,114	238,462
Results										
Other income	54,934	4,585	4,314	1,795	-	1,474	-	67,102	10	67,112
Unallocated income	-	-	-	-	-	-	8,959	8,959	-	8,959
Segment expenses	(44,109)	(25,135)	(16,077)	(142,318)	-	(8,620)	482	(235,777)	(11,687)	(247,464)
Operating profit	48,618	9,925	4,408	(6,914)	-	7,075	(3,747)	59,365	2,437	61,802
Unallocated expenses	-	-	-	-	-	-	(5,267)	(5,267)	-	(5,267)
Share of profit (loss) of the associates and joint ventures	27,012	-	(4,277)	(987)	2,915	3,023	-	27,686	-	27,686
Profit (loss) before income tax	75,630	9,925	131	(7,901)	2,915	10,098	(3,747)	87,051	2,437	89,488
Income tax expenses	(7,787)	(2,007)	(330)	197	-	(3,574)	-	(13,501)	(435)	(13,936)
Net profit for the year	67,843	7,918	(199)	(7,704)	2,915	6,524	(3,747)	73,550	2,002	75,552
As at 31 December 2006										
Assets and liabilities										
Segment assets	499,679	112,949	-	102,546	-	4,204	(50,670)	668,708	62,173	730,881
Investment in associate	41,621	-	107,905	17,265	15,988	3,730	-	186,509	-	186,509
Unallocated assets	-	-	-	-	-	-	20,616	20,616	-	20,616
Total assets	541,300	112,949	107,905	119,811	15,988	7,934	(30,054)	875,833	62,173	938,006
Segment liabilities	326,529	81,596	-	97,207	-	1,603	(34,722)	472,213	34,147	506,360
Unallocated liabilities	-	-	-	-	-	-	63,148	63,148	-	63,148
Total liabilities	326,529	81,596	-	97,207	-	1,603	28,426	535,361	34,147	569,508
Other segment information										
Capital expenditure:										
Property, plant and equipment	43,368	610	819	3,202	-	281	-	48,280	67	48,347
Investment properties	90,259	-	-	-	-	-	-	90,259	-	90,259
Intangible assets	25	134	14	240	-	128	-	541	10	551
Depreciation and amortisation	(521)	(645)	(2,318)	(10,443)	-	(150)	-	(14,077)	(1,899)	(15,976)
Fair value loss on investment properties	(4,601)	-	-	-	-	-	-	(4,601)	-	(4,601)
Impairment losses recognised in income statement	(852)	-	-	(2,128)	-	-	-	(2,980)	-	(2,980)

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(all amounts are in LTL thousand unless otherwise stated)

4 Segment information (cont'd)

The Group's geographical segments are based on the location of the Group's assets.

The following tables present revenue, expenditure and certain asset information regarding Group's geographical segments for the years ended 31 December 2007 and 2006:

Year ended 31 December 2007
Revenue

	Lithuania	Latvia	Ukraine	Total
Sales to external customers	266,851	735	590	268,176
Discontinued operations	(14,581)	-	-	(14,581)
Segment revenue	252,270	735	590	253,595

Other segment information

Segment assets	903,674	1,088	1,468	906,230
Investment in an associate	298,297	-	-	298,297
Total assets	1,201,971	1,088	1,468	1,204,527

Capital expenditure:

Tangible assets	58,561	18	107	58,868
Investment properties	58,505	-	-	58,505
Intangible assets	7,851	2	7	7,860

Year ended 31 December 2006
Revenue

	Lithuania	Slovakia	Latvia	Ukraine	Total
Sales to external customers	232,875	2,483	2,897	207	238,462
Discontinued operations	(14,114)	-	-	-	(14,114)
Segment revenue	218,761	2,483	2,897	207	224,348

Other segment information

Segment assets	748,119	-	2,242	1,136	751,497
Investment in an associate	186,509	-	-	-	186,509
Total assets	934,628	-	2,242	1,136	938,006

Capital expenditure:

Tangible assets	47,983	-	111	253	48,347
Investment properties	90,259	-	-	-	90,259
Intangible assets	548	-	1	2	551

There were no material inter-segment sales in 2007 and 2006.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

5 Other revenues and expenses**5.1. Other income**

	Group		Company	
	2007	2006	2007	2006
Gain from sales of available-for-sale investments	3,075	1,221	-	600
Gain from sales of held for trade investments	6,393	1,681	-	-
Gain on sale of subsidiaries, associates and joint venture	10,393	7,405	7,711	17,079
Gain on sale of investment properties	12,880	6,563	-	-
Excess of subsidiary's net assets acquired over the cost of acquisition (Note 3)	-	949	-	-
Gain on deemed partial disposal of AB Sanitas	-	3,174	-	-
Other	3,420	3,740	15	40
	<u>36,161</u>	<u>24,733</u>	<u>7,726</u>	<u>17,719</u>

5.2. Other operating expenses

	Group		Company	
	2007	2006	2007	2006
Loss on sales of subsidiaries and associates	(2,346)	-	(6,498)	-
Loss on sales of available-for-sale investments	(65)	-	-	-
Loss on sales of held for trade investments	(1,683)	(965)	-	-
Impairment of investments	-	-	(1,630)	-
Impairment of short term-loans granted	(2,750)	-	(1,200)	-
Impairment of trade receivables	(579)	(1,286)	-	-
Change in allowance for inventories	352	(643)	-	-
Other	(13,516)	(12,082)	(680)	(695)
	<u>(20,587)</u>	<u>(14,976)</u>	<u>(10,008)</u>	<u>(695)</u>

5.3. Finance income

	Group		Company	
	2007	2006	2007	2006
Interest income	8,391	4,928	7,126	2,412
Gain from financial assets held for trade	1,348	20	-	-
Dividend income	-	-	92,877	18,302
Foreign currency exchange gain, net	-	-	111	-
Other finance income	498	484	-	-
	<u>10,237</u>	<u>5,432</u>	<u>100,114</u>	<u>20,714</u>

5.4. Finance expenses

	Group		Company	
	2007	2006	2007	2006
Interest expenses	(27,467)	(16,132)	(9,053)	(4,225)
Foreign currency exchange loss, net	(375)	(352)	-	(4)
Loss from financial assets held for trade	(2,410)	(326)	-	-
Other finance expenses	(101)	(1,224)	(11)	-
	<u>(30,353)</u>	<u>(18,034)</u>	<u>(9,064)</u>	<u>(4,229)</u>

AB INVALIDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(all amounts are in LTL thousand unless otherwise stated)

6 Income tax

	Group		Company	
	2007	2006	2007	2006
Income tax expenses				
Current year income tax	(7,645)	(6,680)	-	(2,444)
Prior year current income tax correction	(20)	149	-	3
Deferred tax income (expenses)	(4,576)	(6,970)	708	-
Income tax (expenses) income charged to the income statement	<u>(12,241)</u>	<u>(13,501)</u>	<u>708</u>	<u>(2,441)</u>
	Group		Company	
	2007	2006	2007	2006
Deferred tax asset				
Losses available for offset against future taxable income	3,321	1,336	337	-
Property, plant and equipment	123	302	-	-
Fair value adjustment on investments	250	95	244	-
Receivables	328	179	207	-
Inventories	734	277	-	-
Accruals	79	219	4	-
Intangibles	78	-	-	-
Other	100	164	-	-
Deferred tax asset before valuation allowance	<u>5,013</u>	<u>2,572</u>	<u>792</u>	<u>-</u>
Less: valuation allowance	<u>(750)</u>	<u>(339)</u>	<u>-</u>	<u>-</u>
Deferred income tax asset, net	<u>4,263</u>	<u>2,233</u>	<u>792</u>	<u>-</u>
Asset netted with liability	<u>(2,975)</u>	<u>(1,102)</u>	<u>(84)</u>	<u>-</u>
Deferred income tax asset, net	<u>1,288</u>	<u>1,131</u>	<u>708</u>	<u>-</u>
Deferred tax liability				
Property, plant and equipment	(8,444)	(6,130)	-	-
Investment properties	(32,478)	(27,814)	-	-
Investments	(2,232)	(3,132)	-	-
Inventories	(658)	-	-	-
Other	(921)	(2)	(84)	-
Deferred income tax liability	<u>(44,733)</u>	<u>(37,078)</u>	<u>-</u>	<u>-</u>
Liability netted with asset	<u>2,975</u>	<u>1,102</u>	<u>84</u>	<u>-</u>
Deferred income tax liability, net	<u>(41,758)</u>	<u>(35,976)</u>	<u>-</u>	<u>-</u>
Reflected in the balance sheet as follows				
Deferred tax asset – continuing operations	809	1,131		
Deferred tax asset – discontinuing operations	479	-		
Deferred income tax liability – continuing operations	(35,356)	(35,976)		
Deferred income tax liability – discontinued operations	(6,402)	-		
Deferred income tax liabilities, net	<u>(40,470)</u>	<u>(34,845)</u>		

AB INVALDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007***(all amounts are in LTL thousand unless otherwise stated)***6 Income tax (cont'd)**

Deferred income tax asset and liability were estimated at 15% and 18% rates. Movements in pre-tax components of temporary differences for the Group are as follows in year 2007:

	Balance as at 31 December 2006	Recognised in income statement	Recognised in equity	Acquired and disposed subsidiaries	Balance as at 31 December 2007
Tax loss carry forward	8,378	13,490	-	(133)	21,735
Property, plant and equipment – asset	2,015	(1,790)	-	-	225
Property, plant and equipment – liability	(44,795)	(7,126)	(11,098)	-	(63,019)
Investment property	(180,915)	(37,914)	-	386	(218,443)
Investments	(14,104)	(4,481)	3,702	-	(14,883)
Fair value adjusted on investments	472	1,181	-	-	1,653
Receivables	1,195	990	-	-	2,185
Accruals	1,443	(1,123)	-	-	320
Inventories	1,845	3,645	-	-	5,490
Other assets	519	234	-	-	753
Other liabilities	(7)	(550)	-	-	(557)
Temporary differences before valuation allowance	(223,954)	(33,444)	(7,396)	253	(264,541)
Less: valuation allowance	(2,260)	(2,405)	-	-	(4,665)
Total temporary differences	(226,214)	(35,849)	(7,396)	253	(269,206)
Deferred income tax, net	(34,845)	(4,576)	(1,087)	38	(40,470)

The balance of tax loss carry forward as at 31 December 2007 can be carried till 2012.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

6 Income tax (cont'd)

Deferred income tax asset and liability were estimated at 15% and 18% rates. Movements in pre-tax components of temporary differences for the Group are as follows in year 2006:

	Balance as at 31 December 2005	Recognised in income statement	Recognised in equity	Acquired subsidiaries	Balance as at 31 December 2006
Tax loss carry forward	3,317	4,303	-	(247)	7,373
Property, plant and equipment – asset	8,511	2,015	-	(8,511)	2,015
Property, plant and equipment – liability	(29,781)	(1,534)	-	-	(31,315)
Investment property	(155,228)	(51,512)	-	25,825	(180,915)
Investments	(1,964)	(788)	(1,171)	(10,181)	(14,104)
Fair value adjusted on investments	3,756	472	-	(3,756)	472
Receivables	233	40	-	48	321
Accruals	926	(111)	-	(384)	431
Inventories	728	217	-	-	945
Provisions	1,049	-	-	(1,049)	-
Other assets	519	-	-	-	519
Other liabilities	-	(7)	-	-	(7)
Temporary differences before valuation allowance	(167,934)	(46,905)	(1,171)	1,745	(214,265)
Less: valuation allowance	(1,067)	(321)	-	1,067	(321)
Total temporary differences	(169,001)	(47,226)	(1,171)	(2,812)	(214,586)
Deferred income tax, net	(28,458)	(6,970)	(239)	822	(34,845)

Movements in pre-tax components of temporary differences for the Company are as follows in year 2007:

	Balance as at 31 December 2006	Recognised in income statement	Balance as at 31 December 2007
Tax loss carry forward	-	2,245	2,245
Investments	-	1,630	1,630
Receivables	-	1,377	1,377
Accruals	-	26	26
Other liabilities	-	(557)	(557)
Temporary differences before valuation allowance	-	4,721	4,721
Less: valuation allowance	-	-	-
Total temporary differences	-	4,721	4,721
Deferred income tax, net	-	708	708

AB INVALDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**6 Income tax (cont'd)**

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	Group		Company	
	2007	2006	2007	2006
Accounting profit before tax from continuing operations	97,813	87,051	86,096	31,257
Profit / (loss) before tax from a discontinued operations	2,183	2,437	-	-
Profit before income tax	99,996	89,488	86,096	31,257
Tax calculated at the tax rate of 18% (2006 – 19%)	(17,999)	(17,003)	(15,497)	(5,939)
Tax non-deductible (expenses) / non taxable income	7,784	1,813	16,400	3,495
Change in allowance for deferred tax	(1,090)	136	-	-
Tax loss carry forward expiry (recognition)	(899)	(753)	-	-
Correction of prior year current income tax	(20)	149	-	3
Differences of tax rates to subsidiaries	(6)	52	-	-
Change in tax rate	(206)	1,670	(195)	-
Income tax (expenses) recorded in the income statement	(12,436)	(13,936)	708	(2,441)
Income tax attributable to a discontinued operation	195	435	-	-
	(12,241)	(13,501)	708	(2,441)

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

	Group 2007	Company 2007
Non-current assets and assets of disposal group classified as held-for-sale		
Investment properties held-for-sale	18,553	-
Assets of investment classified as held-for-sale	5,869	2,274
Discontinued operation	63,247	7,805
	87,669	10,079
Liabilities directly associated with the assets classified as held-for-sale		
Liabilities of investment classified as held-for-sale	3,630	-
Discontinued operation	51,538	-
	55,168	-

The Company and the Group had no non-current assets classified as held-for-sale in 2006, therefore there are no comparative balances in 2006.

Investment properties held-for-sale

In August 2007 AB Invaldos Nekilnojamojo Turto Fondas has signed the preliminary sales agreements of two investment properties objects at Vytenio str. and J. Jasinskio str. in Vilnius. These investment properties were evaluated at disposal price equal to LTL 18,553 thousand as at 31 December 2007 and were classified as investment properties classified as held-for-sale. The prepayments in the amount of LTL 18,442 thousand were received according to the preliminary sales agreements in year 2007. The investment properties were disposed in February 2008 (Note 31).

AB INVALDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**7 Discontinued operations and non-current assets classified as held-for-sale (cont'd)**Investment classified as held-for-sale

On 13 December 2007 the Company has signed the agreement for 97.99% shares of UAB Hidroprojektas sale, therefore the Company's investment to this subsidiary (LTL 2,274 thousand) was classified as held-for sale. In Group financial statements total assets (LTL 5,869 thousand) and total liabilities (LTL 3,630 thousand) of UAB Hidroprojektas were classified as assets and liabilities held-for-sale. The sale completed on 10 January 2008 (Note 31).

Discontinued operation

In February 2007 the Group management publicly announced searching for the investor to the Group's hotels management segment (100% subsidiary of the Company AB Valmeda and its 100% subsidiary UAB Kelionių Viešbučiai). The potential investor was found and on 16 August 2007 the Letter of intent with investor Triangle Investments and Development limited for the sale and purchase of AB Valmeda shares was signed. The disposal of Group hotels management segment was completed on 13 March 2008 (Note 31). As at 31 December 2007 the Company's investment to AB Valmeda (LTL 7,805 thousand) in the stand-alone financial statements and the total hotels management segment assets (LTL 63,247 thousand) and total segment liabilities (LTL 51,538 thousand) were classified as a disposal group held-for-sale.

The results of the hotel management segment for the year 2007 and 2006 are presented below:

	<u>2007</u>	<u>2006</u>
Revenue	14,581	14,114
Expenses	<u>(10,584)</u>	<u>(10,602)</u>
Operating profit	3,997	3,512
Finance revenue	14	10
Finance expenses	<u>(1,828)</u>	<u>(1,085)</u>
Loss before tax from a discontinued operation	2,183	2,437
Income tax expenses	<u>(195)</u>	<u>(435)</u>
Profit for the year from a discontinued operation	<u>1,988</u>	<u>2,002</u>

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

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

The major classes of assets and liabilities of the hotel management segment classified as held-for-sale as at 31 December are as follows:

	<u>2007</u>
Assets	
Intangible assets	56
Property, plant and equipment	60,096
Deferred tax asset	479
Inventories	1,200
Trade and other receivables	1,325
Cash	91
	<u>63,247</u>
Liabilities	
Deferred tax liabilities	(6,402)
Interest-bearing liabilities	(44,132)
Income tax payable	(27)
Advances received	(164)
Trade and other payables	(813)
	<u>(51,538)</u>
Net assets directly associated with disposal group	<u>11,709</u>
Asset revaluation reserve	<u>32,744</u>
Deferred tax on asset revaluation reserve	<u>(4,912)</u>
Reverse of disposal group classified as held-for-sale	<u>27,832</u>

The net cash flows incurred by hotel management segment are as follows:

	<u>2007</u>	<u>2006</u>
Operating	4,532	(1,460)
Investing	(16,452)	460
Financing	11,492	1,295
Net cash (outflow)/inflow	<u>(428)</u>	<u>295</u>

Earnings per share:

Basic and diluted, from discontinued operation	0.05	0.05
--	------	------

Diluted earnings per share equal to basic earnings per share as there were no potential shares issued as at 31 December 2007 and 2006.

Interest-bearing liabilities comprise LTL 44,132 thousand bank loan denominated in EUR having an variable interest rate (effective interest rate in 2007 4.79%). Loan is repayable in full in 2013.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**7 Discontinued operations and non-current assets classified as held-for-sale (cont'd)**

As at 31 December 2007, trade receivables at a nominal value of LTL 20 thousand (as at 31 December 2006 LTL 17 thousand) were impaired and fully provided for. Movements of in the provision for impairment of receivables (assessed individually) were as follows:

	Individually impaired
As at 1 January 2006 and 31 December 2006	17
Charge for the year	7
Utilised	(4)
	<u>20</u>

As at 31 December 2007 and 2006, the ageing analysis of trade receivables is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired				Total
		Less than 30 days	30 – 90 days	90 – 180 days	More than 180 days	
2006	-	-	-	-	-	-
2007	452	154	293	117	82	1,098

The table below summarises the maturity profile to the discontinued operation's financial liabilities at 31 December 2007 based on contractual undiscontinued payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	952	3,040	15,273	36,396	55,661
Trade and other payables	-	383	-	-	-	383
	<u>-</u>	<u>1,335</u>	<u>3,040</u>	<u>15,273</u>	<u>36,396</u>	<u>56,044</u>

8 Earnings per share

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

The weighted average number of shares for 2007 and 2006 were as follows:

Calculation of weighted average for 2007	Number of shares (thousand)	Par value (LTL)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2006	45,008	1	365/365	45,008
28 September 2007	19,866	1	94/365	5,116
Shares annulled on 28 September 2007	(22,305)	1	94/365	(5,745)
Shares issued as at 31 December 2007	<u>42,569</u>	<u>1</u>	<u>-</u>	<u>44,379</u>

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**8 Earnings per share (cont'd)**

Calculation of weighted average for 2006	Number of shares (thousand)	Par value (LTL)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2005	41,735	1	365/365	41,735
30 June 2006	3,273	1	184/365	1,650
Shares issued as at 31 December 2006	45,008	1	-	43,385

Diluted earnings per share equal basic earnings per share as there were no potential shares issued as at 31 December 2007 and 2006.

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

	2007	2006
Net profit (LTL thousand), attributable to the equity holders of the parent from continuing operations	76,976	63,531
Net profit (LTL thousand), attributable to the equity holders of the parent from discontinued operation	1,988	2,002
Net profit (LTL thousand), attributable to equity holders of the parent for basic earnings	78,964	65,533
Weighted average number of ordinary shares (thousand)	44,379	43,385
Earnings per share (LTL)	1.78	1.51

9 Dividends per share

	2007	2006
Dividends approved (LTL thousand)	11,252	8,347
Number of ordinary shares at the date when dividends were declared (thousand)	45,008	41,735
Dividends per share (in LTL)	0.25	0.20

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**10 Hotels**

	Group	
	2007	2006
Cost:		
Balance at the beginning of the year	53,558	53,558
Transfer to investment property	(612)	-
Fair value adjustment	11,685	-
Transfer*	(4,911)	-
Discontinued operations	(59,720)	-
Balance as the end of the year	-	53,558
Accumulated depreciation:		
Balance at the beginning of the year	3,737	2,364
Charge for the year	1,350	1,373
Transfer to investment property	(176)	-
Transfer*	(4,911)	-
Balance as the end of the year	-	3,737
Net book value	-	49,821

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued hotels asset.

Hotels assets were evaluate at fair value as at 31 December 2007, which has been determined based on the valuation performed by UAB OBER-HAUS Nekilnojamas Turtas, an accredited independent valuer. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in compliance with the International Valuation Standards set out by the International Valuation Standards Committee. The fair value was set using Income approach method, which is based on the assumption that defined correlation between net activity future income and fair value of the object exists. Capitalisation rate used to determine fair value as at 31 December 2007 was 8% - 8.5%.

As described in more details in Note 7, in the year 2007 the Group management has decided to sell the whole hotel management segment, therefore the hotels asset were transferred to assets of disposal group classified as held-for-sale as at 31 December 2007.

As at 31 December 2007 hotels with the carrying value of LTL 59,720 (as at December 2006 LTL 49,377 thousand) were pledged to the banks as collaterals for the loans (Note 24).

AB INVALIDA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

11 Other property, plant and equipment

Group	Land	Buildings	Machinery and equipment	Vehicles	Construction in progress	Other assets	Total
Cost:							
Balance as at 31 December 2005	848	69,427	85,115	4,688	32,080	13,294	205,452
Additions	-	63	1,972	627	43,762	1,923	48,347
Acquisition of subsidiaries	-	3,800	-	-	-	7	3,807
Deemed partial disposal of AB Sanitas	(851)	(25,249)	(17,956)	(825)	(9,736)	(1,242)	(55,859)
Disposals and write-offs	-	(5,340)	(2,602)	(772)	(121)	(2,205)	(11,040)
Transfers	-	421	111	-	(491)	(41)	-
Transfer from/to investment properties	-	(6,322)	-	-	6,012	-	(310)
Foreign currency exchange difference	3	10	13	4	-	5	35
Balance as at 31 December 2006	-	36,810	66,653	3,722	71,506	11,741	190,432
Additions	-	31	2,159	331	53,791	2,556	58,868
Acquisition of subsidiaries	-	-	25	12	-	33	70
Disposals and write-offs	-	(1,064)	(1,778)	(741)	-	(1,150)	(4,733)
Disposals of subsidiaries	-	(4,867)	(2,104)	(511)	-	(1,063)	(8,545)
Transfers	-	2,498	(1,396)	(110)	(756)	(236)	-
Foreign currency exchange difference	-	(14)	-	(4)	-	(41)	(59)
Transfer to inventories	-	-	-	-	(105,333)	-	(105,333)
Reclassified to held-for-sale assets	-	-	(515)	(670)	-	(3,746)	(4,931)
Balance as at 31 December 2007	-	33,394	63,044	2,029	19,208	8,094	125,769
Accumulated depreciation:							
Balance as at 31 December 2005	-	7,213	24,420	1,559	-	5,524	38,716
Charge for the year	-	2,167	9,291	551	-	2,086	14,095
Disposals and write-offs	-	(212)	(2,208)	(467)	-	(1,332)	(4,219)
Deemed partial disposal of AB Sanitas	-	(1,728)	(3,458)	(246)	-	(177)	(5,609)
Balance as at 31 December 2006	-	7,440	28,045	1,397	-	6,101	42,983
Charge for the year	-	1,527	7,732	480	-	1,845	11,584
Disposals and write-offs	-	(247)	(975)	(425)	-	(786)	(2,433)
Disposals of subsidiaries	-	(748)	(1,359)	(296)	-	(563)	(2,966)
Transfers	-	1,053	(950)	(62)	-	(41)	-
Foreign currency exchange difference	-	(4)	-	(1)	-	(3)	(8)
Reclassified to held-for-sale assets	-	-	(393)	(325)	-	(3,097)	(3,815)
Balance as at 31 December 2007	-	9,021	32,100	768	-	3,456	45,345
Net book value as at 31 December 2007	-	24,373	30,944	1,261	19,208	4,638	80,424
Net book value as at 31 December 2006	-	29,370	38,608	2,325	71,506	5,640	147,449

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

11 Other property, plant and equipment (cont'd)

Company	Vehicles	Other property, plant and equipment	Total
Cost:			
Balance as at 31 December 2005	501	117	618
Additions	228	210	438
Disposals	(117)	(7)	(124)
Balance as at 31 December 2006	612	320	932
Additions	-	58	58
Balance as at 31 December 2007	612	378	990
Accumulated depreciation:			
Balance as at 31 December 2005	193	101	294
Charge for the year	89	36	125
Disposals	(111)	(6)	(117)
Balance as at 31 December 2006	171	131	302
Charge for the year	92	61	153
Balance as at 31 December 2007	263	192	455
Net book value as at 31 December 2007	349	186	535
Net book value as at 31 December 2006	441	189	630

The depreciation charge of the Group's and the Company's other property, plant and equipment for the year 2007 amounts to LTL 11,584 thousand and LTL 153 thousand, respectively (in the year 2006 LTL 14,095 thousand and LTL 125 thousand, respectively). Amounts of LTL 11,218 thousand and LTL 153 thousand for the year 2007 (LTL 13,184 thousand and LTL 125 thousand for the year 2006) have been included into operating expenses in the Group's and the Company's income statement, respectively. The remaining amounts have been included into discontinued operations (Note 7).

Other property, plant and equipment of the Group with a net book value of LTL 62,204 thousand as at 31 December 2007 (LTL 104,427 thousand as at 31 December 2006) was pledged to the banks as a collateral for the loans (Note 24).

Borrowing cost incurred by the Group and capitalised to the acquisition, construction or production of a qualifying asset amounted to LTL 3,258 thousand for the year 2007 (LTL 1,022 thousand for the year 2006).

AB INVALDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

12 Investment properties

	2007	2006
Balance at the beginning of the year	391,303	296,038
Additions	58,505	90,259
Disposals	(75,455)	(11,200)
Disposals of subsidiaries	(2,790)	(30,000)
Transfer from hotels	436	-
Transfer from other property, plant and equipment	-	310
Transfer to non-current assets held-for-sale	(18,553)	-
Gain from fair value adjustment	50,161	50,497
Loss from fair value adjustment	(674)	(4,601)
Balance at the end of the year	402,933	391,303

Investment properties of the Group include office buildings, warehouses, land and flats. Majority of buildings and warehouses are leased under the operating lease agreements and generate rental income amounting to LTL 20,528 thousand in 2007 (LTL 15,394 thousand in 2006). The direct operating expenses arising from investment properties that generated rental income during the year 2007 amounted to LTL 8,230 thousand (LTL 7,213 thousand in 2006).

Investment properties are stated at fair value, which has been determined based on the joint valuations performed by the accredited valuers: independent valuer UAB OBER-HAUS Nekilnojamas Turtas and UAB Inreal (the Group company) as at 31 December 2007 and UAB OBER-HAUS Nekilnojamas Turtas as at 31 December 2006. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in compliance with the International Valuation Standards set out by the International Valuation Standards Committee. The fair value was set using Sales comparison approach and Income approach methods. Income approach method is based on the assumption that defined correlation between net activity future income and fair value of the object exists. Capitalisation rate used to determine fair value as at 31 December 2007 was 9.65% - 10.9% (as at 31 December 2006 was 8% - 9%). Sales comparison approach method refers to the prices of the analogous transactions in the market.

In 2007 UAB INTF Investicija acquired investment property at Visorių str., Vilnius for LTL 22,051 thousand and UAB Sago acquired investment property at Pylimo str., Vilnius for LTL 23,000 thousand. The biggest investment properties additions in 2006 amounting to LTL 50,700 thousand are related to investment properties acquisition from AB Teo group companies.

In 2007 three office buildings and two logistics centres in Vilnius and Kaunas were sold to Irish private investors owned company by AB Invaldos Nekilnojamojo Turto Fondas and UAB Naujoji Švara for LTL 78,852 thousand (carrying amount was LTL 66,397 thousand). This sold Group investment properties were leased back by AB Invaldos Nekilnojamojo Turto Fondas (Note 29). In 2006 major part of disposals relate to disposal of the subsidiary UAB Apželdinimas (Note 3).

In August 2007 AB Invaldos Nekilnojamojo Turto Fondas has signed the preliminary sales agreements of two investment properties at Vytenio str. and J. Jasinskio str. in Vilnius. These investment properties were evaluated at disposal price equal to LTL 18,553 thousand as at 31 December 2007 and were classified as investment properties classified as held-for-sale (see Note 7).

As at 31 December 2007 investment properties with carrying amount of LTL 349,072 thousand were pledged to the banks as collateral for the loans. As at 31 December 2006 almost all investment properties were pledged to the banks as collateral for the loans (Note 24) but their fair value can not be defined as pledged items were not evaluated on a separate basis.

There were no restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals as at 31 December 2007 and 2006. No material contractual obligations to purchase, construct, repair or enhance investment properties existed at year end except as stated above.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

13 Intangible assets

Group	Goodwill	Contracts	Software	Other intangible assets	Total
Cost:					
Balance as at 31 December 2005	7,568	-	3,232	431	11,231
Additions	-	-	544	7	551
Acquisition of subsidiaries	243	-	-	-	243
Disposals and write-offs	-	-	(65)	(13)	(78)
Deemed partial disposal of AB Sanitas	-	-	(820)	(178)	(998)
Foreign currency exchange difference	-	-	3	-	3
Balance as at 31 December 2006	7,811	-	2,894	247	10,952
Additions	-	6,000	1,848	12	7,860
Acquisition of subsidiaries	-	10,694	5	-	10,699
Disposals and write-offs	-	-	(274)	(15)	(289)
Disposals of subsidiaries	(1,790)	-	(84)	-	(1,874)
Transfer	-	-	1	(1)	-
Reclassified to held-for-sale assets	-	-	(737)	(165)	(902)
Foreign currency exchange difference	-	-	(1)	-	(1)
Balance as at 31 December 2007	6,021	16,694	3,652	78	26,445
Accumulated amortisation:					
Balance as at 31 December 2005	-	-	1,621	207	1,828
Charge for the year	-	-	625	59	684
Impairment	2,980	-	-	-	2,980
Disposals and write-offs	-	-	(32)	(1)	(33)
Deemed partial disposal of AB Sanitas	-	-	(128)	(38)	(166)
Balance as at 31 December 2006	2,980	-	2,086	227	5,293
Charge for the year	-	-	480	15	495
Disposals and write-offs	-	-	(273)	(15)	(288)
Disposals of subsidiaries	(1,790)	-	(41)	-	(1,831)
Reclassified to held-for-sale assets	-	-	(605)	(165)	(770)
Balance as at 31 December 2007	1,190	-	1,647	62	2,899
Net book value as at 31 December 2007	4,831	16,694	2,005	16	23,546
Net book value as at 31 December 2006	4,831	-	808	20	5,659

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

13 Intangible assets (cont'd)

Company	Software	Other intangible assets	Total
Cost:			
Balance as at 31 December 2005	5	2	7
Additions	10	-	10
Balance as at 31 December 2006	15	2	17
Additions	7	-	7
Balance as at 31 December 2007	22	2	24
Accumulated amortisation:			
Balance as at 31 December 2005	5	2	7
Charge for the year	2	-	2
Balance as at 31 December 2006	7	2	9
Charge for the year	5	-	5
Balance as at 31 December 2007	12	2	14
Net book value as at 31 December 2007	10	-	10
Net book value as at 31 December 2006	8	-	8

The Group and the Company have no internally generated intangible assets.

14 Impairment testing of goodwill

For the year ended 31 December 2006 the impairment of goodwill amounting to LTL 2,980 thousand was recognised in the income statement. The impairment loss was accounted for goodwill in the amount of LTL 1,781 thousand arising from AB Minija acquisition as this company experienced losses during the past few years (LTL 2,200 thousand during the year 2006, LTL 1,400 thousand during the year 2005). As Bazilika OOO incurred constant losses during the past years, too, the goodwill arising from its acquisition in the amount of LTL 348 thousand was also impaired. Other immaterial goodwill amounts from other companies acquisition in total amount of LTL 851 were impaired as failed the impairment testing of goodwill.

The goodwill acquired through business combinations of other five companies has been allocated to two cash-generating units for impairment testing. LTL 1,176 thousand were allocated to financial mediation cash-generating unit, LTL 3,655 thousand were allocated to real estate cash-generating unit. The recoverable amount of each unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the Group management covering a 5-year period. The pre-tax discount rate applied to cash flow projections is 10% and cash flows beyond the 5-year period are extrapolated using 3% growth rate, which reflects the expected average rate of economic growth. As at 31 December 2007 and 2006 there were no other indications of goodwill impairment.

15 Investments available-for-sale

	Group		Company	
	2007	2006	2007	2006
Ordinary shares – quoted	2,581	6,606	-	-
Ordinary shares – unquoted	2,454	10,231	1,821	1,771
Investment funds	885	1,010	-	-
Bonds	-	866	-	-
	<u>5,920</u>	<u>18,713</u>	<u>1,821</u>	<u>1,771</u>

The fair value of the quoted ordinary shares is determined by reference to published price quotations in an active market. The unquoted shares are measured at cost.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**16 Loans granted**

The Group's and the Company's loans granted are described below:

	Group		Company	
	2007	2006	2007	2006
Loans granted to third parties	19,283	5,992	5,524	1,089
Repurchasing agreements	41,843	31,793	-	-
Loans granted to related parties	33,813	22,527	125,191	46,242
	94,939	60,312	130,715	47,331
Less: short-term loans	(77,977)	(44,974)	(108,754)	(16,981)
	16,962	15,338	21,961	30,350

As at 31 December 2007 and 2006 the Group and the Company had loans granted to third parties and repurchasing agreement with the maturity term till 2009. The annual interest rate of loans granted to third parties and repurchasing agreements is fixed and varies from 5.5% to 12%. Loans granted for related parties are disclosed in more details in Note 30.

As at 31 December 2007, the Group's and the Company's loans granted at nominal value of LTL 3,485 thousand and LTL 1,935 thousand, respectively, were impaired. The net amount of LTL 735 thousand is outstanding in the balance sheet of the Group and the Company.

Movements in the provision for impairment of granted loans of the Company (assessed individually) were as follows:

	Individually impaired	
	Group	Company
Balance as at 31 December 2005	-	-
Charge for the year	-	-
Balance as at 31 December 2006	-	-
Charge during the year	2,750	1,200
Balance as at 31 December 2007	2,750	1,200

Changes in allowance for doubtful loans granted for the year 2007 have been included into other operating expenses in the income statement.

The ageing analysis of loans granted of the Group as at 31 December 2007 and 2006 is as follows:

	Granted loans neither past due nor impaired	Granted loans past due but not impaired				Total
		Less than 30 days	30 – 90 days	90 – 180 days	More than 180 days	
2006	55,881	1,066	205	789	2,371	60,312
2007	89,909	2,180	533	998	584	94,204

The ageing analysis of loans granted of the Company as at 31 December 2007 and 2006 is as follows:

	Granted loans neither past due nor impaired	Granted loans past due but not impaired				Total
		Less than 30 days	30 – 90 days	90 – 180 days	More than 180 days	
2006	47,331	-	-	-	-	47,331
2007	129,876	-	-	-	104	129,980

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**16 Loans granted (cont'd)**

The fair value of collaterals received as at 31 December 2007 and 2006 by the Group and the Company for loans granted:

	Group		Company	
	2007	2006	2007	2006
Received collaterals which can be repledged or sold, total	180,070	67,066	-	-
Out of total repledged or sold collaterals	69,143	33,804	-	-

17 Inventories

	Group	
	2007	2006
Raw materials	10,772	13,254
Work in progress	2,746	3,438
Finished goods	1,497	2,838
Constructed apartments for sale	105,333	-
Goods for resale	150	92
	120,498	19,622
Less: net realisable value allowance	(548)	(1,123)
	119,950	18,499

The acquisition cost of the Group's inventories accounted for at net realisable value as at 31 December 2007 amounted to LTL 548 thousand (LTL 1,123 thousand as at 31 December 2006). Changes in the allowance for inventories for the years 2007 and 2006 have been included into operating expenses. Inventories allowance in amount of LTL 223 thousand was reduced due to disposal of AB Minija.

As at 31 December 2007 the Group has transferred the constructed for sale apartments, which are in the selling process from other property plant and equipment (Note 11). The advance payments received for these apartments as at 31 December 2007 amounted to LTL 26,632 thousand (as at 31 December 2006 LTL 15,457 thousand). The Group expects to realise these apartments within the year.

As disclosed in Note 24, inventories of the Group with the acquisition cost of LTL 114,333 thousand as at 31 December 2007 (LTL 10,400 thousand as at 31 December 2006) were pledged to banks as collateral for the loans.

18 Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
Trade and other receivables, gross	22,228	22,801	239	-
Taxes receivable, gross	5,527	3,075	-	-
Less: allowance for doubtful trade and other receivables	(390)	(1,529)	-	-
	27,365	24,347	239	-

Changes in allowance for doubtful trade and other receivables for the year 2007 and 2006 have been included into other operating expenses in the income statement.

Trade and other receivables are non-interest bearing and are generally on 10 – 60 days terms.

Receivables from subsidiaries in more details are described in Note 30.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

18 Trade and other receivables (cont'd)

Movements in the provision for impairment of receivables of the Group (assessed individually) were as follows:

	Individually impaired
Balance as at 31 December 2005	297
Charge for the year	1,430
Write-offs charged against the allowance	(54)
Recoveries of amounts previously written-off	(144)
Balance as at 31 December 2006	1,529
Charge during the year	627
Write-offs charged against the allowance	(1,293)
Disposals of subsidiaries	(425)
Recoveries of amounts previously written-off	(48)
Balance as at 31 December 2007	390

The Company did not have the provision for impairment of receivables in 2007 and 2006.

The ageing analysis of trade and other receivables of the Group as at 31 December 2007 and 2006 is as follows:

		Trade receivables past due but not impaired				Total
	Trade receivables neither past due nor impaired	Less than 30 days	30 – 90 days	90 – 180 days	More than 180 days	
2006	15,988	2,618	1,299	876	450	21,231
2007	18,905	1,277	826	618	182	21,808

The ageing analysis of trade and other receivables of the Company as at 31 December 2007 and 2006 is as follows:

		Trade receivables past due but not impaired				Total
	Trade receivables neither past due nor impaired	Less than 30 days	30 – 90 days	90 – 180 days	More than 180 days	
2006	-	-	-	-	-	-
2007	230	-	9	-	-	239

Credit quality of financial assets neither past due nor impaired

With respect to trade and other receivables that are neither impaired nor past due, there are no indications as at the reporting date that the debtors will not meet their payment obligations since the Group and the Company trades only with recognised, creditworthy third parties.

19 Prepayments and deferred charges

The Group company AB Finasta Įmonių Finansai paid LTL 20,000 thousand of prepayments for establishment of the bank. The bank was established on 2 January 2008 (Note 31).

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

20 Financial assets held for trade

	Group		Company	
	2007	2006	2007	2006
Ordinary shares – quoted	21,925	17,188	-	-
Bonds	1,061	1,900	-	-
Investment funds	1,220	9	-	-
	<u>24,206</u>	<u>19,097</u>	<u>-</u>	<u>-</u>

21 Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
Cash at bank	4,170	8,141	30	82
Cash on hand	78	1,020	-	-
Cash at bank and short-term deposits attributable to disposal group (Note 7)	1,858	-	-	-
	<u>6,106</u>	<u>9,161</u>	<u>30</u>	<u>82</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 31 December 2007 of the Group and the Company is LTL 6,106 thousand and LTL 30 thousand, respectively (LTL 9,161 thousand and LTL 82 thousand as at 31 December 2006).

The Group's foreign and local currency accounts in banks amounting to LTL 653 thousand as at 31 December 2007 (LTL 887 thousand as at 31 December 2006 the Group's) are pledged to the banks as collateral in relation to the loan (Note 24).

22 Share capital

On 30 June 2006 the share capital of the Company was increased to LTL 45,008,376 by issuing 3,273,714 ordinary shares with the par value of LTL 1 each. The Company exchanged these shares for LTL 10.40 each. Proceeds from the share capital increase were LTL 34,046 thousand, including the share premium amounting to LTL 30,773 thousand.

The newly issued Company's shares were exchanged to the remaining 25% of AB Pozityvios Investicijos shares owned by Mr. Darius Šulnis according to the reorganisation conditions. AB Pozityvios Investicijos was merged to the Company by transferring all its assets and liabilities at the carrying values accounted in the balance sheet of AB Pozityvios Investicijos. The difference arising from the Company's investment to AB Pozityvios Investicijos and the net assets acquired amounting to LTL 8,442 thousand was accounted for in shareholders' equity.

On 28 September 2007 during the merger of the Company and AB Nenuorama 22,305,587 ordinary shares of the Company was annulled and 19,866,060 ordinary shares with par value of LTL 1 each were issued. After that the share capital of the Company was decreased to LTL 42,568,849. The newly issued Company's shares were exchanged for LTL 19.67 each and difference between proceeds and par value of shares amounting to LTL 370,899 thousand was accounted for as share premium. Subsequently, the same share premium was decreased by following annulment of shares.

The newly issued Company's shares were exchanged to AB Nenuorama shares owned by Mr. Darius Šulnis, Mr. Alvydas Banys, Mr. Algirdas Bučas, Mr. Vytautas Bučas, Mr. Dailius Juozapas Mišeikis, Mrs. Daiva Baniienė and UAB Lucrum Investicija according to the reorganisation conditions. Assets and liabilities, taken over from AB Nenuorama, were recognised at fair value in the Company's financial statements. AB Nenuorama owned shares of the Company (22,305 thousand) were annulled, respectively the value of the acquired own shares was annulled. The loss of LTL 40,141 thousand has been recognised in equity due to this transaction.

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CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (all amounts are in LTL thousand unless otherwise stated)

23 Reserves

The Group	Revaluation reserve	Fair value reserve	Legal reserve	Own shares reserve	Translation reserve	Total
At 1 January 2006	19,716	3,273	9,463	-	472	32,924
Currency translation differences	-	-	-	-	(520)	(520)
Net unrealised gains on available-for-sale investments	-	2,078	-	-	-	2,078
Net realised gains on available-for-sale investments reclassified to the income statement	-	(1,681)	-	-	-	(1,681)
Tax effect of net gains on available-for-sale investments	-	(238)	-	-	-	(238)
Depreciation transfer	(1,325)	-	-	-	-	(1,325)
Transfer to reserves	-	-	(2,603)	-	-	(2,603)
At 31 December 2006	18,391	3,432	6,860	-	(48)	28,635
Revaluation of land and buildings	11,685	-	-	-	-	11,685
Tax effect of revaluation of land and buildings	(1,752)	-	-	-	-	(1,752)
Depreciation transfer	(492)	-	-	-	-	(492)
Discontinued operations	(32,744)	-	(245)	-	-	(32,989)
Tax effect of discontinued operations	4,912	-	-	-	-	4,912
Currency translation differences	-	-	-	-	(25)	(25)
Net unrealised gains on available-for-sale investments	-	3,095	-	-	-	3,095
Net realised gains on available-for-sale investments reclassified to the income statement	-	(6,618)	-	-	-	(6,618)
Tax effect of net gains on available-for-sale investments	-	643	-	-	-	643
Transfer to reserves	-	-	185	34,500	-	34,685
At 31 December 2007	-	552	6,800	34,500	(73)	41,779

Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising on consolidation of financial statements of foreign subsidiaries.

Exchange differences are classified as equity in the consolidated financial statements until disposal of the investment. Upon disposal of the corresponding investment, the cumulative revaluation of translation reserves is recognised as income or expenses in the same period when the gain or loss on disposal is recognised.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

23 Reserves (cont'd)Fair value reserves

Fair value reserves comprise changes in fair value of available-for-sale investments.

Revaluation reserve

Revaluation reserve reflects the result of the revaluation of the hotels assets.

Other reserves

Other reserves of the Group comprise the legal reserve and own shares reserve. Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10% of the share capital. The reserve can be used only to cover the accumulated losses. Own shares reserve is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations.

24 Borrowings

	Group		Company	
	2007	2006	2007	2006
Non-current				
Long-term bank borrowings	265,391	246,270	60,193	-
Other borrowings	5,004	77	-	-
Borrowings from subsidiaries	-	-	18,396	2,901
	<u>270,395</u>	<u>246,347</u>	<u>78,589</u>	<u>2,901</u>
Current				
Current portion of long-term borrowings	134,830	80,104	-	-
Current portion of long-term borrowings from related parties	-	-	1,350	1,350
Short-term bank borrowings	112,288	118,942	64,500	60,193
Other borrowings	59,218	19,877	39,028	-
Borrowings from related parties	15,315	-	40,716	21,577
	<u>321,651</u>	<u>218,923</u>	<u>145,594</u>	<u>83,120</u>
Total borrowings	<u>592,046</u>	<u>465,270</u>	<u>224,183</u>	<u>86,021</u>

The significant amount of the Company's borrowings are from related parties. Please refer to Note 30 for more details.

Borrowings at the end of the year in national and foreign currencies expressed in LTL were as follows:

	Group		Company	
Borrowings denominated in:	2007	2006	2007	2006
EUR	412,842	337,433	93,844	60,193
LTL	179,204	127,837	130,339	25,828
	<u>592,046</u>	<u>465,270</u>	<u>224,183</u>	<u>86,021</u>

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

24 Borrowings (cont'd)

The amounts pledged to the banks are as follows:

	Group	
	2007	2006
Property, plant and equipment	62,204	104,427
Hotels (discontinued operations)	59,720	49,377
Assets held-for-sale	5,784	-
Investment properties	349,072	391,303
Inventories	114,333	10,400
Cash	653	887
Securities (major received by repurchase agreement) at fair value	7,774	-

The shares pledged to the banks held by the Company as at 31 December 2007 are the following:

- Shares of AB Sanitas – 7,152 thousand shares from 13,297 thousand of owned shares (the acquisition value of LTL 99,329 thousand).
- Shares of AB Vilniaus Baldai – 2,551 thousand shares from 2,705 thousand of owned shares (the acquisition value of LTL 11,296 thousand).
- Shares of AB Kauno Tiltai – 36 thousand shares from 64 thousand of owned shares (the acquisition value of LTL 10,864 thousand).

The terms of repayments of non-current and current borrowings are as follows:

	Group		Company	
	2007	2006	2007	2006
Within one year	321,651	218,923	145,594	83,120
From one to five years	191,663	114,052	61,744	2,901
After five years	78,732	132,295	16,845	-
	<u>592,046</u>	<u>465,270</u>	<u>224,183</u>	<u>86,021</u>

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		Company	
	2007	2006	2007	2006
Borrowings	5.90%	4.81%	6.28%	4.00%

Some Group companies in the real estate segment did not comply with few covenants set in the non-current borrowings agreements as at 31 December 2007 and 2006 but the lenders confirmed before the balance sheet date it would not demand earlier loan repayment.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**25 Financial lease**

The assets leased by the Group under financial lease contracts consist of buildings, investment properties, machines and equipment, vehicles and other fixtures, fittings, tools and equipment. Apart from the lease payments, the most significant liabilities under lease contracts are property maintenance and insurance. The terms of financial lease are from 27 to 60 months. The distribution of the net book value of the assets acquired under financial lease is as follows:

	Group	
	2007	2006
Buildings	-	501
Investment properties	12,600	12,750
Machines and equipment	254	426
Other fixtures, fittings, tools and equipment	-	5
Vehicles	168	369
	<u>13,022</u>	<u>14,051</u>

All financial lease payables at the year end of 2007 and 2006 are denominated in EUR.

As at 31 December 2007 the interest rate on the financial lease liabilities in EUR varies depending on the 6-months EUR LIBOR and EURIBOR and the margin varying from 1.2% to 2%. As at 31 December 2006 the interest rate on the financial lease liabilities in EUR varies depending on the 6-months EUR LIBOR and EURIBOR and the margin varying from 1.2% to 2.3%. The interest rate for the remaining financial liabilities in EUR is fixed 6%.

Future minimal lease payments under the above mentioned financial lease contracts as at 31 December 2007 are as follows:

	Group	
	2007	2006
Within one year	6,211	1,788
From one to five years	244	6,321
After five years	-	47
Total financial lease obligations	<u>6,455</u>	<u>8,156</u>
Interest	<u>(123)</u>	<u>(422)</u>
Present value of financial lease obligations	<u>6,332</u>	<u>7,734</u>

Financial lease obligations are accounted for as:

- current	6,102	1,467
- non-current	230	6,267

26 Trade payables

Trade payables are non-interest bearing and are normally settled on 14 - 60 day terms. For terms and conditions relating to related parties, refer to Note 30.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**27 Other current liabilities**

	Group		Company	
	2007	2006	2007	2006
Payable to minority shareholders after AB Nenuorama merger	117,808	-	117,808	-
Payable related to salaries and social security	5,199	5,055	144	168
Dividends payable	2,929	3,851	1,778	1,367
Payable after business combination	2,720	-	-	-
Tax payable	1,006	1,891	-	7
Other amounts payable	1,028	2,468	173	92
	<u>130,690</u>	<u>13,265</u>	<u>119,903</u>	<u>1,634</u>

28 Financial assets and liabilities and risk management

The Group's and the Company's principal financial liabilities comprise loans and overdrafts, bonds, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's and the Company's operations. The Company and the Group have various financial assets such as trade receivables, granted loans, securities and cash which arise directly from its operations.

The Group and Company the also may enter into derivative transactions, such as interest rate swaps and forward currency contracts. The purpose of them is to manage the interest rate and currency risks arising from the operations and its sources of finance. The Group and the Company have not used any of derivative instruments so far, as management considered that there is no demand for them.

The Group is being managed the way so its main businesses would be separated from each other. This is to diversify the activity risk and create conditions for selling any business avoiding any risk for the Company.

The Company implemented policy related to non provision of any guarantee or surety for Group's companies. Group's companies do not provide any guarantees one against another.

The main risks arising from the financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The risks are identified and disclosed below.

Credit risk

The Group estimates the credit risk separately by the segments. The sole furniture production segment has significant concentration of trading counterparties. The main customer of AB Vilniaus Baldai – IKEA Supply AG – on 31 December 2007 accounts for approximately 41% (15% as of 31 December 2006) of the total Group's trade receivables.

At the date of financial statements there are no indications of worsening credit quality of trade and other receivables, which are not overdue and not impaired, due to constant control of the Group for receivable balances.

The Group and the Company trade only with recognised, creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances of subsidiary companies are monitored on a monthly basis. The maximum exposure in the carrying amount is disclosed in Note 16 and Note 18. There are no significant Group's or Company's transactions that do not occur in the country of the relevant operating unit. In financial sector most receivable amounts are guaranteed by listing securities received from repurchase transactions.

With respect to credit risk arising from other financial assets of the Group and the Company, which comprise financial assets held-for-sale, other receivables and cash and cash equivalents, the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**28 Financial assets and liabilities and risk management (cont'd)**Interest rate risk

The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Current environment is not attractive to target fixed interest rates (fixed interest rate is significantly higher than the float, and due to the volatility in the market fixed interest rates are offered for short period of time only). In real estate sector some credits are associated with the projects which last 2-3 years, therefore, the risk related to increase of the interest rate cannot be considered as high. A fixed interest rate is applicable to short-term obligations related to repurchase agreements (3 - 6 months duration).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's and the Company's equity, other than current year profit impact.

	Increase/decrease in basis points	Group	Company
		Effect on profit before tax	
2007			
EUR	+ 100	(3,804)	(600)
LTL	+ 100	(246)	-
EUR	- 200	7,608	1,200
LTL	- 200	492	-
2006			
EUR	+ 100	(3,374)	(600)
LTL	+ 100	(529)	-
EUR	- 200	6,748	1,200
LTL	- 200	1,058	-

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The liquidity risk of the Group and the Company is controlled on an overall Group level and is evaluated at the loans received and the fair value of the total assets with the target of not more than 50 %. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and finance leases. The liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity management is to meet daily needs for funds. Each business segment is independently planning its internal cash flows. A more intense liquidity management is performed in the financial sector in which the liquidity is monitored on a daily basis. Short-term liquidity for the Group and the Company is controlled through weekly monitoring of the liquidity status and needs of funds according to the Group's business segments.

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Group and the Company evaluates the possibilities to attract needed funds. On a monthly basis the business segments report to the Company the forecasted cash inflows and outflows for a future one year period which allows planning the Group's financing effectively. The general rule is applied in the Group to finance the Group companies or to take loans from them through the parent Company in order to minimise the presence of direct borrowings between the companies of different business segments.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**
(all amounts are in LTL thousand unless otherwise stated)**28 Financial assets and liabilities and risk management (cont'd)**Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2007 and as at 31 December 2006 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans	-	158,273	184,800	223,377	90,472	656,922
Financial lease obligations	-	5,647	564	244	-	6,455
Trade and other payables	1,267	22,438	2,466	-	-	26,171
Other liabilities	2,929	98,392	29,018	1,408	-	131,747
Balance as at 31 December 2007	4,196	284,749	216,848	225,029	90,472	821,294
Interest bearing loans	74	116,660	111,466	152,280	150,369	530,849
Financial lease obligations	-	447	1,341	6,321	47	8,156
Trade and other payables	-	24,071	636	-	-	24,707
Other liabilities	3,851	2,289	179	152	121	6,592
Balance as at 31 December 2006	3,925	143,467	113,622	158,753	150,537	570,304

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2007 and as at 31 December 2006 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans	7,236	94,801	51,489	70,636	17,063	241,225
Financial lease obligations	-	-	-	-	-	-
Trade and other payables	-	22	868	-	-	890
Other current liabilities	1,778	97,649	25,987	-	-	125,414
Balance as at 31 December 2007	9,014	192,472	78,344	70,636	17,063	367,529
Interest bearing loans	-	62,081	22,350	3,106	-	87,537
Financial lease obligations	-	-	-	-	-	-
Trade and other payables	-	228	324	-	-	552
Other current liabilities	1,367	65	27	-	-	1,459
Balance as at 31 December 2006	1,367	62,374	22,701	3,106	-	89,548

The numbers presented in the tables above are based on the appropriate agreements' conditions being valid as at 31 December 2007 and 2006. The Group's liquidity ratio ((total current assets plus assets of disposal group classified as held-for-sale) / total current liabilities plus liabilities of disposal group directly associated with the assets classified as held-for-sale) for 31 December 2007 was approximately 0.62 (0.44 – 31 December 2006), the quick ratio ((total current assets – inventories) / total current liabilities) – 0.30 (0.37 for 2006 year end), Company's liquidity ratio – 0.45 (0.2 for 2006 year end). The Group's and the Company's management considers the liquidity position of the Group and the Company based on the current market conditions and takes active actions to improve the situation.

The management of the Company has prepared a plan of the Company's and the Group's operations for 2008, where less aggressive investment targets are forecasted and there are plans to dispose some of assets. Some investments and the real estate objects have been already sold during the year 2008 until the date of the authorization for issue of these financial statements, e.g. hotels segment, investment properties objects (Note 7). More objects are expected to be sold within a year - the Group forecasts to receive approximately LTL 164,000 thousand of cash inflows from construction for sale objects during the year (Note 17).

AB INVALDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

28 Financial assets and liabilities and risk management (cont'd)Liquidity risk (cont'd)

The Company has already received LTL 38,061 thousand of cash from disposal of hotels segment in 2008. Moreover, the Company's liabilities to AB Valmeda in the total amount of LTL 26,149 thousand as at 31 December 2007 were transferred to the new owner of AB Valmeda after the investment disposal. In addition, the Group's and the Company's management does not discount the possibility to dispose other non-current assets of the Group and the Company during the year 2008 if reasonable price is proposed, as the Group and the Company always have the assets (the investments, the real estate objects) which are ready and available-for-sale, if the cash is urgently needed. However, there are no firm decisions taken yet other than those as disclosed in these financial statements.

Furthermore, while borrowings from any specific bank are not exclusive or restrictive, the management of the Company and companies of the Group are in constant contact with banks exploring opportunities for additional financing or refinancing of the existing borrowings. Having invested in liquid shares of traded companies financing opportunities in the form of repurchase transaction is open to the Group as well.

Taking into account the above facts the management of the Group and the Company concludes that the Company's and the Group's liquidity situation is and will be adequately managed.

Foreign exchange risk

As a result of operations in Lithuania, Latvia and Ukraine, the Group's balance sheet can be affected by movements in the reporting currencies' exchange rates. The Group's and Company's policy is related to matching of money inflows from the most probable potential sales with purchases by each foreign currency. The Group and the Company do not apply any financial means allowing to hedge foreign currency risks, because these risks can be considered as insignificant.

The foreign currency risk at the Group and Company is not large, taking into consideration that most monetary assets and obligations are indicated by each separate company's functional currency or euros. In Lithuania and in Latvia the Euro is pegged to Litas and Lat accordingly, therefore, are no any fluctuations between these currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's and Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/decrease in forex rate	Group	Company
		Effect on profit before tax	
2007			
LTL/LVL	+1%	14	10
LTL/UAH	+10%	(85)	(86)
LTL/SEK	+10%	(128)	-
RUB/EUR	+10%	(140)	-
LTL/LVL	-1%	(14)	(10)
LTL/UAH	-10%	85	86
LTL/SEK	-10%	128	-
RUB/EUR	-10%	140	-

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

28 Financial assets and liabilities and risk management (cont'd)Foreign exchange risk (cont'd)

	Increase/decrease in forex rate	Group	Company
		Effect on profit before tax	
2006			
LTL/LVL	+1%	13	11
LTL/UAH	+10%	(30)	(33)
LTL/SEK	+10%	(132)	-
RUB/EUR	+10%	81	-
LTL/UAH	-1%	(13)	(11)
LTL/LVL	-10%	30	33
LTL/SEK	-10%	132	-
RUB/EUR	-10%	(81)	-

Fair value of financial instruments

The Group's and the Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, long-term and short-term borrowings.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amount of the financial assets and financial liabilities of the Company and the Group as at 31 December 2007 and 2006 approximated their book value.

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loans and other financial assets has been calculated using market interest rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- (a) The carrying amount of current trade accounts receivable, current trade accounts payable and short-term borrowings approximates to their fair value.
- (b) The fair value of non-current debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable and fixed interest rates approximates to their carrying amounts.

Capital management

The primary objective of the capital management is to ensure that the Company and the Group maintains a strong credit health and healthy capital ratios in order to support its business and maximise shareholder value. The Company's management supervises the companies so that they would be in accordance with requirements applied to the capital, specified in the appropriate legal acts and credit agreements, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprise share capital, share premium, reserves and retained earnings. The Company and the Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2007 and 2006.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

28 Financial assets and liabilities and risk management (cont'd)Capital management (cont'd)

The Company is obliged to upkeep its equity ratio at not less than 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania. Latvian laws require that companies' authorised capital to be not negative. If subsidiaries, based on results of the current year, violate requirements required by laws, according to the order and terms provided for in laws the Company shall apply the appropriate means so that the aforementioned requirements to capital would be met.

The Company subsidiaries AB FMĮ Finasta and UAB Finasta Investicijų Valdymas are managing their capital and all relevant risks in accordance with the normative acts and resolutions of the Securities Commission of the Republic of Lithuania. There was approved a common risk level – to what extent the minimal capital adequacy requirement would not be violated and there would not be a real threat of its violation. Subsidiaries ensure that the capital adequacy ratio calculated according to Securities Commission's requirements would be at least 1.1. The capital adequacy ratios in these subsidiaries were:

	2007	2006
AB FMĮ Finasta	4.94	2.87
UAB Finasta Investicijų Valdymas	9.40	1.67

Besides, some Group subsidiaries have obligations arising out of credit agreements concluded with banks, including capital. For the purpose of ensuring of bank credits it is required that the ratio of equity plus subordinated borrowings divided by total assets would be not less than specified in the appropriate agreements. Some banks, when calculating this ratio do not include in equity the revaluation reserve. Depending on risks related to projects and activities under development the ratio amount required by banks is 0.14 - 0.4. The Company, when subordinating credits, seeks to ensure that this ratio would be obeyed by the appropriate subsidiaries.

29 Commitments and contingenciesOperating lease commitments – Group as a lessee

The Group and the Company concluded several contracts of operating lease. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements.

The majority of the Group's operating lease expenses include investment properties lease after the sale of investment property in 2007 (Note 12). The Group's company AB Invalidos Nekilnojamojo Turto Fondas concluded the operating lease back agreement with an Irish private investor for the sold Group investment properties. Lease payments and the sale price of the investment properties are accounted for at fair value, therefore the profit of this transaction was recognised immediately at the transaction date. Operating lease back term – 10 years, but the agreement might be unilaterally terminated by the parties. AB Invalidos Nekilnojamojo Turto Fondas paid a one time deposit in the amount of LTL 2,848 thousand corresponding to the 6 months amount of the lease fee which will be set-off against the last part of lease fee at the termination of the lease. In 2007, the lease expenses for investment properties lease of the Group amounted to LTL 1,913 thousand. In 2007, the lease expenses of the Group and the Company other assets amounted to LTL 1,999 thousand and LTL 317 thousand, respectively (LTL 662 thousand and LTL 173 thousand, respectively, in 2006).

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

29 Commitments and contingencies (cont'd)Operating lease commitments – Group as a lessee (cont'd)

Future lease payments according to the signed operating lease contracts are as follows:

		Group		Company	
		2007	2006	2007	2006
Within one year					
	- investment properties lease	5,705	-	-	-
	- other lease	1,359	880	293	259
		7,064	880	293	259
From one to five years					
	- investment properties lease	23,125	-	-	-
	- other lease	1,528	1,158	712	884
		24,653	1,158	712	884
After five years					
	- investment properties lease	27,160	-	-	-
	- other lease	-	2	-	-
		27,160	2	-	-
		58,877	2,040	1,005	1,143
Denominated in:					
	- EUR	56,038	12	-	-
	- LTL	2,588	2,028	1,005	1,143
	- Other currencies	251	-	-	-

Operating lease commitments – Group as a lessor

The Group companies AB Invalidos Nekilnojamojo Turto Fondas, UAB Naujoji Švara, UAB IBC Logistika, UAB Saistas, UAB Ineturas, UAB Dizaino Institutas have entered into commercial property leases of the Group's investment properties under operating lease agreements. The majority of the agreements have remaining terms of between 2 and 11 years.

Future rentals receivable under non-cancellable and cancellable operating leases as at 31 December are as follows:

		2007	2006
Within one year			
	- non-cancellable	3,027	3,690
	- cancellable	8,158	9,658
		11,185	13,348
From one to five years			
	- non-cancellable	4,582	8,756
	- cancellable	12,801	20,395
		17,383	29,151
After five years			
	- non-cancellable	337	2,809
	- cancellable	502	19,998
		839	22,807
		29,407	65,306

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

29 Commitments and contingencies (cont'd)Operating lease commitments – Group as a lessor (cont'd)

Future rentals receivable under non-cancellable and cancellable operating subleases as at 31 December are as follows:

		<u>2007</u>	<u>2006</u>
Within one year			
	- non-cancellable	4,630	-
	- cancellable	684	-
		<u>5,314</u>	<u>-</u>
From one to five years			
	- non-cancellable	12,842	-
	- cancellable	276	-
		<u>13,118</u>	<u>-</u>
After five years			
	- non-cancellable	6,939	-
	- cancellable	6	-
		<u>6,945</u>	<u>-</u>
		<u>25,377</u>	<u>-</u>

For the cancellable lease and sublease agreements, tenants must notify the administrator 3 – 6 months in advance if they wish to cancel the rent agreement and have to pay 3 – 12 months rent fee penalty for the cancellation accordingly. According to non-cancellable lease and sublease agreements tenants must pay the penalty equal to rentals receivable during the whole remaining lease period.

Part of leases and subleases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

30 Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

The related parties of the Group in 2007 and 2006 were associates, joint ventures and Company's shareholders (Note 1) and key management personnel.

Transactions of the Group with related parties in 2007 and balances as of 31 December 2007 were as follows:

2007 Group	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Loans and borrowings	2,006	104	33,813	15,315
Rent and utilities	710	686	-	-
Other real estate income	910	-	118	-
Apartments construction by UAB Laikinosios Sostinės Projektai	1,662		168	-
Roads and bridges construction segment	326	1,546	59	369
Raw materials purchased by AB Vilniaus Baldai from UAB Girių Bizonas	-	14,706	-	2,002
Other	70	22	144	-
	<u>5,684</u>	<u>17,064</u>	<u>34,302</u>	<u>17,686</u>
Liabilities to shareholders	225	106	3,002	117,880

For granted loan maturity is from 2008 till 2016, effective interest rate 6% - 12.29%, for borrowings received maturity is 2008, effective interest rate 6.9% - 8.5%.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

30 Related party transactions (cont'd)

Transactions of the Group with related parties in 2006 and balances as at 31 December 2006 were as follows:

2006 Group	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Loans and borrowings	1,135	56	22,527	-
Rent and utilities	315	233	841	55
Construction	370	594	837	-
Purchased premises	695	1,981		2,117
Commissions for acquisition of Jelfa S.A.	-	-	1,518	-
Other	224	-	94	4
	<u>2,739</u>	<u>2,864</u>	<u>25,817</u>	<u>2,176</u>
Liabilities to shareholders	1.313	391	380	

For granted loan maturity is from 2008 till 2017, effective interest rate 5% - 10.5%.

The Company's related parties are the Group subsidiaries, associates, joint ventures and shareholders (Note 1).

Transactions of the Company with related parties in 2007 and balances as at 31 December 2007 were as follows:

2007 Company	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Loans and borrowings	6,789	3,409	125,191	60,462
Rent and utilities	-	315	-	-
Fees for securities	-	23	-	-
Payables for share capital in subsidiaries in Ukraine	-	-	-	863
Shares transactions	378	17,968	-	-
Other	5	172	86	12
	<u>7,172</u>	<u>21,887</u>	<u>125,277</u>	<u>61,337</u>
Liabilities to shareholders	-	-	-	117,880

For granted loans the maturity is from 2008 till 2016, effective interest rate 6% - 12.29%, for borrowings received the maturity is 2008 – 2013, effective interest rate 5.5% - 8.0%.

AB Nenuorama has acquired the shares of the Company from its shareholders before the merger with the Company. The refinancing rate accruing liabilities denominated in EUR for these shares were transferred to the Company after the merger. Expected settlement is during the first half of 2008.

The Company has acquired from its subsidiaries the shares of AB Sanitas and AB Vilniaus Baldai.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

30 Related party transactions (cont'd)

Transactions of the Company with related parties in 2006 and balances as of 31 December 2006 were as follows:

2006 Company	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Loans and borrowings	2,401	1,757	46,242	25,828
Rent and utilities	4	241	-	90
Fees for securities	-	170	-	35
Payables for share capital in subsidiaries in Ukraine	-	-	-	326
Other	4	86	-	-
	<u>2,405</u>	<u>2,254</u>	<u>46,242</u>	<u>26,279</u>

Granted loan maturity is from 2007 till 2017, effective interest rate 5% - 10.5%. Loans received maturity is 2007 – 2009, effective interest rate 4.5% - 6.0%.

Terms and conditions of transactions with related parties

All transactions with related parties are arm's length transactions. Outstanding balances at the year-end are unsecured, interest free (except as stated above) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payable. For the year ended 31 December 2007 and 2006, the Company has not made any provision for doubtful debts relating to amounts owed by related parties. Doubtful debts assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Remuneration for the management and other payments

The management remuneration contains only short-term employees benefits. In 2007 the Group's management remuneration amounted to LTL 5,263 thousand (LTL 4,290 thousand in 2006). The Company's management remuneration amounted to LTL 583 thousand in 2007 (LTL 621 thousand in 2006). Loans given for the Group's management amounted to LTL 9,706 thousand in 2007 (LTL 2,578 thousand in 2006). The loans were short-term, bearing 6-9.8% interest. Loans outstanding amounted to LTL 5,284 thousand as at 31 December 2007.

In year 2007 dividends amounting to LTL 2,588 thousand were paid out to the Company's management (LTL 3,946 in 2006). Dividends paid out to the Group's management amounted to also LTL 2,588 thousand in 2007 (LTL 3,946 thousand in 2006).

In 2007 and 2006, the management of the Group and the Company did not receive any other loans, guarantees; no other payments or property transfers were made or accrued, except as stated above.

AB INVALIDA**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

(all amounts are in LTL thousand unless otherwise stated)

31 Subsequent eventsThe Company

On 4 January 2008 the Company has signed a contract regarding sale of 100% of AB Valmeda shares with Triangle Group (UK). AB Valmeda manages hotels Holiday Inn Vilnius and Ecotel Vilnius. The deal was closed and ownership of AB Valmeda was transferred to the buyer on 13 March 2008. The Group and the Company have earned profit of LTL 37,835 thousand and LTL 60,695 thousand, respectively, for this transaction.

On 10 January 2008, the Company completed the sale of UAB Hidroprojekta shares. 97.99% of UAB Hidroprojekta shares were sold to SWEKO BKG LSPI for LTL 8,600 thousand. The Group and the Company have earned profit of LTL 6,326 thousand and LTL 5,650 thousand, respectively, for this transaction.

The proposed profit distribution for the year 2007:

Distributable profit	2007
Profit distribution:	47,153
From legal reserves	(244)
To own shares reserve	34,626
Dividends	12,771
Retained earnings (deficit) after distribution	-

The proposed dividends are equal to LTL 0.30 per share.

The Group

On 2 January 2008 AB Bankas Finasta was registered in the Register of Legal Entities. The authorisation to establish the bank which is going to provide investment and private banking services was issued by the Board of the Bank of Lithuania on 19 December, 2007. The bank will start its activity when the Bank of Lithuania issues licence to provide banking services. AB Bankas Finasta is 100% owned by the Company subsidiary AB Finasta Įmonių Finansai.

On 1 February 2008 the Company's subsidiary AB Invalidos Nekilnojamojo Turto Fondas has signed agreements regarding the sale of the real estate objects located in Vilnius, Jasinskio Str. and Vytenio Str. With the sale of the above mentioned real estate objects, all planned commercial real estate sale deals were completed. The Group did not earn any profit on this sale in 2008 as the fair value of sold investment properties as at 31 December 2007 equalled to the disposal price.



Consolidated Annual Report for the year 2007

Prepared according to The Rules for the Drawing-up and the Submission of the
Periodic and Additional Information, approved by
Resolution No. 1K-3 of 23.02.2007 of the Lithuanian Securities Commission

Approved by the Board decision No 2008-07 passed on 18.04.2008

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PVM mokėtojo kodas LT108784411
Registras – Juridinių asmenų registras

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Code of legal person 110878442
VAT payer code LT108784411
Register of Legal Persons

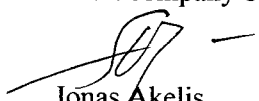
Independent Auditors' Review Report on Annual Report of AB Invalda

We have reviewed AB Invalda (hereinafter the Company) Consolidated Annual Report for the year ended 31 December 2007. The report is the responsibility of the Company's management. Our responsibility is to present report on the Annual Report based on our review.

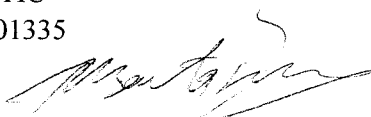
We have audited the financial statements of AB Invalda for the year ended 31 December 2007 in accordance with International Standards of Auditing. On 18 April 2008 we have expressed unqualified opinion on these financial statements.

We have read the Annual Report for the year ended 31 December 2007 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2007.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335



Jonas Akelis
Auditor's licence
No. 000003



Ramūnas Bartasius
Auditor's licence
No. 000362

The review was completed on 18 April 2008.

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I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 2007.

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 of the registered office	Seimyniskiu str. 3, LT-09312 Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	post@invalda.lt
Website	www.invalda.lt
Legal form	public limited liability company
Date and place of registration	20.03.1992, Register of Enterprise of Vilnius
Register, in which data about the company are accumulated and stored	Register of Legal Entities

Invalda AB is the company actively managing its investments by acquiring and restructuring businesses, applying modern methods of management and funding, diversifying risks, The Company receives income from managed companies and / or exiting businesses thus providing high return to shareholders of the company.

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

Striving to obtain the highest effectiveness of investments and profitability to shareholders, Invalda AB concentrates to the priority segments, such as finance, real estate, pharmacy, roads and bridges construction and furniture manufacturing. The activities of the group are developed in Lithuania, also in Latvia, Poland, Ukraine, Slovakia, and other European countries.

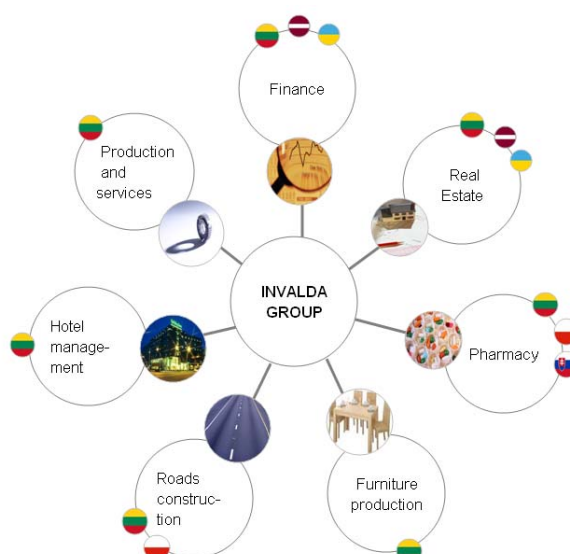
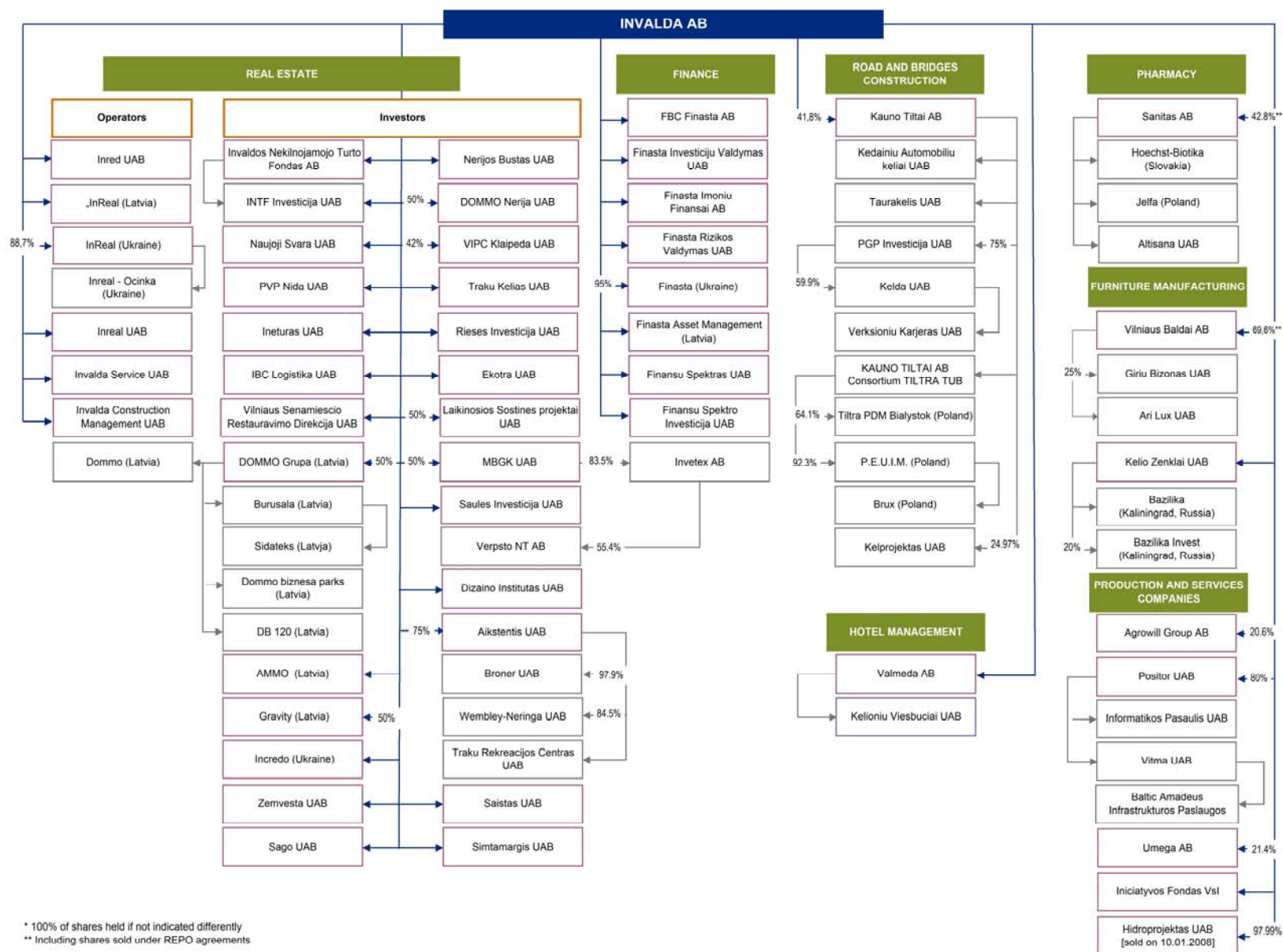


Fig. 2.2.1. Sectors of Invalda AB group as of 31.12.2007



Picture 2.2.2. Simplified structure of Invalda AB group as of 31.12.2007

2.2.1. Finance sector



Name of the company	FBC Fnasta AB	Finasta Investiciju Valdymas UAB
Enterprise code	122570630	126263073
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 278 6833	+370 5 273 2928
Fax	+370 5 278 6838	+370 5 273 4898
E-mail	info@finasta.lt	fondai@finasta.lt
Website	www.finasta.lt	www.finasta.lt
Legal form	public limited liability company	private limited liability company
Date of registration	21.01.1994	21.07.2003
Main activity	broker services, security accounting	investment and pension funds, as well as personal investment portfolios management

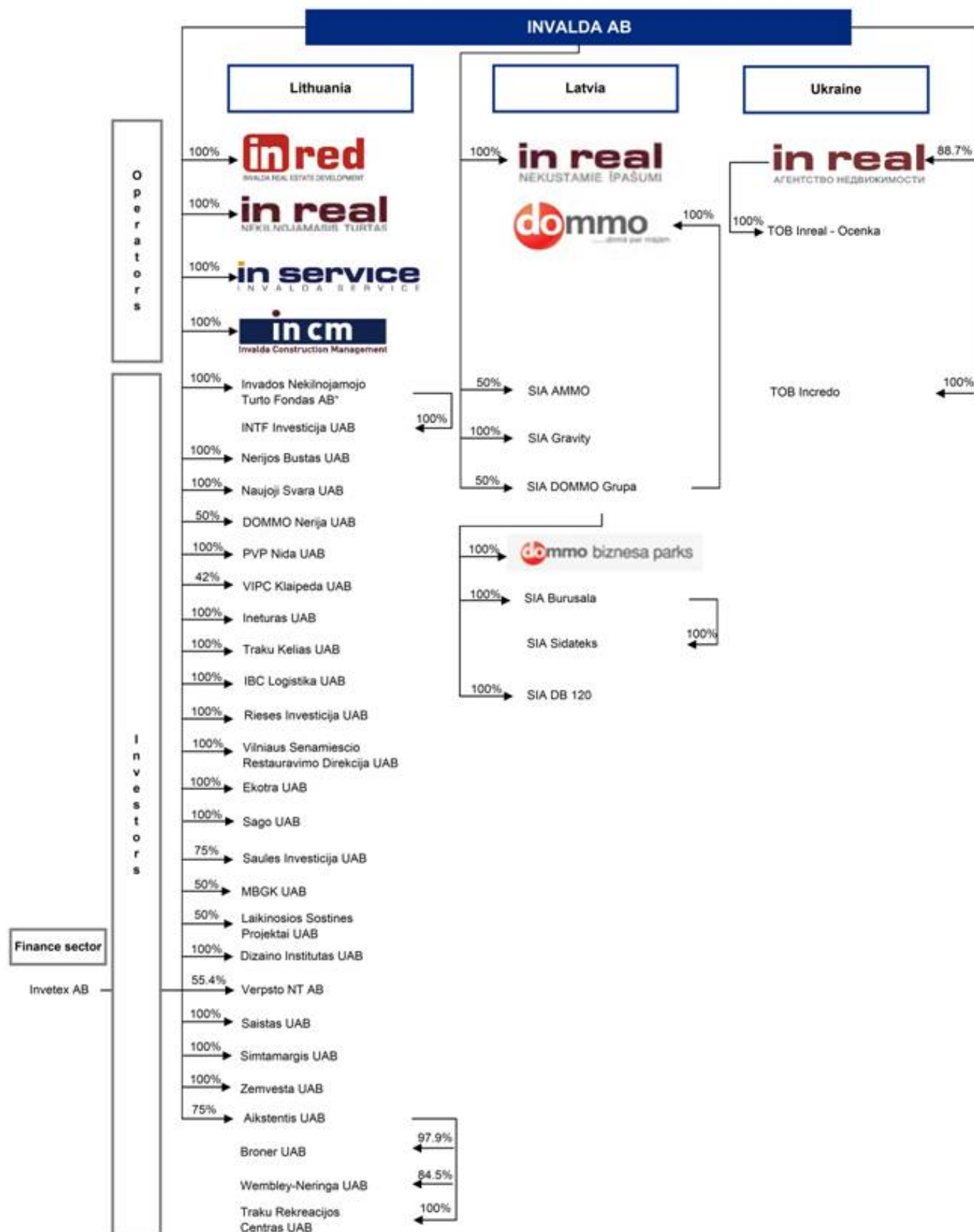
Name of the company	Finasta Imonių Finansai AB	Finasta Rizikos Valdymas UAB
Enterprise code	300587351	300045450
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 236 1880	+370 5 278 6833
Fax	+370 5 210 2474	+370 5 278 6838
E-mail	imoniufinansai@finasta.lt	-
Website	www.finasta.lt	-
Legal form	public limited liability company	private limited liability company
Date of registration	31.07.2006	04.08.2004
Main activity	consulting and other services of corporate finance	investment activity

Name of the company	Finansu Spektras UAB (in liquidation)	Finansu Spektro Investicija UAB
Enterprise code	134003456	132209272
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 278 6833	+370 5 278 6833
Fax	+370 5 278 6838	+370 5 278 6838
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	18.03.1994	27.12.1990
Main activity	investment activity	investment activity

Name of the company	TOB Finasta	AS IPS Finasta Asset Management
Enterprise code	34762675	50003840061
Address of the registered office	Kominterns str. 5, 01032 Kiev, Ukraine	Tirgonu iela 8, LV-1050 Riga, Latvia
Telephone	+38 044 234 04 47	+371 750 3100
Fax	+38 044 238 23 09	+371 750 3099
E-mail	office@finasta.com.ua	info@finasta.lv
Website	www.finasta.com.ua	www.finasta.lv
Legal form	limited liability company	public limited liability company, investment management company
Date of registration	22.11.2006	11.07.2006
Main activity	financial services	investment fund and personal investment portfolios management

Name of the company	Invetex AB
Enterprise code	133190113
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 210 2478
Fax	+370 5 210 2474
E-mail	-
Website	-
Legal form	public limited liability company
Date of registration	31.01.1992
Main activity	investment activity

2.2.2. Real estate sector



Name of the company	Inred UAB	Inreal UAB
Enterprise code	222894170	300576166
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	A. Juozapaviciaus str. 7, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0000
Fax	+370 5 273 3065	+370 5 273 0858
E-mail	info@inred.lt	info@inreal.lt
Website	www.inred.lt	www.inreal.lt
Legal form	private limited liability company	private limited liability company
Date of registration	22.12.1994	14.06.2006
Main activity	real estate management and administration, development of investment projects	intermediation purchasing or selling real estate, real estate rent and valuation

Name of the company	Invalda Service UAB	Invalda Construction Management UAB
Enterprise code	126180446	186139653
Address of the registered office	Seimyniskiu str. 3, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 6565	+370 5 272 55 65
Fax	+370 5 273 6667	+370 5 213 9073
E-mail	info@inservice.lt	info@incm.lt
Website	www.inservice.lt	www.incm.lt
Legal form	private limited liability company	private limited liability company
Date of registration	25.03.2003	17.02.1994
Main activity	management of building economy	management of construction objects, General Contracting

Name of the company	SIA Inreal	SIA DOMMO
Enterprise code	40003690957	40003787271
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Riga, Latvia	Mūkusalas iela 45/47, LV-1004 Riga, Latvia
Telephone	+371 740 8676	+371 762 7417
Fax	+371 740 8687	+ 371 762 7793
E-mail	info@inreal.lv	info@dommo.lv
Website	www.inreal.lv	www.dommo.lv
Legal form	private limited liability company	private limited liability company
Date of registration	22.07.2004	05.12.2005
Main activity	intermediation purchasing or selling real estate, real estate rent and valuation	real estate management and administration, development of investment projects

Name of the company	TOB Inreal	TOB Inreal – Ocinka
Enterprise code	34001410	35332251
Address of the registered office	Verchnij Val str. 30-A, Kiev 04071, Ukraine	Verchnij Val str. 30-A, Kiev 04071, Ukraine
Telephone	+38 044 390 5252	+38 044 390 5252
Fax	+38 044 390 5252	+38 044 390 5252
E-mail	info@inreal.com.ua	inreal-ocenka@inreal.com.ua
Website	www.inreal.com.ua	www.inreal.com.ua
Legal form	limited liability company	limited liability company
Date of registration	17.01.2006	13.08.2007
Main activity	intermediation purchasing or selling real estate, real estate rent	real estate valuation

Name of the company	Invalidos Nekilnojamojo Turto Fondas AB	INTF Investicija AB
Enterprise code	152105644	300643227
Address of the registered office	A. Juozapaviciaus str. 6/2, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 279 0614	+370 5 275 5093
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	intf@intf.lt	-
Website	-	-
Legal form	public limited liability company	private limited liability company
Date of registration	28.01.1997	02.02.2007
Main activity	investments into real estate	real estate operations

Name of the company	Nerijos Bustas UAB	Naujoji Svara UAB
Enterprise code	300512402	125235345
Address of the registered office	Misko str. 3, Neringa, Lithuania	registered: Seimyniskiu str. 3, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 46 314 313	+370 5 273 0944
Fax	+370 46 314 316	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	05.12.2005	12.04.2000
Main activity	real estate operations	real estate operations

Name of the company	DOMMO Nerija UAB	PVP Nida UAB
Enterprise code	300516742	126366340
Address of the registered office	registered: Smiltynes str. 25, Klaipeda, Lithuania; actual: S. Simkauskas str. 8, Klaipeda, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 46 310 696	+370 5 273 0944
Fax	+370 46 314 316	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	21.12.2005	07.11.2003
Main activity	real estate operations	real estate operations

Name of the company	VIPC Klaipeda UAB	Ineturas UAB
Enterprise code	300007510	126075527
Address of the registered office	Laisves ave. 3, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 246 0766	+370 5 273 0944
Fax	+370 5 246 0767	+370 5 273 3065
E-mail	info@vipcentras.lt	-
Website	www.vipcentras.lt	-
Legal form	private limited liability company	private limited liability company
Date of registration	02.03.2004	30.10.2002-
Main activity	real estate operations	real estate operations

Name of the company	Traku Kelias UAB	IBC Logistika UAB
Enterprise code	124928371	300016395
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	31.05.1999	07.04.2004
Main activity	real estate operations	real estate operations

Name of the company	Rieses Investicija UAB	Vilniaus Senamiescio Restauravimo Direkcija UAB
Enterprise code	300606428	120135024
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	A. Juozapaviciaus str. 7, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	11.10.2006	28.12.1990
Main activity	real estate operations	real estate operations

Name of the company	Ekotra UAB	Saules Investicija UAB
Enterprise code	300040019	300545039
Address of the registered office	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Vytauto ave. 3, Kaunas, Lithuania	registered: Fiziku str. 33, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 37 202 120	+370 5 273 0944
Fax	+370 37 321 132	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	12.07.2007	06.03.2006
Main activity	purchase, sale and rent of land	real estate operations

Name of the company	Laikinosios Sostines Projektai UAB	MBGK UAB
Enterprise code	300543732	300083611
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 278 6833
Fax	+370 5 273 3065	+370 5 278 6838
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	01.03.2006	27.01.2005
Main activity	real estate operations	investment activity

Name of the company	Verpsto NT AB	Dizaino Institutas UAB
Enterprise code	300519788	122288385
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: A. Juozapaviciaus str. 11, Vilnius, Lithuania, actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	public limited liability company	private limited liability company
Date of registration	29.12.2005	29.12.1993
Main activity	real estate operations	real estate operations

Name of the company	Designing Firm Saistas UAB	Simtamargis UAB
Enterprise code	133689632	300593984
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Vytauto ave. 3, Kaunas, Lithuania
Telephone	+370 5 273 0944	+370 37 202 120
Fax	+370 5 273 3065	+370 37 321 132
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	26.05.1993	29.08.2006
Main activity	real estate operations	purchase, sale and rent of land

Name of the company	Aikstentis UAB	Broner UAB
Enterprise code	126412617	110006173
Address of the registered office	registered: Seimyniskiu str. 1A, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: Bukciu str. 64, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 279 0614	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	23.12.2003	25.04.1991
Main activity	real estate operations	real estate operations

Name of the company	Wembley – Neringa UAB	Traku Rekreacijos Centras UAB
Enterprise code	110013029	300667160
Address of the registered office	registered: Bukciu str. 64, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: Zemaites str. 2, Trakai, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	28.05.1991	04.04.2007
Main activity	real estate operations	real estate operations

Name of the company	Zemvesta UAB	Sago UAB
Enterprise code	300955547	301206878
Address of the registered office	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Vytauto ave. 3, Kaunas, Lithuania	Seimyniskiu str. 3, Vilnius, Lithuania
Telephone	+370 37 202 120	+370 5 273 0944
Fax	+370 37 321 132	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	26.07.2007-07-26	31.10.2007
Main activity	purchase, sale and rent of land	real estate operations

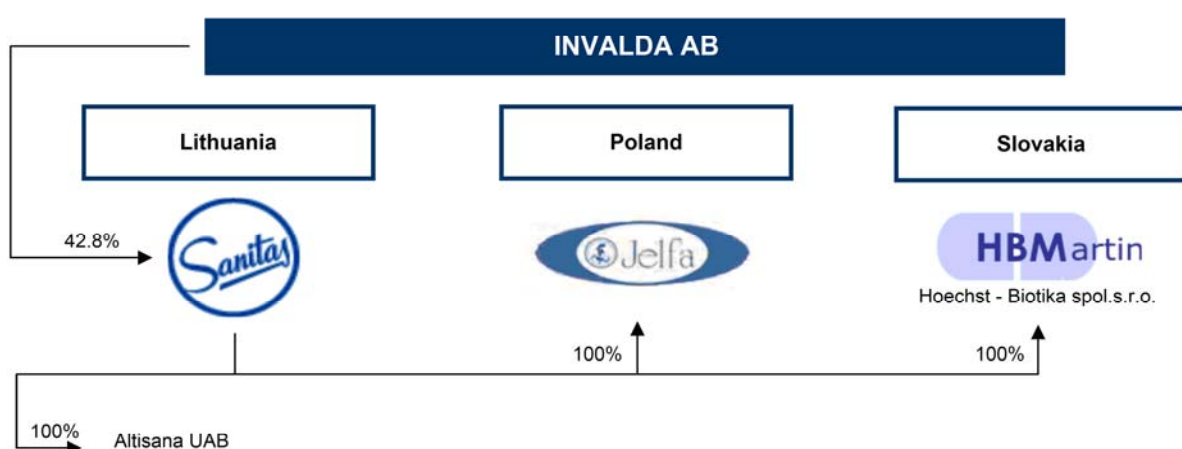
Name of the company	SIA AMMO	SIA DOMMO GRUPA
Enterprise code	40003718049	40003733866
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Riga, Latvia	Mūkusalas iela 45/47, LV-1004 Riga, Latvia
Telephone	+371 762 7417	+371 762 7417
Fax	+371 762 7793	+371 762 7793
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	22.12.2004	17.03.2005
Main activity	real estate operations	real estate operations

Name of the company	SIA DOMMO biznesa parks	SIA Burusala
Enterprise code	40003865398	40003161313
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Riga, Latvia	Mūkusalas iela 45/47, LV-1004 Riga, Latvia
Telephone	+371 762 7417	+371 762 7417
Fax	+371 762 7793	+371 762 7793
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	13.10.2006	08.11.1993
Main activity	real estate operations	real estate operations

Name of the company	SIA Sidateks	SIA DB 120
Enterprise code	40003732930	40003864462
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Riga, Latvia	Mūkusalas iela 45/47, LV-1004 Riga, Latvia
Telephone	+371 762 7417	+371 762 7417
Fax	+371 762 7793	+371 762 7793
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	11.03.2005	11.10.2006
Main activity	real estate operations	real estate operations

Name of the company	SIA Gravity (in liquidation)	TOB Incredito
Enterprise code	40003737622	34355283
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Riga, Latvia	Kominternā str. 5, 01032 Kiev, Ukraine
Telephone	+371 762 7417	+38 044 234 0417
Fax	+371 762 7793	+38 044 234 0417
E-mail	-	-
Website	-	-
Legal form	private limited liability company	limited liability company
Date of registration	08.04.2004	17.05.2006
Main activity	real estate operations	real estate operations

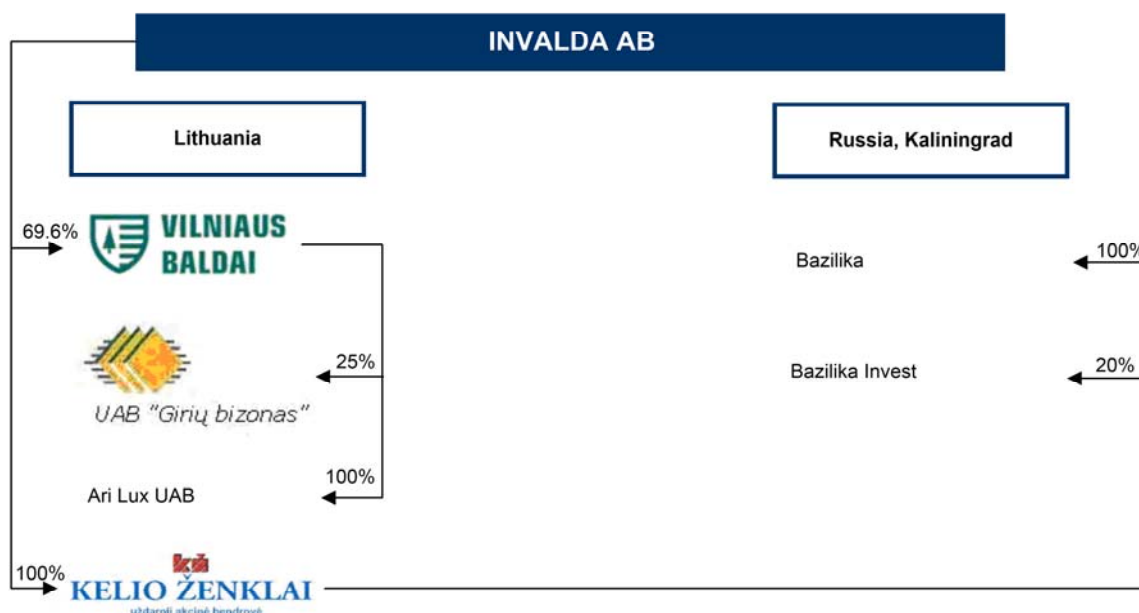
2.2.3. Pharmacy sector



Name of the company	Sanitas AB	Hoechst – Biotika spol. s. r. o.
Enterprise code	134136296	31 560 784
Address of the registered office	Vytauto ave. 3, Kaunas, Lithuania	Sklabinska 30, 036 80 Martin, Slovakia
Telephone	+370 37 226 725	+421 43 420 2111
Fax	+370 37 223 696	+421 43 422 1004
E-mail	sanitas@sanitas.lt	hb@hoechst-biotika.sk
Website	www.sanitas.lt	www.hoechst-biotika.sk
Legal form	public limited liability company	limited liability company
Date of registration	30.06.1994	02.03.1992
Main activity	manufacturing of pharmaceutical preparations	manufacturing of pharmaceutical preparations

Name of the company	Jelfa SA	Altisana UAB
Enterprise code	66687	134544045
Address of the registered office	21 Wincentego Pola Str., 58-500 Jelenia Góra, Poland	Vytauto ave. 3, Kaunas, Lithuania
Telephone	+48 75 64 33 240	+370 37 226 725
Fax	+48 75 75 24 455	+370 37 223 696
E-mail	jelfa@jelfa.com.pl	-
Website	www.jelfa.pl	-
Legal form	limited liability company	private limited liability company
Date of registration	02.12.1991	16.08.1995
Main activity	manufacturing of pharmaceutical preparations	carry no activity

2.2.4. Furniture manufacturing sector

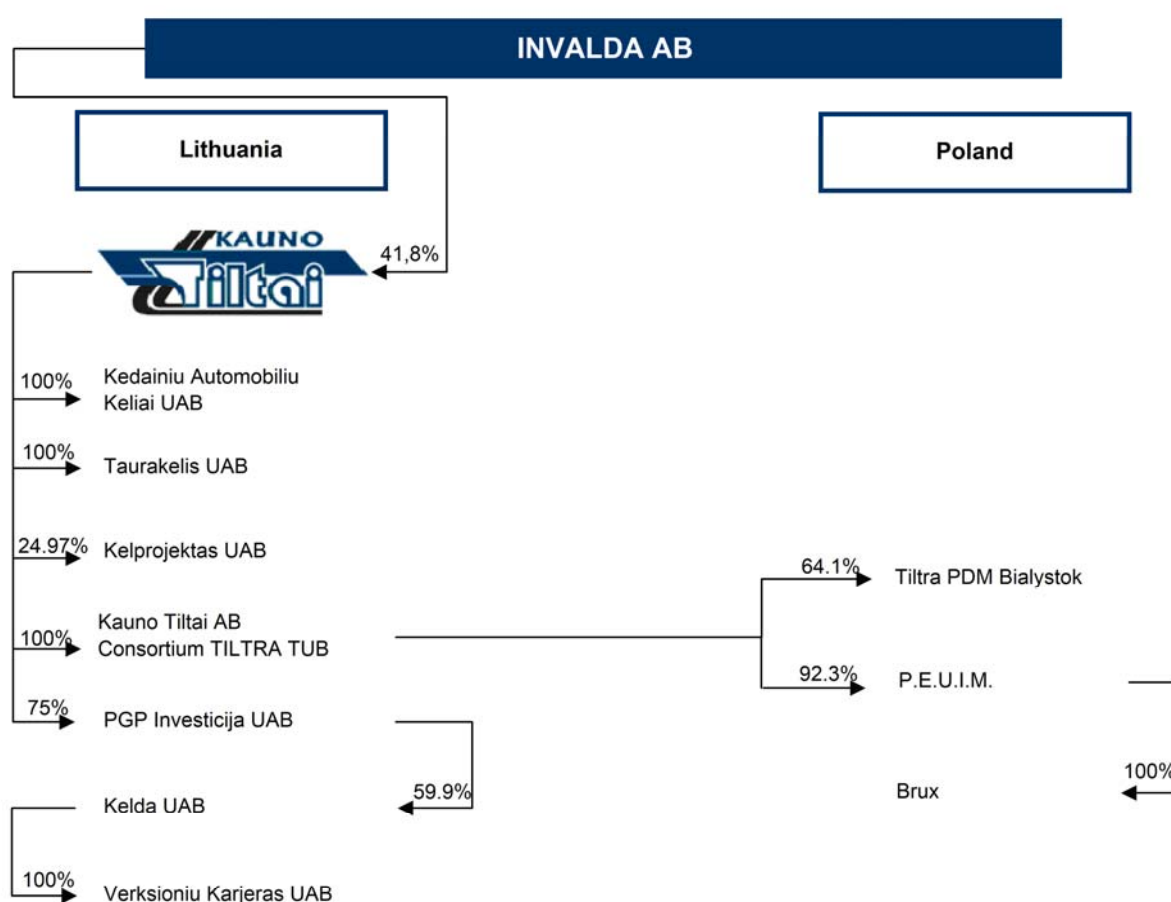


Name of the company	Vilniaus Baldai AB	Girių Bizonas UAB
Enterprise code	121922783	165746963
Address of the registered office	Savanorių ave. 178, Vilnius, Lithuania	Gedimino str. 1, Kazlu Ruda, Lithuania
Telephone	+370 5 252 5700	+370 343 68 680
Fax	+370 5 231 1130	+370 343 68 681
E-mail	info@vilniausbaldai.lt	giriu@bizonas.lt
Website	www.vilniausbaldai.lt	www.mediena.lt
Legal form	public limited liability company	private limited liability company
Date of registration	09.02.1993	30.12.1994
Main activity	furniture design and manufacturing	fibreboards and furniture from finished fibreboards manufacturing

Name of the company	Ari-Lux UAB	Kelio Zenklai UAB
Enterprise code	120989619	185274242
Address of the registered office	Savanorių ave. 178, Vilnius, Lithuania	Gelezinkelio str. 28, Pilviskiai, Vilkaviškio district, Lithuania
Telephone	+370 5 252 5744	+370 342 67 756
Fax	+370 5 252 5744	+370 342 67 644
E-mail	-	info@keliozenklai.lt
Website	-	www.keliozenklai.lt
Legal form	private limited liability company	private limited liability company
Date of registration	28.10.1991	06.09.1994
Main activity	fitting packing	metal and wood processing, wholesale of different materials

Name of the company	OOO Bazilika Invest	OOO Bazilika
Enterprise code	3905064366	39050296369
Address of the registered office	Zukovskio str. 7-4, Kaliningrad, Russia	Gostinnaja str. 5, Kaliningrad, Russia
Telephone	+74015 932 373	+74015 932 373
Fax	+74015 932 373	+74015 932 373
E-mail	-	-
Website	-	-
Legal form	limited liability company	limited liability company
Date of registration	31.03.2005	27.02.1998
Main activity	wood cutting	carry no activity

2.2.5. Roads and bridges construction sector



Name of the company	Kauno Tiltai AB	Kedainiu Automobiliu Keliai UAB
Enterprise code	133729589	161111895
Address of the registered office	Ateities road 46, Kaunas, Lithuania	Biochemiku str. 3, Kedainiai, Lithuania
Telephone	+370 37 473 935	+370 347 67 766
Fax	+370 37 473 787	+370 347 67 669
E-mail	kaunotiltai@kaunotiltai.lt	kedainiu_keliai@is.lt
Website	www.kaunotiltai.lt	-
Legal form	public limited liability company	private limited liability company
Date of registration	01.07.1993	14.12.1990
Main activity	road and bridges construction	road construction and maintenance

Name of the company	Taurakelis UAB	Kelprojektas UAB
Enterprise code	179861712	234004210
Address of the registered office	Svyturio str. 5, Taurage, Lithuania	I. Kanto str. 25, Kaunas, Lithuania
Telephone	+370 446 61 256	+370 37 223 186
Fax	+370 446 61 256	+370 37 205 227
E-mail	taurakelis@taurakelis.lt	info@kelprojektas.lt
Website	www.taurakelis.lt	www.kelprojektas.lt
Legal form	private limited liability company	private limited liability company
Date of registration	15.03.2000	21.03.1994
Main activity	road construction and maintenance, production of asphalt concrete	road, bridges and other objects desinging

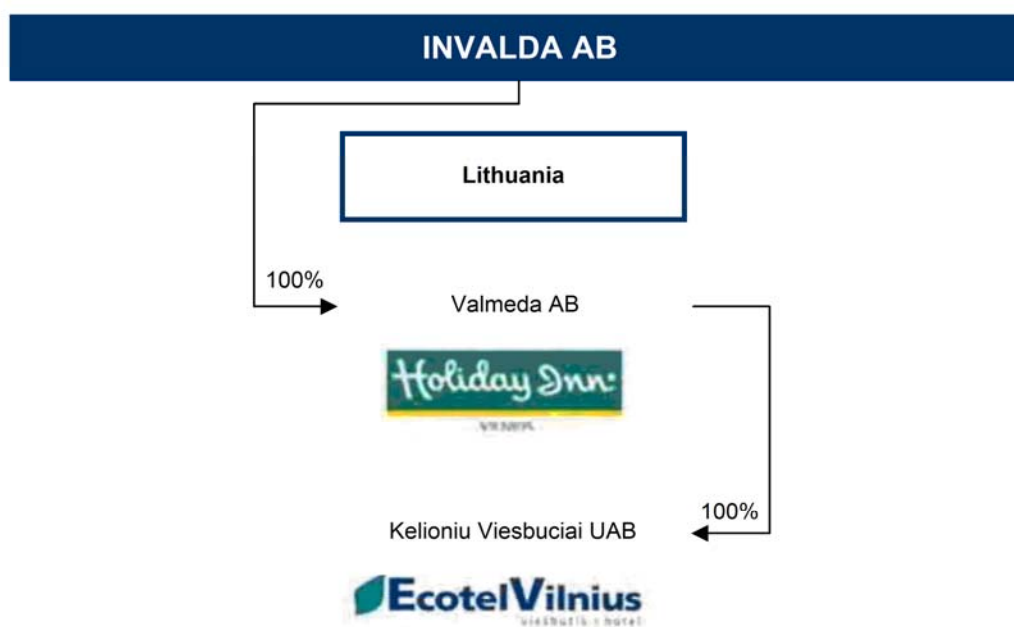
Name of the company	PGP Investicija UAB	Kelda UAB
Enterprise code	300621145	181259645
Address of the registered office	Ateities road 46, Kaunas, Lithuania	Kauno str. 14, Vievis, Lithuania
Telephone	+370 37 473 935	+370 528 26 192
Fax	+370 37 473 787	+370 528 26 192
E-mail	kaunotiltai@kaunotiltai.lt	kelda@omni.lt
Website	-	www.kelda.lt
Legal form	private limited liability company	private limited liability company
Date of registration	30.11.2006	17.02.1993
Main activity	real esate rent	road and bridges construction and maintenance

Name of the company	Verksioniu Karjeras UAB	Kauno Tiltai AB Consortium TILTRA TŪB
Enterprise code	186000365	135774782
Address of the registered office	Bagoteliu village., Vilniaus district	Ateities road 46, Kaunas, Lithuania
Telephone	+370 686 98 492	+370 37 473 935
Fax	-	+370 37 473 787
E-mail	-	kaunotiltai@kaunotiltai.lt
Website	-	-
Legal form	private limited company	general partnership
Date of registration	29.11.1990	08.06.2001
Main activity	gravel production and sale	road construction and maintenance

Name of the company	Tiltra PDM Bialystok	P.E.U.I.M.
Enterprise code	0000206982	0000046002
Address of the registered office	Ciołkowskiego str. 90, 15-516 Białystok, Poland	Produkcyjna str. 102, 15-680 Białystok, Poland
Telephone	+48 85 74 33 549	+48 85 65 30 773
Fax	+48 85 74 33 549	+48 85 65 30 761
E-mail	pdmbialystok@tiltra.pl	peuim@peuim.com.pl
Website	-	www.peuim.com.pl
Legal form	public limited liability company	private limited liability company
Date of registration	25.05.2004	24.09.2001
Main activity	road and bridges consturction	road construction

Name of the company	Brux
Enterprise code	0000195201
Address of the registered office	Produkcyjna str. 102, 15-680 Białystok, Poland
Telephone	+48 85 65 42 454
Fax	+48 85 65 42 454
E-mail	brux@brux.pl
Website	-
Legal form	private limited liability company
Date of registration	27.12.1994
Main activity	skid production

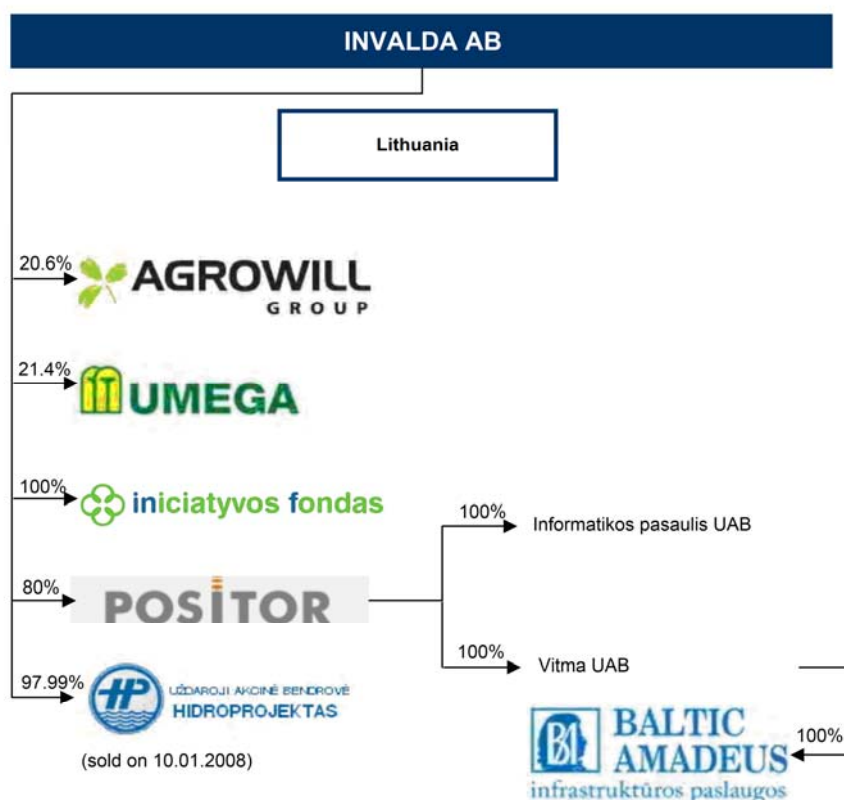
2.2.6. Hotel management sector



On 04.01.2008 Invalda AB signed an agreement regarding the sale of 100% Valmeda AB shares. The deal was completed on 13.03.2008.

Name of the company	Valmeda AB	Kelioniu Viesbuciai UAB
Enterprise code	123280092	110591855
Address of the registered office	Seimyniskiu str. 1, Vilnius, Lithuania	Slucko str. 8, Vilnius, Lithuania
Telephone	+370 5 210 3002	+370 5 210 2700
Fax	+370 5 210 3001	+370 5 210 2707
E-mail	holiday-inn@ibc.lt	hotel@ecotel.lt
Website	www.holidayinnvilnius.lt	www.ecotel.lt
Legal form	public limited liability company	private limited liability company
Date of registration	06.11.1995-11	21.01.1994
Main activity	hotel management	hotel management

2.2.7. Production and services sector



Name of the company	Agrowill Group AB	Umega AB
Enterprise code	126264360	126334727
Address of the registered office	Smolensko str. 10, Vilnius, Lithuania	Metalo str. 5, Utena, Lithuania
Telephone	+370 5 233 5340	+370 389 53 542
Fax	+370 5 233 5345	+370 389 69 646
E-mail	info@agrowill.lt	info@umega.lt
Website	www.agrowill.lt	www.umega.lt
Legal form	public limited liability company	public limited liability company
Date of registration	25.06.2003	25.09.2003
Main activity	management of agricultural companies	production of electric stoves, other metal items

Name of the company	Iniciatyvos Fondas Vsl	Hidroprojektas UAB ¹
Enterprise code	300657209	132118698
Address of the registered office	Seimyniskiu str. 3, Vilnius, Lithuania	A. Strazdo str. 22, Kaunas, Lithuania
Telephone	+370 5 231 6010	+370 37 221 056
Fax	+370 5 273 0858	+370 37 321 501
E-mail	info@iniciatyvosfondas.lt	info@hidroprojektas.lt
Website	www.iniciatyvosfondas.lt	www.hidroprojektas.lt
Legal form	public institution	private limited liability company
Date of registration	08.03.2007	30.11.1990
Main activity	organising of social initiative programmes	investigation and designing of various water management objects

¹Sold on 10.01.2008

Name of the company	Positor UAB	Informatikos Pasaulis UAB
Enterprise code	300893533	126396718
Address of the registered office	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Seimyniskiu str. 3, Vilnius, Lithuania	registered: Galvydzio g. 5/96, Vilnius, Lithuania; actual: Kareiviu str. 6-511, Vilnius, Lithuania
Telephone	+370 5 278 0400	+370 5 277 9700
Fax	+370 5 278 0409	+370 5 277 9725
E-mail	ktonkunas@invalida.lt	info@infopasaulis.lt
Website	www.positor.lt	www.infopasaulis.lt
Legal form	private limited liability company	private limited liability company
Date of registration	27.06.2007	11.12.2003
Main activity	investments into IT companies	IT infrastructure solutions

Name of the company	Vitma UAB	Baltic Amadeus Infrastruktūros Paslaugos UAB
Enterprise code	121998756	301318539
Address of the registered office	Akademijos str. 4, Vilnius, Lithuania	Akademijos str. 4, Vilnius, Lithuania
Telephone	+370 5 272 9421	+370 5 278 0400
Fax	-	+370 5 278 0409
E-mail	-	info@baltic-amadeus.lt
Website	-	www.baip.lt
Legal form	private limited liability company	private limited liability company
Date of registration	25.06.1993	03.12.2007
Main activity	carry no activity	IT infrastructure solutions, IT security consultations, technological solutions, IT infrastructure maintenance

3. Agreements with intermediaries of public trading in securities

Invalda AB has signed agreements with these intermediaries:

- FBC Finasta AB (Konstitucijos ave. 23, Vilnius, Lithuania, tel. +370 5 278 6833) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- Siauliu Bankas AB (Tilzes str. 149, Siauliai, Lithuania, tel. +370 41 595 607) – the agreement on management of securities account and intermediation;
- Bankas Snoras AB (A. Vivulskio str. 7, Vilnius, Lithuania, tel. +370 5 232 7224) – the agreement on costumer services (for professional investor);
- DnB NORD Bankas AB (J. Basanaviciaus str. 26, Vilnius, Lithuania, tel. +370 5 239 3503) – the agreement on 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.

4. Information on Issuer's branches and representative offices

Invalda AB has no branches or representative offices.

5. 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 Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

II. INFORMATION ABOUT SECURITIES

6. Information about Issuer's authorised capital

6.1. Structure of the authorised capital

Table 6.1.1. 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	42,568,849	1	42,568,849	100,00

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

6.2. Adjustments of authorised capital

Information concerning adjustments of Invalda AB authorised capital during past 10 years is presented.

On 01.01.1997 the authorised capital of Invalda AB amounted to LTL 38,000,000, it was divided into 38,000,000 ordinary registered shares of nominal value of LTL 1.

On 01.10.2004 the increased authorised capital of LTL 40,417,339 was registered, it was divided into 40,417,339 ordinary registered shares of nominal value of LTL 1. The emission of 2,417,339 shares was issued during the process of reorganisation changing Kreimi AB shares into Invalda AB ones.

Invalda AB General Meeting held on 21.11.2005 passed the resolution to increase the authorised capital of the Company by LTL 1,317,323 from LTL 40,417,339 up to LTL 41,734,662, by issuing 1,317,323 shares of nominal value LTL 1. The amended Articles of Association were registered in Register of Legal Entities on 24.11.2005. The increased authorised capital amounted to LTL 41,734,662 and was divided into 41,734,662 ordinary registered shares of LTL 1 nominal value at par.

On 30.06.2006 Invalda AB and Pozityvios Investicijos AB reorganization was completed – Pozityvios Investicijos AB was merged to Invalda AB. During reorganisation shares of Pozityvios Investicijos AB were changed into Invalda AB shares – the emission of 3,273,714 Invalda AB shares was issued. After the reorganisation the authorised capital of Invalda AB amounted to LTL 45,008,376 and was divided into 45,008,376 shares of nominal value of LTL 1.

On 28.09.2007 the reorganisation of Invalda AB and one of the major shareholders Nenuorama AB was finished – Nenuorama AB was merged to Invalda AB. Changing Nenuorama AB shares into Invalda AB ones, the emission of 19,866,060 shares was issued. Following the terms of the reorganisation 22,305,587 Invalda AB shares held by Nenuorama AB were annulled. After reorganisation the authorised capital of Invalda AB amounts to LTL 42,568,849 and is divided into 42,568,849 shares of nominal value of LTL 1.

6.3. Rights and obligations carried by the shares

6.3.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive part of the Company's funds, when the Company's authorised capital is decreased, in order to pay the shareholders from the Company's funds;
- 3) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided for by the laws of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
- 5) to lend to the Company in the manner prescribed by laws; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders;
- 6) to receive a part of assets of the Company in liquidation;
- 7) other property rights established by law;
- 8) to attend the General Meetings;
- 9) to vote at General Meetings according to voting rights carried by their shares;

10) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;

11) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;

12) other non-property rights established by law and the Company's Articles of Association.

6.3.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

The shareholder shall be responsible for the notification of changes in the following data: personal number, address, phone number, and bank account number. If the shareholder fails to communicate the aforementioned details, provision of information by the known address or payment of money to the account indicated by the shareholder on the part of Invalda AB will be considered as proper execution by Invalda AB of its relevant obligation towards the shareholder.

7. Shareholders

There are no shareholders entitled to special rights of control.

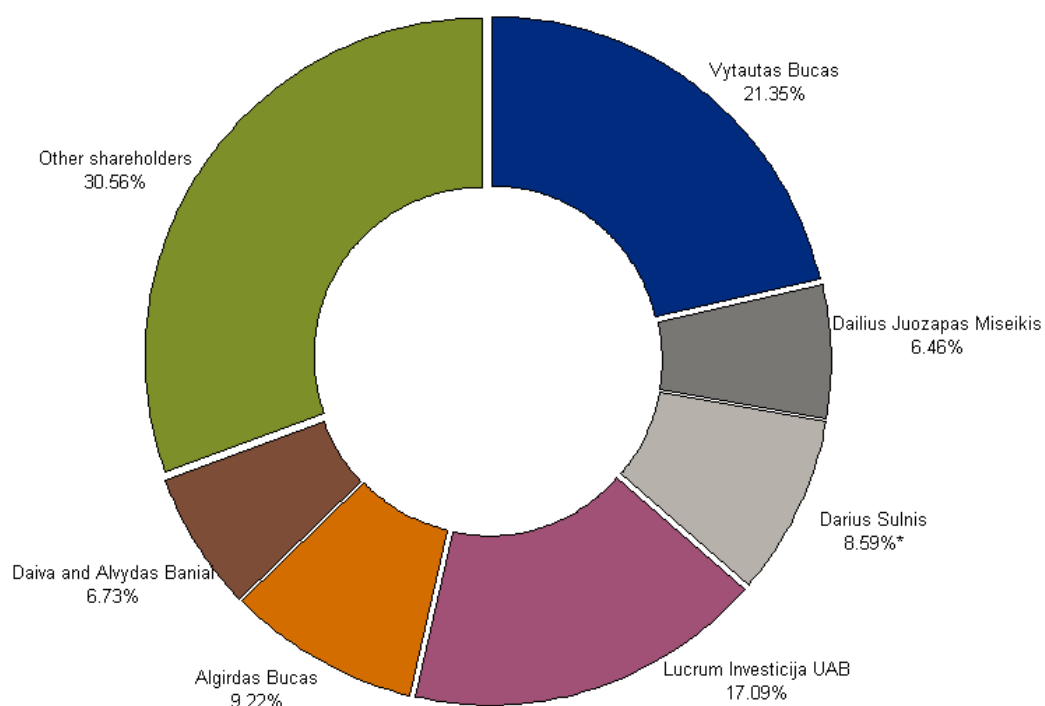
Invalda AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders that might result in the restriction of transfer of the shares and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect, be amended or terminated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

As of 31.12.2007 the total number of shareholders was 6,413 (on 31.12.2006 it equalled to 6 055).

Table 7.1. Shareholders who held title to more than 5% of Invalda AB authorised capital and / or votes

Names of the shareholders	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	Total (together with the persons acting in concert)
Vytautas Bucas	9,086,325	21.35	21.35	36.40
Dailius Juozapas Miseikis	2,748,238	6.46	6.46	
Darius Sulnis	3,658,538 ²	8.59	8.59	
Lucrum Investicija UAB, ent. code 300806471, Seimyniskiu str. 3, Vilnius, Lithuania	7,276,865	17.09	17.09	17.09
Algirdas Bucas	3,923,597	9.22	9.22	9.22
Daiva Baniene	1,836,234	4.31	4.31	6.73
Alvydas Banys	1,029,624	2.42	2.42	

² Additionally under repo agreement 413,224 (0.97 %) of Invalda AB shares are sold



*Additionally under repo agreement 413,224 (0.97 %) of Invalda AB shares are sold

Fig. 7.1. Structure of shareholder as of 31.12.2007

7.2. table. Distribution of shareholders by owned number of shares

Number of owned shares	Shareholders		Owned shares	
	number	%	number	%
1-100 units	876	13.66	50,333	0.12
101-500 units	1,903	29.67	560,660	1.32
501-1,000 units	1,466	22.86	1,104,054	2.59
1,001-2,000 units	1,300	20.27	1,930,189	4.53
2,001-5,000 units	678	10.57	2,008,852	4.72
5,001-10,000 units	89	1.39	603,459	1.42
10,001-100,000 units	80	1.25	2,173,225	5.11
100,001-500,000 units	10	0.16	2,058,954	4.84
500,001-1,000,000 units	4	0.06	2,519,702	5.92
over 1 000 000 units	7	0.11	29,559,421	69.44
Total	6,413	100.00	42,568,849	100.00

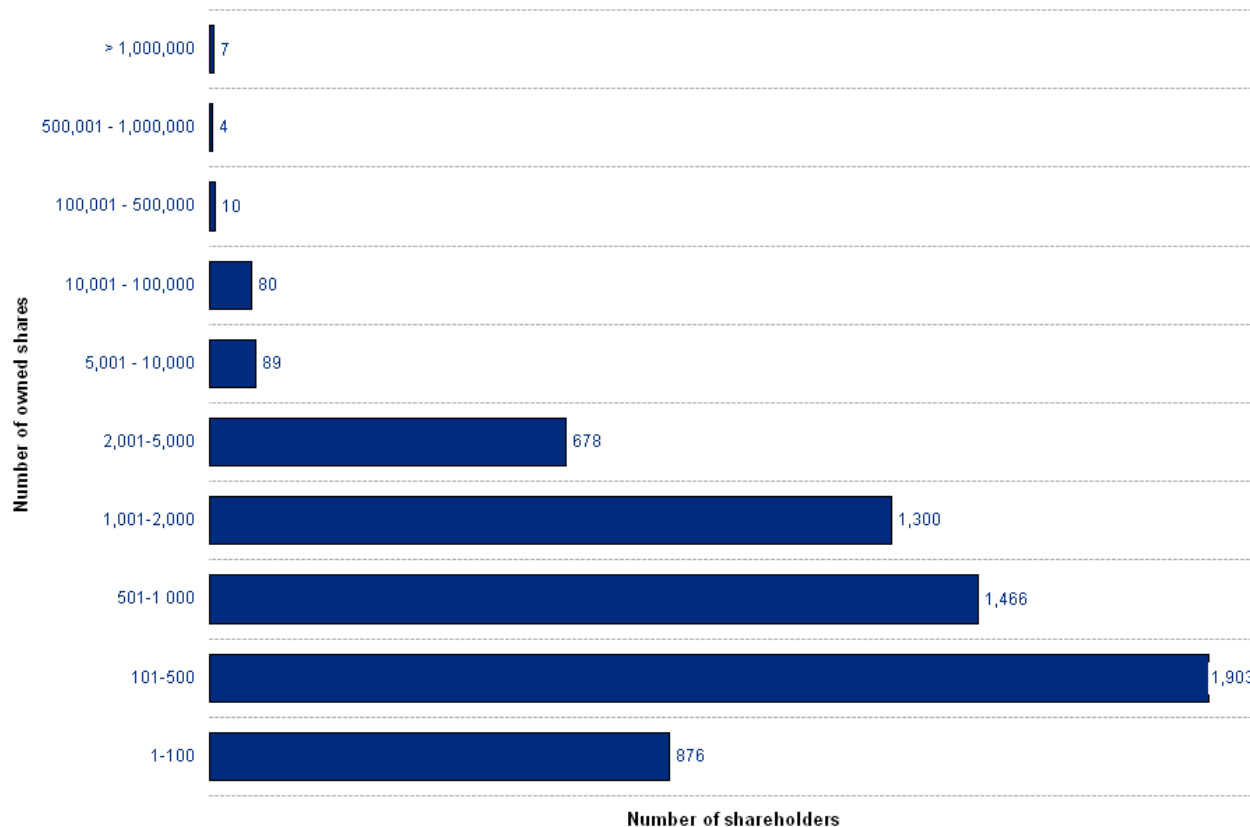


Fig. 7.2. Distribution of shareholders by owned number of shares

Table 7.3. Distribution of shareholders by the investor group

Investor group	Shareholders		Owned shares	
	number	%	number	%
Households	6,325	98.63	31,193,776	73.28
Private companies	47	0.73	7,623,318	17.91
Financial institutions and insurance companies	41	0.64	3,751,755	8.81
Total	6,413	100.00	42,568,849	100.00

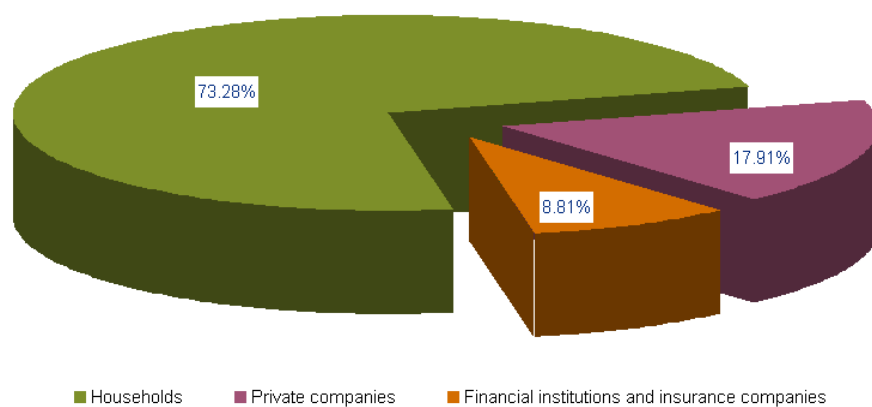


Fig. 7.3. Distribution of shares by investor groups

Table 7.4. Distribution by the residence country

Residence country	Shareholders		Owned shares	
	number	%	number	%.
Lithuania	6,353	99.06	40,697,525	95.62
Europe	44	0.69	1,753,737	4.12
Other countries	16	0.25	117,587	0.28
Total	6,413	100.00	42,568,849	100.00

8. Information about the Issuer's own shares

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

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

9.1. Trading in securities of the Issuer

Table 9.1.1. Main characteristics of Invalda AB shares admitted to trading

ISIN code	LT0000102279
Name	IVL1L
Exchange	Vilnius Stock Exchange
List	Baltic Main List (from 01.01.2008)
Listing date	19.12.1995
Share issue, units	42,568,849
Nominal value, LTL	1
Total nominal value, LTL	42,568,849

Company uses no services of liquidity providers.

Table 9.1.2. Trading in Invalda AB shares

	2007	2006	2005
Share price, LTL			
- open	12.40	13.85	7.7
- high	20.29	15.00	14.19
- low	12.00	8.90	7.51
- last	17.15	12.48	13.85
- average	15.80	12.07	10.99
Turnover, units	5,085,097	3,279,888	3,326,395
Turnover, LTL	80,362,022	39,596,023	36,562,664
Traded volume, units	11,508	8,808	8,010

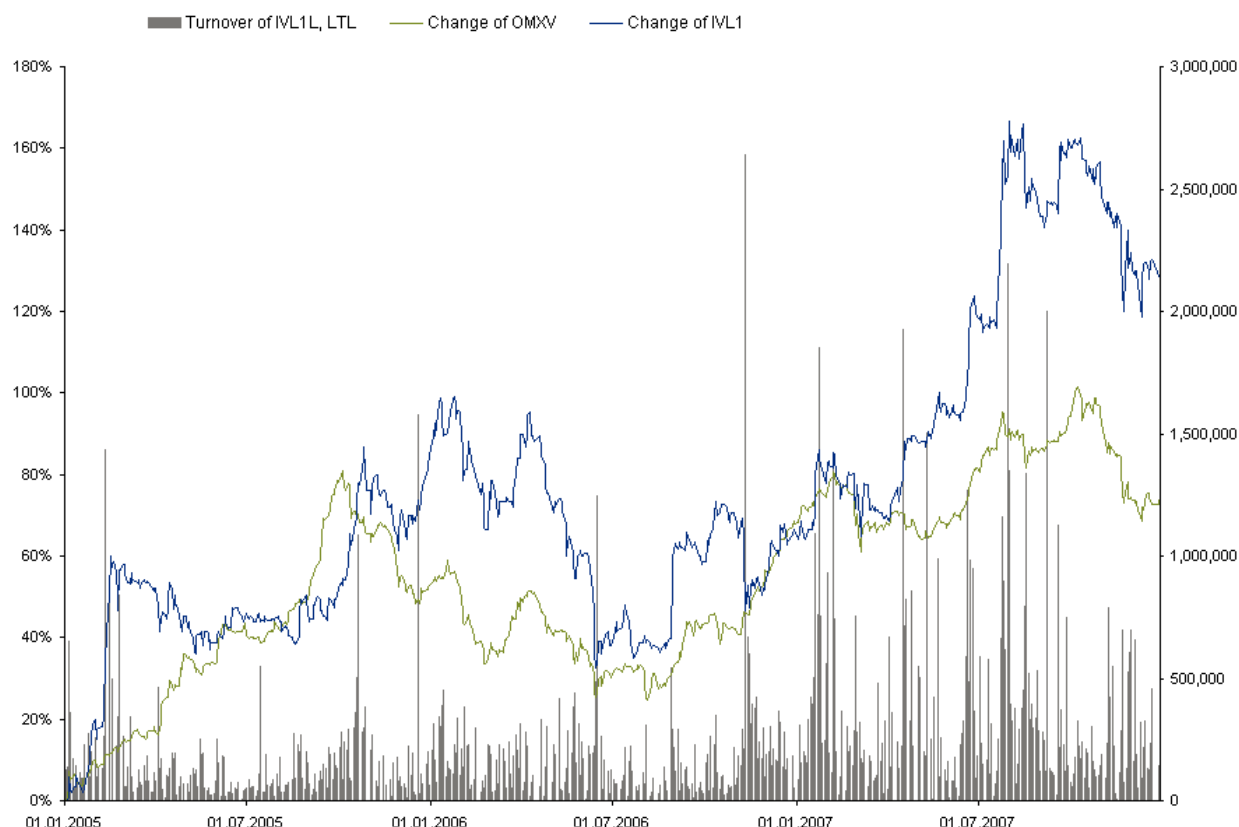


Fig. 9.1.1. Turnover of Invalda AB shares, change of share price and OMXV benchmark, 2005-2007

Table 9.1.3. Trading in the Company's shares, 2005–2007 (quarterly)

Reporting period	Price, LTL			Turnover, LTL			Last trading date	Total turnover	
	high	low	last	high	low	last		units	LTL
2005, 1 st Q	12.30	7.51	11.40	1,434,211	30,048	115,650	31.03.2005	1,346,213	13,401,267
2005, 2 nd Q	11.55	10.10	10.94	461,704	2,180	44,274	20.06.2005	532,851	5,717,557
2005, 3 rd Q	11.20	10.30	11.40	546,755	0	134,157	30.09.2005	599,304	6,535,790
2005, 4 th Q	14.19	11.43	13.85	1,575,401	0	65,272	30.12.2005	848,027	10,908,050
2006, 1 st Q	15.00	12.40	14.25	453,135	0	316,825	31.03.2006	705,443	9,738,850
2006, 2 nd Q	14.70	8.90	10.40	1,245,070	0	49,853	30.06.2006	845,884	9,758,891
2006, 3 rd Q	12.69	10.01	11.90	544,232	0	27,138	29.09.2006	506,497	5,679,665
2006, 4 th Q	13.13	10.90	12.48	2,642,193	0	53,439	29.12.2006	1,222,064	14,418,617
2007, 1 st Q	14.05	12.00	12.75	1,849,966	22,014	325,859	30.03.2007	1,551,078	20,587,158
2007, 2 nd Q	16.85	12.65	16.40	1,924,814	0	180,404	29.06.2007	1,384,470	20,085,926
2007, 3 rd Q	20.29	16.00	19.67	2,192,376	19,810	142,384	28.09.2007	1,380,783	25,916,362
2007, 4 th Q	19.70	16.03	17.15	788,329	5,321	143,020	28.12.2007	768,766	13,772,576

Table 9.1.4. Capitalisation

Last trading date	Number of issued shares, units	Last price, LTL	Capitalisation, LTL
31.03.2005	40,417,339	11.40	460,757,665
30.06.2005	40,417,339	10.94	442,165,689
30.09.2005	40,417,339	11.40	460,757,665
30.12.2005	41,734,662	13.85	578,025,069
31.03.2006	41,734,662	14.25	594,718,934
30.06.2006 ³	45,008,376	10.40	468,087,110
29.09.2006	45,008,376	11.90	535,599,674
29.12.2006	45,008,376	12.48	561,704,532
30.03.2007	45,008,376	12.75	573,856,794
29.06.2007	45,008,376	16.40	738,137,366
28.09.2007 ⁴	42,568,849	19.67	837,329,260
28.12.2007	42,568,849	17.15	730,055,760

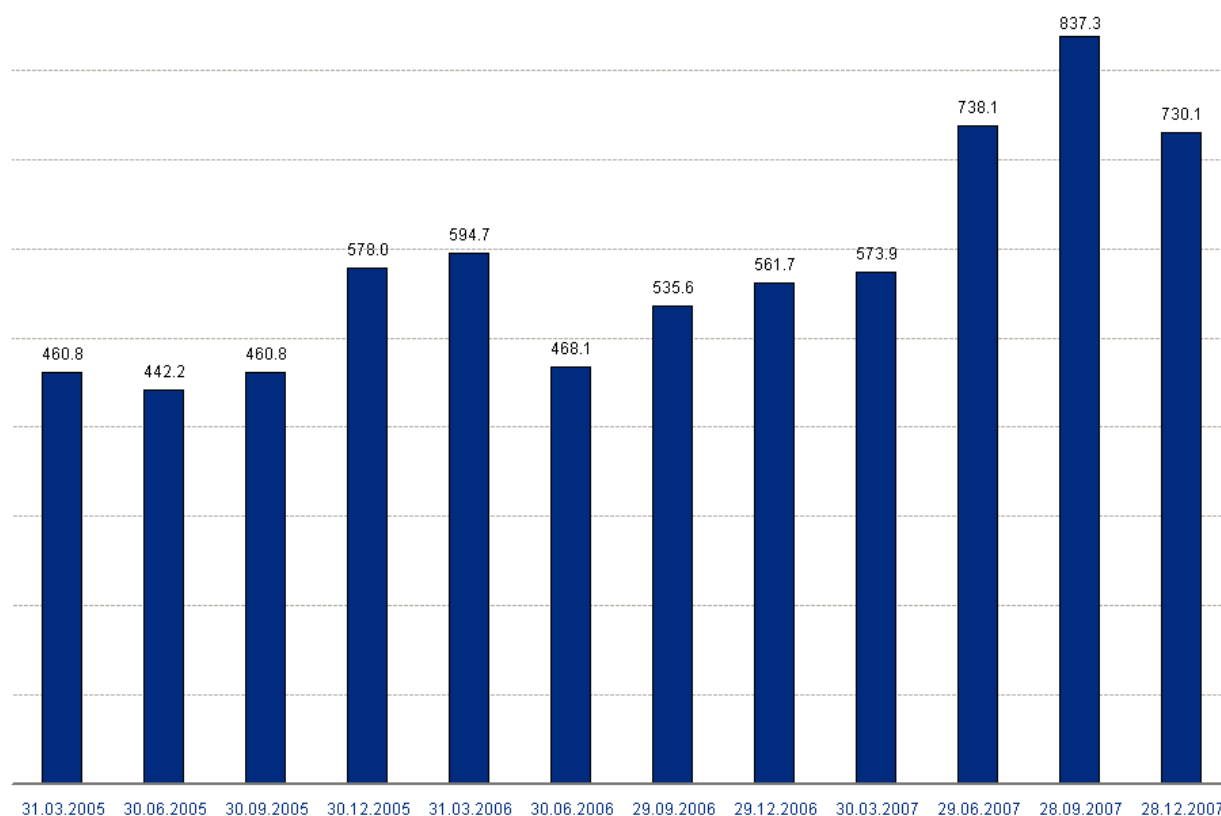


Fig. 9.1.2. Capitalisation of Invalda AB shares, 2005-2007, mLTL

³Regarding the reorganisation of Invalda AB on 30.06.2006 the number of issued shares was increased from 41,734,662 to 45,008,376 shares.

⁴Regarding the reorganisation of Invalda AB on 28.09.2007 the number of issued shares was decreased from 45,008,376 to 42,568,849 shares.

9.2. Trading in securities of the Issuer's group companies

Shares of Invalda AB group companies Sanitas AB and Vilniaus Baldai AB are admitted to trading in Vilnius Stock Exchange Main List.

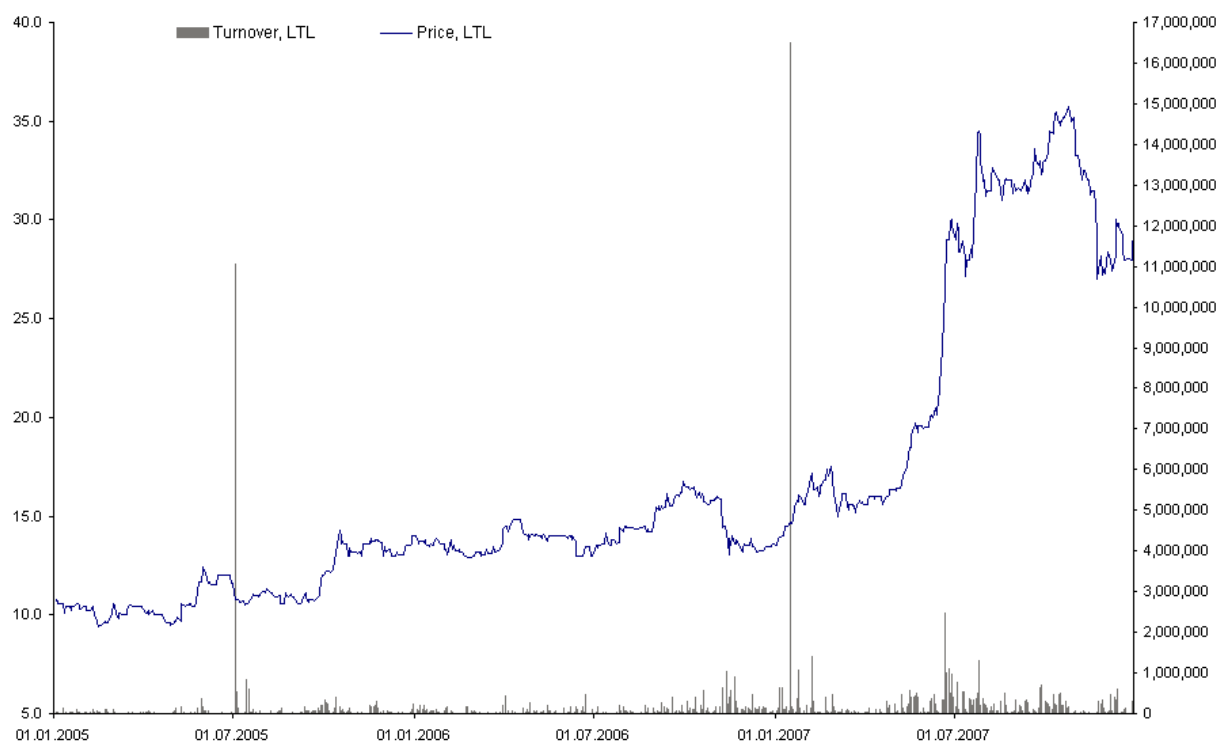
9.2.1. Trading in shares of Sanitas AB

Table 9.2.1.1. Main characteristics of Sanitas AB shares admitted to trading

ISIN code	LT0000106171
Name	SAN1L
Exchange	Vilnius Stock Exchange
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 9.2.1.2. Trading in Sanitas AB shares

	2007	2006	2005
Share price, LTL			
- open	13.60	14.00	-
- high	36.40	17.00	72.00
- low	13.00	12.33	13.00
- last	29.90	13.60	14.00
- average	19.89	14.13	43.44
Turnover, units	3,204,531	1,461,782	537,037
Turnover, LTL	63,752,430	20,660,640	23,331,926
Traded volume, units	4,986	3,125	2,035
Capitalisation, LTL	930,067,008	423,040,512	154,000,000



*The share price was adjusted to corporate actions (in November 2005 the nominal value of the share was decreased and accordingly the number of shares was increased without changing the amount of authorised capital)

Fig. 9.2.1. Turnover and share price of Sanitas AB, 2005-2007

9.2.2. Trading in shares of Vilniaus Baldai AB

Table 9.2.2.1. Main characteristics of Vilniaus Baldai AB shares admitted to trading

ISIN code	LT0000104267
Name	VBL1L
Exchange	Vilnius Stock Exchange
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 9.2.2.2. Trading in Vilniaus Baldai AB shares

	2007	2006	2005
Share price, LTL			
- open	18.02	36.00	-
- high	25.00	37.02	47.50
- low	17.03	17.00	33.33
- last	22.00	18.10	36.00
- average	19.65	23.87	37.96
Turnover, units	297,985	204,787	218,205
Turnover, LTL	5,855,372	4,887,436	8,282,257
Traded volume, units	645	647	1,253
Capitalisation, LTL	85,497,874	70,341,433	139,905,612



Fig. 9.2.2.1. Turnover and share price of Vilniaus baldai AB, 2005-2007

10. Dividends

The General Meeting of shareholders decides upon dividend payment and sets the amount of dividends. The Company pays out the dividends within 1 month after the day of adoption of the resolution on profit appropriation.

Persons have a right to get dividends if they are shareholders of the Company or were entitled to receive dividends on other legal grounds at the end of the day of the General Meeting that declared dividends.

According the Law on Personal Income Tax and the Law on Corporate Income Tax, 15% tax is applied to the dividends. The tax is calculated, withdrawn and transferred (to the State) by the Company⁵.

The information about the dividends paid during the last 5 years is presented.

Table 10.1. Dividends

	Financial year					
	2007 ⁶	2006	2005	2004	2003	2002
Record date	30.04.2008	11.05.2007	28.04.2006	28.04.2005	22.03.2004	09.04.2003
Ex-dividend date ⁷	28.04.2008	09.05.2007	26.04.2006	26.04.2005	18.03.2004	07.04.2003
Total sum of dividends, LTL	12,770,655	11,252,094	8,346,932	6,062,601	1,900,000	760,000
Dividends per share, LTL	0.30	0.25	0.20	0.15	0.05	0.02
Net dividends per share (15% of Personal Income tax or Corporate Income tax is withdrawn), LTL	0.225	0.2125	0.17	0.1275	0.0425	0.017
Share of nominal value, %	30	25	20	15	5	2
Dividend yield (dividend per share / share price for the last day of the period), %	1.7	2.0	1.4	2.0	1.8	5.4
Dividend payment rate (total sum of the dividends / net profit)	0.15	0.39	0.87	0.31	0.95	1.03

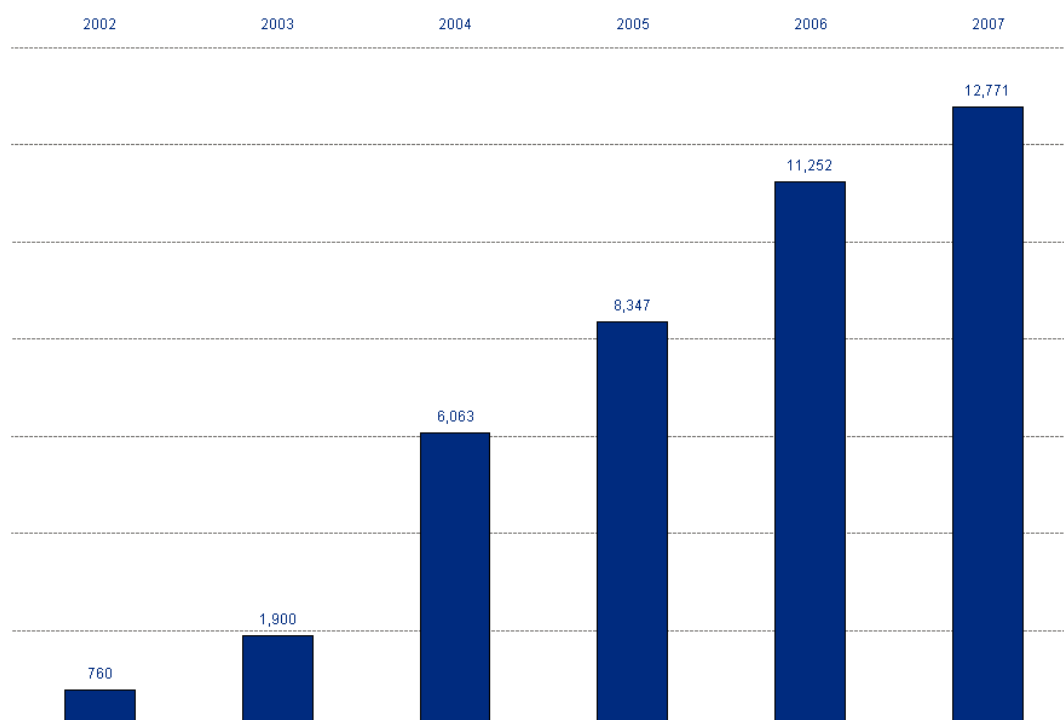


Fig. 10.1. Total sum of dividends, tLTL

⁵This information should not be treated as tax consultation.

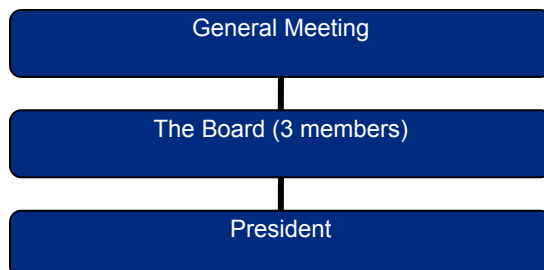
⁶The proposition of the Board for the Annual General Meeting.

⁷The ownership right to the shares acquired through Automatically Matched trades is transferred on the 3rd day after conclusion of the transaction.

III. ISSUER'S MANAGING BODIES

11. Structure, authorities, the procedure for appointment and replacement

Invalda AB is managed through the General Meeting; it has as a single person managing body - President, and a collegial managing body – the Board. The Supervisory Board is not formed.



11.1. General Meeting

Persons who are shareholders of the Company at the end of the record date (the 5th working day before the General Meeting) shall have the right to attend and vote at the General Meeting.

A General Meeting may take decisions and shall be held valid if attended by shareholders who hold shares carrying not less than ½ of all votes. If a quorum is not present, the General Meeting shall be considered invalid and a repeat General Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.

An Annual General Meeting must be held every year at least within 4 months from the end of the financial year.

The General Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- elect the members of the Board;
- remove the Board or its members;
- select and remove the firm of auditors, set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- approve the annual financial statements;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- take a decision to issue convertible debentures;
- take a decision to withdraw for all the shareholders the right of pre-emption in acquiring the shares or convertible debentures of a specific issue of the Company;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital, except where otherwise provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase own shares;
- take a decision on the reorganisation or division of the Company and approve the terms of reorganisation or division;
- take a decision to transform the Company;
- take a decision to restructure the Company;
- take a decision to liquidate the company, cancel the liquidation of the company, except where otherwise provided by the Law on Companies of the Republic of Lithuania;

- elect and remove the liquidator of the Company, except where otherwise provided by the Law on Companies of the Republic of Lithuania.

11.2. The Board

The Board shall continue in office for the 4 year period or until a new Board is elected and assumes the office but for not longer than the Annual General Meeting during the final year of its term of office.

The Board or its members shall start their work after the completion of the General Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence in office only from the date of registration of the amended Articles of Association.

The General Meeting may remove from office the entire Board or its individual members before the expiry of their term of office. A member of the Board may resign from office prior to the expiry of his term of office by giving a written notice thereof to the Company at least 14 days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the Manager of the Company

The Board shall consider and approve:

- the operating strategy of the Company;
- the annual report of the Company;
- the management structure of the Company and the positions of the employees
- the positions to which employees are recruited by holding competitions;
- regulations of branches and representative offices of the Company.

The Board shall elect and remove the Manager of the Company, establish his remuneration, other provisions of the employment agreement, approve the job regulations, provide incentives for him and impose penalties. The Board shall be responsible for the effective supervision of the activities of the Manager of the Company.

The Board shall determine which information shall be considered to be the Company's commercial secret. Any information which must be publicly available under the laws may not be considered to be the commercial secret.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every tape of transaction);
- to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the Company;
- to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the Company;
- to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- other decisions within the powers of the Board as prescribed by the Articles of Association or the decisions of the General Meeting.

Before adopting the decision to invest funds or other assets into another legal entity, the Board must notify thereof the creditors with which the Company failed to settle within the prescribed time limit, if the aggregate debt to these creditors exceeds 1/20 of the authorised capital of the Company.

The Board shall analyse and evaluate the documents submitted by the Manager of the Company on:

- the implementation of the operating strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;

- the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess the Company's and consolidated draft annual financial statements and draft of profit/loss appropriation and shall submit them to the General Meeting together with the annual report.

The Board shall determine the methods used by the Company to calculate the depreciation of tangible assets and the amortisation of intangible assets.

It shall be the duty of the Board to convene and organise General Meetings in due time.

Members of the Board shall be under duty not to divulge any commercial secrets of the Company which they learned working on the Board.

11.3. President

The manager of the Company (the President) shall be elected and removed from office by the Board which shall also establish his remuneration, other provisions of the employment agreement, approve the job regulations, provide incentives for him and impose penalties. The employment agreement shall be concluded with the President. The President shall commence in his office after the election, unless otherwise provided for in the agreement concluded with him. If the Board adopts the decision to remove him from office, his employment agreement shall be terminated.

In his activities, the President shall be comply with laws and other legal acts, the Articles of Association of the Company, decisions of the General Meeting and the Board, his job regulations. The President is accountable to the Board.

The President shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment agreements with them, provide incentives and impose penalties.

The President shall act on behalf of the Company and shall be entitled to enter into the transactions at his own discretion. The President may conclude the transactions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every tape of transaction), to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the Company, to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the Company, provided that there is a decision of the Board to enter into these transactions.

The President shall be responsible for:

- the organisation of activities and the implementation of objects of the Company;
- the drawing up of the annual financial statements and the drafting of the annual report of the Company;
- the conclusion of the agreement with the firm of auditors;
- the submission of information and documents to the General Meeting and the Board;
- the submission of documents and particulars of the Company to the manager of the Register of Legal Entities;
- the submission of the documents to the Securities Commission and the Central Securities Depository of Lithuania;
- the publication of information referred to the legal acts;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in the laws and legal acts as well as in the Articles of Association and the job regulations of the President.

The President shall set the rates used for calculating asset depreciation in the Company.

The President must keep confidential the commercial secrets of the Company which he learned serving in this office.

12. Information about members of the Board and Chief Financier

The Board of Invalda AB was elected on 12.01.2006. The Board started its activity on 01.02.2006 as amended Articles of Associations were registered in Register of Legal Entities. The Board is elected for the term of office of 4 years.

Information about the management of the Company:



Chairman of the Board
Vytautas Bucas (1968)

Educational background

1993, Vilnius University, Faculty of Economics

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

Since 1996 member of Lithuanian Chamber of Audit

Job experience

Since May 2007 chairman of the Board, Invalda AB

Since 2006 advisor, member of the Board, Invalda AB

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

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

Owned amount of Invalda AB shares

9,086,325 units (21.35%)

Participation in other companies

Bankas Finasta AB, member of the Supervisory Board, from 01.03.2008 chairman of the Supervisory Board

FBC Finasta AB, member of the Board

Finasta Imoniu Finansai, member of the Board

Invaldos Nekilnojamojo Turto Fondas AB, chairman of the Board

Kauno Tiltai AB, member of the Board

Sanitas AB, member of the Board

Vilniaus Baldai, chairman of the Board

Giriu Bizonas UAB, member of the Board

Hidroprojektas UAB, member of the Board till 10.01.2008



Member of the Board
Dailius Juozapas Miseikis
(1943)

Educational background

1968, Vilnius University, Faculty of Economics

Job experience

Since 2002 member of the Board, Invalda AB

Since 2006 advisor, 1998–2006 vice president, 1992–1998 director of real estate, Invalda AB,

1991–1992 manager, Ministry of International Economical Relationship

1967–1991 deputy director, Experimental and Clinical Medical Science Research Institute

Owned amount of Invalda AB shares

2,748,238 (6.46%)

Participation in other companies

Bankas Finasta AB, member of the Supervisory Board

FBC Finasta AB, member of the Board



Member of the Board,
president
Darius Sulnis (1971)

Educational background

1993, Vilnius University, Faculty of Economics

Job experience

Since 2006 president, member of the Board, Invalda AB

2002–2006 director, Invalda Real Estate UAB

1994–2002 director, FBC Finasta AB

Owned amount of Invalda AB shares

3,658,538 (8,59%), additionally 413,224 Invalda AB shares (0.97%) are sold under REPO agreement

Participation in other companies

Bankas Finasta AB, member of the Supervisory Board (till 29.02.2008 chairman)

Finasta Imoniu Finansai AB, chairman of the Board

Invaldos Nekilnojamojo Turto Fondas AB, member of the Board

Sanitas AB, chairman of the Board

Umega AB, member of the Board

Vilniaus Baldai AB, member of the Board

SIA AMMO (Latvia), chairman of the Supervisory Board

SIA DOMMO (Latvia), chairman of the Supervisory Board

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

SIA Burusala (Latvia), chairman of the Supervisory Board

Golfas UAB (30% of shares)

Lucrum investicija UAB (100% of shares, voting rights are transferred)

FBC Finasta AB, chairman of the Board till 14.02.2008

Hidroprojektas UAB, chairman of the Board till 10.01.2008-01



Chief Financier
Raimondas Rajeckas
(1977)

Educational background

2001, Vilnius University, Faculty of Economics

Job experience

2001–2006 Chief Financier, Valmeda AB

2000–2001 Chief Financier, Galincius AB

2000–2001 Chief Financier, Invaldos Marketingas UAB (recent name Inred UAB)

2000–2002 accountant, Gildeta AB

1998–2000 accountant, Invalda AB

Owned amount of Invalda AB shares

Participation in other companies

Invaldos Nekilnojamojo Turto Fondas, member of the Board

Vilniaus Baldai AB, member of the Board

Hidroprojektas UAB, member of the Board till 10.01.2008

13. Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Board members and Chief Financier

All members of the Board are Company's employees, and remuneration to them is paid as for the Companies employees.

During 2007 the Board members received 2,588 tLTL dividends (for the financial year 2006).

During the reporting period there were no assets transferred, no guarantees granted, no bonuses paid, and no special payouts made for the Company's managers.

Table 13.1. Information about calculated remuneration to Invalda AB managers for 2007

	Calculated remuneration, tLTL
For members of the Board	481
For each member of the Board (average per month)	13
For members of administration (President and Chief Financier)	246
For each member of administration (average per month)	10

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

14. An objective review of the Issuer's and its group companies' position, their performance and business development

The main activity of Invalda AB is investment management. Development and growth of businesses constantly increases the income and profits of the group and this allows the Company to be even more active in development of its activities and implement already launched and planned investment projects.

Invalda AB applying in its activities the principles of transparency and openness strives to obtain high long term financial payback for its shareholders and maintain a low grade of risk. While implementing its plans the Company observes ethical standards and traditional values.

In 2007 striving to ensure high efficiency of management of group companies and to obtain more transparent and open management structure the reorganisation of Invalda AB was finished – Nenuorama AB, one of the major shareholders, was merged to Invalda AB. After the reorganisation the structure of the shareholders was clarified, businesses were separated and now are managed by the Company itself.

In 2007 Invalda AB planned to earn 83.5 mLTL consolidated net profit, the part of which attributable to the shareholders of Invalda AB would be equalled to 72.4 mLTL. The forecast was fulfilled – the consolidated net profit of 2007 amounted to 72.4 mLTL, part of it attributable to the shareholders of Invalda AB was 87.56 mLTL. Profit for the year attributable to AB Invalda shareholders equalled to 78.96 mLTL.

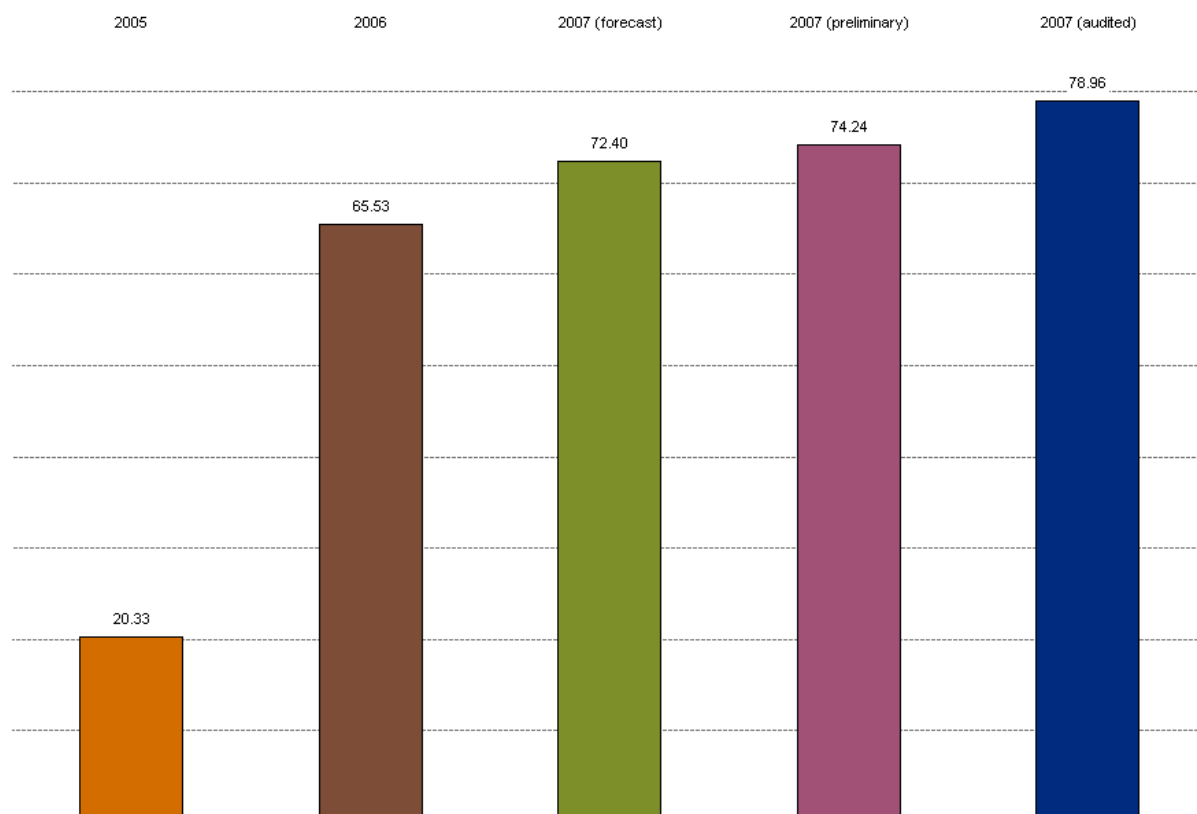


Fig. 14.1. Comparison of net profit attributable to the shareholders of Invalda AB in 2005-2007, the comparison of profit planned and earned in 2007, mLTL

Finance sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	7.9 mLTL	19.9 mLTL	14.1 mLTL	-29.1%
Sector's net profit	7.7 mLTL	19.9 mLTL	14.1 mLTL	-29.1%

Finance sector of the group did not achieved planned profit goals because of the fall of the securities markets in the last quarter of 2007.

In 2007 Finasta Investiciju Valdymas UAB established 5 investment funds:

- Finasta Infrastructure fund. The fund invests in financial instruments of the companies that work (or have plans to expand) in the field of infrastructure in the region of New Europe. This is a fund of active investment that seeks higher than average stock investment return.
- Finasta Future fund. It is the first fund in Lithuania managed using the Global Freestyle strategy in order to guarantee long life period of the fund, therefore the fund is exceptionally suitable for long-term investments. The aim of the fund is a balanced high return and constant growth.
- Finasta Infinity fund. It is the fund of limited distribution, which aims to achieve the maximum growth.
- Finasta Vitality fund. It is the fund of limited distribution, which aims to achieve the balanced long term growth.
- Finasta Integrity fund. It is the fund of limited distribution, which aims to achieve the balanced long term growth.

In July 2007 TOB Finasta, operating in Ukraine, obtained activity license and started providing investment, brokerage and corporate finance services.

On 21.12.2007 Finasta Investiciju Valdymas UAB completed procedures regarding the take over 4 PZU Gyvybes Draudimas UAB 2nd pillar pension funds. Over 26 thousand members accumulate funds in these pension funds.

On 19.12.2007 the Board of the Bank of Lithuania issued the authorisation to establish Bankas Finasta AB which is going to provide investment and private banking services. The company was registered in the Register of Legal Entities on 02.01.2008. The bank should start its activity in the 2nd quarter of 2008 when the Bank of Lithuania issues the activity license.

Real estate sector

	2006	2007 m.		
		forecast	result	deviation
Net profit attributable to Invalda AB	56.6 mLTL	36.9 mLTL	44.6 mLTL	20.9%
Sector's net profit	67.8 mLTL	46.9 mLTL	52.8 mLTL	12.6%

During 2007 real estate sector companies implemented these projects:

- Block of flats with commercial premises in Vytauto ave. 3, Kaunas (78 flats and 1045 sq.m of commercial premises)
- Settlement with 26 holiday residences in Zemaites str. 2, Trakai;
- 104 Complex of residential houses Ziedondarza Majas with 104 flats in A. Caka str., Riga (Latvia).

Last year acquired objects:

- Complex of buildings and land plot in Visoriu str. 20, Vilnius;
- Office buildings and land plot in Pylimo str. 30, Vilnius.

Five commercial real estate objects were sold during 2007: in Vilnius – IBC logistic centre in Vilkpedes str. and office buildings in Architektu and Zirmunu str., in Kaunas– IBC logistic centre in Ateities str. and office building in A.Strazdas str.

Pharmacy sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	-2.4 mLTL ⁸	12.7 mLTL	13.2 mLTL	3.9%
Sector's net profit	-7.3 mLTL	34.3 mLTL	37.3 mLTL	8.8%

⁸Elimination records are not excluded

At the end of 2006 the reorganisation of Sanitas AB subsidiaries Jelfa SA and Sanitas Polska spol. z.o.o. was finished - Sanitas Polska spol. z.o.o. was merged to Jelfa SA. In November, 2007 the subordinated loan for Jelfa SA was converted to Jelfa's SA owned shares, which were transferred to the company after the Sanitas Polska spol. z.o.o. merger.

In 2007 building and equipment of the new factory in Kaunas were proceeded. It is planned that the factory starts working in 2008.

In July 2007 the representative office of Jelfa SA in Debrecen (Hungary) was opened. The company already has representative offices in Moscow (Russia), Prague (Czech Republic), and Kiev (Ukraine).

The consolidated result of Sanitas AB for 2007 is net profit of 37.3 mLTL, EBITDA is 105.4 mLTL.

Furniture manufacturing sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	-5.7 mLTL	1.5 mLTL	-0.3 mLTL	-
Sector's net profit	-7.7 mLTL	2.6 mLTL	0.1 mLTL	-96.2%

The unreach goals were influenced mostly by the loss of Minija AB – 1.4 mLTL (till the sell of the company on 21 June, 2007)

In 2007 the processes of Vilnius Baldai AB structure and management reformation and work automation were continued. Compared to 2006, sales revenue of the company during the 2007 increased by 37%, work efficiency increased by 70%, at that time average employee number lowered from 850 to 667.

Road and bridges construction sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	2.9 mLTL	4.1 mLTL	5.7 mLTL	39.0%
Sector's net profit	7.6 mLTL	9.5 mLTL	13.8 mLTL	45.3%

In 2007 positions in Lithuania and Poland were strengthened through organic growth and purposeful acquisitions. Further implementation of the program of broad investments was continued, investments into the new technologies, expansion of services and quality improvement were made.

Kauno Tiltai AB has implemented quality management system corresponding to quality standard ISO 14001:2004 and work safety and health management system OHSAS 18001:1999.

Significant projects of 2007:

- IX B Transport corridor's – road's Vilnius–Kaunas–Klaipeda reconstruction;
- Kaunas railway tunnel reconstruction;
- construction of the overhead road of Vilnius southern bypass;
- Road's Vilnius–Prienai–Marijampole reconstruction.

Hotel management sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	1.8 mLTL	1.9 mLTL	2.0 mLTL	5.3%
Sector's net profit	1.8 mLTL	1.9 mLTL	2.0 mLTL	5.3%

Main indicators of the sector were growing constantly – profitability, EBITDA, revenue per room (RevPAR). Occupancy at the end of 2007 was 66.4% at the Ecotel Vilnius hotel and 62.8% at Holiday Inn Vilnius hotel.

At the beginning of 2008 the agreement was signed concerning selling 100% shares of Valmeda AB. The deal was completed on 13.03.2008.

Production and services companies

	2006	2007		
		forecast	deviation	deviation
Net profit attributable to Invalda AB	4.7 mLTL	7.5 mLTL	7.5 mLTL	-

In 2007 Invalda AB strived to take part in activities of those companies involved in non-strategic businesses where the high investment return and risk ratio was expected and those which required an adequate management.

On 27.06.2007 Positor UAB was established, with the main activity of investment into IT sector companies. In 2007 Positor UAB acquired 100% shares of Informatikos Pasaulis UAB (official USA concern Hewlett-Packard representative) and also 100% shares of Vitma UAB (the only shareholder of Baltic Amadeus Infrastruktūros Paslaugos UAB).

On 13.12.2007 the agreement concerning selling 97.99% shares of Hidroprojektas UAB was signed. The block of shares was sold to SWECO group, a company with strategic business in projecting and consulting. The deal was completed on 10.01.2008.

Last year Agrowill Group AB announced about intentions to list company's shares in the Main list of Vilnius Stock Exchange. In March 2008 during the initial public offering 6,777,777 shares were placed and allotted to subscribing. From 02.04.2008 shares of Agrowill AB are listed in the Main list of Vilnius Stock Exchange.

15. Analysis of financial and non-financial performance and information relating to environmental and employee matters

15.1. Issuer's and its group companies' performance results

Invalda AB actively manages its investments by acquiring and restructuring businesses, applying modern methods of management and funding, by receiving income from managed companies and / or exiting businesses providing high return to shareholders of the company and diversifying risks.

Table 15.1. Income, 2005–2007, tLTL

	Company's			Group's		
	2007	2006	2005	2007	2006	2005
Sales income	-	-	-	253,595	224,348	283,021
- real estate	-	-	-	37,348	37,793	65,104
- financial activities	-	-	-	33,998	30,475	12,713
- pharmacy	-	-	-	-	16,171	62,988
- furniture manufacturing	-	-	-	169,999	133,609	120,117
- production and services sector	-	-	-	14,866	14,221	22,099
- elimination	-	-	-	(2,616)	(7,921)	-
Discontinued operation (hotel management)	-	-	-	14,581	14,114	12,665
Other income	7,726	17,719	182	36,161	24,733	15,197
Finance income	100,114	20,714	11,012	10,237	5,432	16,544
- interest income	7,126	2,412	1,434	8,391	4,928	2,114
- dividend income	92,877	18,302	9,576	-	-	166
- other finance income	111	-	2	1,846	504	14,264
Total	107,840	38,433	11,194	314,574	268,627	327,427

Table 15.2. . Main items of financial statements, tLTL

	Company's			Group's		
	31.12.2007	31.12.2006	31.12.2005	31.12.2007	31.12.2006	31.12.2005
Non current assets	405,376	218,697	83,737	837,394	815,923	607,921
Current assets	110,065	17,067	33,297	279,464	122,083	183,045
Non current assets classified as held for sale	10,079	-	33	87,669	-	20,766
Equity	179,311	146,339	84,153	305,200	368,498	335,290
Equity attributable to equity holders of the parent company	-	-	-	299,144	328,091	241,508
Minority interest	-	-	-	6,056	40,407	93,782
Non-current liabilities	78,589	2,901	-	307,428	289,001	223,709
Current liabilities	267,620	86,524	32,914	536,731	280,507	252,733
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	55,168	-	-
Profit before taxes	86,096	31,257	9,554	97,813	87,051	44,300
Net profit	86,804	28,816	9,620	87,560	75,552	39,122
Net profit attributable to holders of the parent company	-	-	-	78,964	65,533	20,326

Table 15.3. Financial ratios

	Company's			Group's		
	2007	2006	2005	2007	2006	2005
Return on Equity (ROE), %	53.31	25.00	13.03	25.18	23.01	11.85
Debt ratio	0.66	0.38	0.28	0.75	0.61	0.59
Debt – Equity ratio	1.93	0.61	0.39	2.95	1.55	1.42
Liquidity ratio	0.41	0.20	1.01	0.62	0.44	0.81
Earning per share (EPS), LTL	1.96	0.66	0.24	1.78	1.51	0.50
Price Earning ratio (P/E)	8.75	18.91	57.71	9.63	8.26	27.70

15.2. Employees

The main task of Invalda AB personnel management is to ensure the optimal proportion of employees' fulfilment and the result of their performance. Company's employees are encouraged to participate in internal and external trainings. Their motivation system is revised each year.

There are no agreements of the Company and the members of the Board, or the employees agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

The collective agreement is not signed in the Company. There are no special employees' rights and duties described in the employment agreements.

Average number of employees in 2007 was 12. The education of all Company's employees is university education.

Table 15.4. Number of employees and average monthly salary

	Measuring units	2007	2006	2005
Total amount of employees	person	13	11	6
- managers	person	4	5	4
- specialists	person	9	6	2
Average monthly salary (calculated for)	LTL	8,936	9,127	3,950
- managers	LTL	12,228	11,801	4,241
- specialists	LTL	6,895	6,577	3,650

On 31.12.2007 the number of Invalda AB group employees amounted to 1,723 (on 31.12.2006 equalled to 2,066, on 31.12.2005 – 2,795).

15.3. Environment matters

Invalda AB group strives to pay attention towards environment matters. Great attempts are made to ecologise the production processes in manufacturing companies, to monitor the effect of the raw materials on the environment.

16. A description of the principal risks and uncertainties

The activities of Invalda AB group are developed in Lithuania, also in other foreign countries and the economic situation, especially the situation in finance and real estate markets, of those countries influences the performance of the group.

The results of Invalda AB directly depend on the quality of investment portfolio and efficient management of the group companies, since the income from the sale of financial assets and financial income (dividends) constitute the essential part of the Company's income.

Information on risks, which Invalda AB and its group experience, and risk management is disclosed in the consolidated and Company's financial statements explanatory notes

17. Information about activities of the Issuer and companies comprising the Issuer's group in the field of Research and Development

In Invalda AB group the field of Research and Development is covered by Sanitas AB and its subsidiaries (mainly Jelfa SA). During 2007 mainly concentration on the therapeutic areas of dermatology, ophthalmology, diabetology, urology, and hospital injectables was made.

18. Significant events since the end of the last financial year

On 02.01.2008 Bankas Finasta AB was registered in the Register of Legal Entities. The authorisation to establish the bank which is going to provide investment and private banking services was issued by the Board of the Bank of Lithuania on 19.12.2007. The company will start its activity when the Bank of Lithuania issues the activity license.

On 10.01.2008 Invalda AB completed the deal of Hidroprojektas UAB shares sale. The block of 97.99% of Hidroprojektas UAB shares were sold to Swedish company SWECO BKG LSPI for 8.6 mLTL.

13.03.2008 Invalda AB finished the deal of Valmeda AB shares sale. 100% of Valmeda AB shares were sold for the 68.5 mLTL, enterprise value is 86.3 mLTL.

19. Information on the related parties' transactions

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

20. Activity plans and forecasts

In 2008 Invalda AB group plans to earn 127 mLTL consolidated net profit, the part of it attributable to the shareholders of Invalda AB should equal to 121.8 mLTL.

While making forecasts it was assumed that till 31.12.2008 there will be no significant changes in the structure of the group or investment asset, no significant changes in investment asset value and finance and real estate markets.

Table 20.1. Forecasts of group's sectors

Planned results	Priorities raised for 2008
Finance sector	
Net profit attributable to Invalda AB – 7.6 mLTL Sector's net profit – 7.6 mLTL	<ul style="list-style-type: none"> • Successful start-up of the bank providing investment and private banking services • Ensuring the balance of further development and profitability which would guarantee the increase of value for the long term
Real estate sector	
Net profit attributable to Invalda AB – 45 mLTL Sector's net profit – 48.5 mLTL	<ul style="list-style-type: none"> • Ensuring of high financial return and balanced risk based on investments into real estate • Purposeful selection of priority markets, segments, investments and exits time; • Increase of efficiency by developing RE projects
Pharmacy sector	
Net profit attributable to Invalda AB – 26.6 mLTL Sector's net profit – 62.2 mLTL	<ul style="list-style-type: none"> • To strengthen the status of one of the most efficient and profitable pharmacy companies in Central and Eastern Europe region • To growth further through organic development and acquisitions
Furniture manufacturing sector	
Net profit attributable to Invalda AB – 3.9 mLTL Sector's net profit – 5.7 mLTL	<ul style="list-style-type: none"> • Effective and competitive production • Formation of optimal orders' portfolio • Ensuring of further increase of EBITDA and net profit
Road and bridges construction sector	
Sector's net profit – 32.3 mLTL Net profit attributable to Invalda AB – 13.3 mLTL: <ul style="list-style-type: none"> • Kauno tiltai AB (not consolidated) – 6.7 mLTL • road sector companies in Poland – 2.6 mLTL • other road sector companies – 4.0 mLTL 	<ul style="list-style-type: none"> • To increase efficiency and competitiveness, optimise organisational structure • To strengthen positions in Lithuania and neighbour countries by organic development and purposeful acquisitions • Further increase of EBITDA and net profit
Production and services companies	
Net profit attributable to Invalda AB – 2.5 mLTL Sector's net profit – 10.8 mLTL	<ul style="list-style-type: none"> • To take part in activities of those companies involved in non-strategic businesses when it is expected high investment return and risk ratio and those which require an adequate management • To take part in businesses which due to organic growth or growth through M&A have potential to obtain strategic position in group portfolio

V. OTHER INFORMATION

21. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and Company's financial statements explanatory notes.

22. Information on audit

The audit of annual financial statements and consolidated financial statement of Invalda AB for 2006–2007 was performed by Ernst & Young Baltic UAB.

The audit firm was selected in the General Meeting of 19.06.2006. The General Meeting settled the annual payment for the audit company which should not exceed LTL 109,000 Lt (VAT is not included).

Information about the audit firm:

Address of the registered office	Subaciaus str. 7, LT-01127 Vilnius, Lithuania
Enterprise code	110878442
Telephone	+370 5 274 2200
Fax	+370 5 274 2333
E-mail	vilnius@lt.ey.com
Website	www.ey.com/lt

The audit firm does not provide any other than audit services to the Company.

No internal audit is performed in the Company

23. Data on the publicly disclosed information

The information publicly disclosed of Invalda AB during 2007 is presented in Company's website www.invalda.lt.

Table 23.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
26.01.2007	Resolutions of General Meeting held on 26.01.2007
28.02.2007	Preliminary results for 2006
26.03.2007	Notice about convocation of Annual General Meeting to be held on 27.04.2007
02.04.2007	Notifications on the disposal and acquisition of share blocks
16.04.2007	Draft resolutions of the Annual General Meeting to be held on 27.04.2007
16.04.2007	Notice about audited results for 2006
18.04.2007	Notice about the resignation of chairman of the Board
18.04.2007	Notification on the acquisition of a share block
25.04.2007	Results of Invalda AB group finance sector for the 1 st quarter of 2007
27.04.2007	Notice about the not occurred Annual General Meeting
27.04.2007	Notice about reconvening of Annual General Meeting to be held on 11.05.2007
09.05.2007	Audited results for 2006 Audited consolidated and Company's financial statements for 2006, consolidated annual report
09.05.2007	Notice about the election of chairman of the Board
11.05.2007	Resolutions of reconvened Annual General Meeting held on 11.05.2007
30.05.2007	Results for the 1 st quarter of 2007 Consolidated and Company's financial statements for 1 st quarter of 2007
15.06.2007	Announcement about intentions to invest into IT sector
19.06.2007	Notification on the acquisition of a share block
21.06.2007	Notice about the selling of Minija AB shares

Table 23.1. continued

Date of disclosure	Brief description of disclosed information
28.06.2007	Notice about the establishment of subsidiary company Positor AB
04.07.2007	Notice regarding intentions to sell part of Sanitas AB shares
25.07.2007	Notice about the sale of subsidiary's real estate
31.07.2007	Results of Invalda AB group finance sector for the 1 st half of 2007
17.08.2007	Consolidated and Company's financial statements for 1 st half of 2007, consolidated interim report
17.08.2007	Revised forecast of Invalda AB group for 2007
21.08.2007	Positor UAB acquired 100% shares of Informatikos Pasaulis UAB
24.08.2007	Notification about prepared conditions of Invalda AB and Nenuorama AB reorganisation
24.08.2007	Notice about convocation of General Meeting to be held on 26.09.2007
24.08.2007	Draft resolutions of the General Meeting to be held on 26.09.2007
28.09.2007	The agreement concerning the sale of Voltera UADBB shares
19.09.2007	Announcement about the intention protocol signed by subsidiary Finasta Investiciju Valdymas UAB regarding the take over of PZU Lietuva Gyvybes Draudimas UAB pension funds
26.09.2007	Resolutions of General Meeting held on 26.09.2007
28.09.2007	Amended Articles of Associations of Invalda AB registered in Register of Legal Entities (the conclusion of reorganisation of Invalda AB and Nenuorama AB)
02.10.2007	Notification about the change of Company's authorised capital
02.10.2007	Notifications on the disposal and acquisition of share blocks
03.10.2007	Notice about the application presented to the Central Security Depository of Lithuania regarding the assimilation of share issues
05.10.2007	Notice about the assimilation of share issues
19.10.2007	Notification on acquisition of a share block
30.10.2007	Results of Invalda AB group finance sector for the 9 months of 2007
30.11.2007	Results for the 9 months of 2007 Consolidated and Company's financial statements for the nine months of 2007
12.12.2007	Notice about the application submitted to Vilnius Stock Exchange regarding the admission of Invalda AB shares to the Main List
12.12.2007	Forecasts for Invalda AB group for 2008
13.12.2007	Information about the signed agreement regarding the sale of Hidroprojektas UAB shares
21.12.2007	Finasta Investiciju Valdymas UAB completed procedures regarding the take over of PZU Lietuva Gyvybes Draudimas UAB 2 nd pillar pension funds
29.12.2007	Positor UAB acquired 100% of Vitma UAB shares

Table 23.2. Summary of the notifications on transactions in Invalda AB shares concluded by Managers of the Company during 2007

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
27.03.2007	Dailius Juozapas Miseikis	100	12.82	1,282.00	acquisition	purchase-sale	AUTO
17.04.2007	Nenuorama UAB	12,157,049	15.00	182,355,735.00	acquisition	purchase-sale	XOFF
17.04.2007	Dailius Juozapas Miseikis	6,792,556	15.00	101,888,340.00	disposal	purchase-sale	XOFF
17.04.2007	Alvydas Banys	5,324,493	15.00	79,867,395.00	disposal	purchase-sale	XOFF
17.04.2007	Daiva Baniene	40,000	15.00	600,000.00	disposal	purchase-sale	XOFF
17.04.2007	Nenuorama UAB	91,703	13.89-14.05	1,277,656.58	acquisition	purchase-sale	AUTO
18.04.2007	Nenuorama UAB	35,500	13.98-14.00	496,999.00	acquisition	purchase-sale	AUTO

Table 23.2. continued

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
19.04.2007	Nenuorama UAB	41,106	13.90-13.99	573,120.37	acquisition	purchase-sale	AUTO
20.04.2007	Nenuorama UAB	20,029	13.98-14.10	281,083.49	acquisition	purchase-sale	AUTO
23.04.2007	Nenuorama UAB	5,904	14.05-14.10	83,198.90	acquisition	purchase-sale	AUTO
24.04.2007	Nenuorama UAB	10,000	14.10	141,000.00	acquisition	purchase-sale	AUTO
02.05.2007	Nenuorama UAB	18,769	14.05-14.10	264,501.50	acquisition	purchase-sale	AUTO
03.05.2007	Nenuorama UAB	20,037	14.05-14.10	282,279.20	acquisition	purchase-sale	AUTO
04.05.2007	Nenuorama UAB	11,802	14.08-14.09	166,240.18	acquisition	purchase-sale	AUTO
08.05.2007	Nenuorama UAB	5,645	14.05-14.09	79,424.05	acquisition	purchase-sale	AUTO
09.06.2007	Nenuorama AB	1,130,000	8.85	10,000,500.00	disposal	repo agreement	XOFF
21.06.2007	Nenuorama AB	1,500,000	7.26	10,884,460.27	acquisition	repo agreement	XOFF
21.06.2007	Nenuorama AB	1,000,000	11.65	11,650,000.00	disposal	repo agreement	XOFF
26.06.2007	Nenuorama AB	900,000	11.65	10,485,000.00	disposal	repo agreement	XOFF
27.06.2007	Nenuorama AB	800,000	11.65	9,320,000.00	disposal	repo agreement	XOFF
09.08.2007	Darius Sulnis	400,000	19.66	7,864,000.00	disposal	purchase-sale	XOFF
09.08.2007	Nenuorama AB	400,000	19.66	7,864,000.00	acquisition	purchase-sale	XOFF
24.09.2007	Nenuorama AB	1,600,000	7.45	11,925,077.92	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	900,000	11.85	10,665,973.97	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	100,000	11.86	1,186,225.34	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	800,000	11.85	9,479,078.36	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	1,130,000	9.03	10,207,633.64	acquisition	repo agreement	XOFF
24.09.2007	Darius Sulnis	2,657,860	11.73	31,169,955.40	disposal	repo agreement	XOFF
25.09.2007	Nenuorama AB	900,000	11.86	10,678,038.90	acquisition	repo agreement	XOFF
25.09.2007	Darius Sulnis	359,187	11.65	4,184,528.55	disposal	repo agreement	XOFF
25.09.2007	Vytautas Bucas	540,813	11.65	6,300,471.45	disposal	repo agreement	XOFF
28.09.2007	Dailius Juozapas Miseikis	2,748,138	-	-	acquisition	change of shares on reorganisation	-
28.09.2007	Vytautas Bucas	3,204,322	-	-	acquisition	change of shares on reorganisation	-
28.09.2007	Lucrum investicija UAB	7,276,865	-	-	acquisition	change of shares on reorganisation	-
15.10.2007	Darius Sulnis	1,000,000	11.77	11,772,445.27	acquisition	repo agreement	XOFF
20.12.2007	Vytautas Bucas	540,813	11.65	6,300,471.45	acquisition	repo agreement	XOFF

Table 23.2. continued

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
20.12.2007	Darius Sulnis	359,187	11.66	4,188,750.60	acquisition	repo agreement	XOFF
21.12.2007	Darius Sulnis	1,657,860	11.71	19,407,636.16	acquisition	repo agreement	XOFF

Explanations:

AUTO – automatically matched trade concluded in the regulated market;

XOFF – OTC trade;

Managers of the Company and closely related persons:

- Alvydas Banyas – chairman of the Board (till 02.05.2007);
- Dailius Juozapas Miseikis – member of the Board;
- Vytautas Bucas – member of the Board, from 19.05.2007 chairman of the Board;
- Darius Sulnis – member of the Board, president;
- Daiva Baniene – spouse of Alvydas Banyas;
- Lucrum investicija UAB – legal entity, related to Darius Sulnis (100% of shares, voting rights are transferred);
- Nenuorama UAB, from 24.05.24 Nenuorama AB – legal entity, related to Alvydas Banyas (till 02.05.2007, Dailius Juozapas Miseikis and Vytautas Bucas.

24. Disclosure concerning the compliance with the Governance Code

Invalda AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the Vilnius Stock Exchange for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLI-CABLE	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company constantly discloses information about group's activities and objectives (in notifications on material event, annual information). The objectives and plans of Invalda AB group are also presented in conferences. The information is published in the Company's website and also disclosed via NASDAQ OMX news distribution service, seeking to ensure simultaneous provision of information to everyone.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board and the President activities are concentrated on increasing the shareholders' equity and transparency of the Company by ensuring a high long-term financial rate of return, maintaining a small risk level and abiding by the ethic standards and traditional values.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board is not formed. Nevertheless, the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of the Law on Companies, provided that there is a decision of the

		Board to enter into these transactions.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.
Principle II: The corporate governance framework The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the company is accountable to the Board.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The functions set forth in this recommendation are performed by the collegial management body – the Board.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the President of the Company. The Supervisory Board is not formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The relevant provisions set forth in III and IV principles are applied to the Board's formation and assessment of its activity as long as that does not contradict the essence and purpose of this body.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 independent Board members in the Company who do not have any other mutual interests but only activity within the Board and who act seeking benefit to the Company and its shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	No	The Supervisory Board is not formed in the Company, and there are no non-executive directors either.

<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	Yes	<p>The chairman of the Board is not and has not been the Manager of the company.</p> <p>His current or past office constitutes has no obstacles to conduct independent and impartial supervision.</p>
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p> <p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	Yes	<p>The Board operates impartially, objectively and represents the interests of all shareholders equally.</p>
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	Yes	<p>According to the Board's procedures and regulations approved by the Board's decision of 01.03.2007 at least 10 days before the General Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information.</p> <p>The Board members obligate to inform the chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports.</p> <p>Information about current members of the Board, their educational background, qualification, professional experience, participation in other companies is disclosed in Company's website.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	Yes	<p>Information about the composition of the Board, members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.</p>
<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's</p>	Yes	<p>The composition of the Board is regularly assessed with consideration to the nature of Company's activity and structure.</p>

structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.		
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	Presently, members of the Board do not perform the assessment of their skills and knowledge.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	Independency of the elected Board members has not been assessed yet and the content of independent members' sufficiency has not been discussed either.
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control 	No	Members of the Board are elected by the General Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders, however fail to meet the recommendation on independency.

<p>as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	No	No Board members' independency assessment and announcement practice has been applicable till now.
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure</p>	No	No Board members' independency assessment and announcement practice has been applicable till now.

accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.		
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board submits Company's annual financial statement and consolidated annual financial statement, profit distribution drafts to the General Meeting, delivers consolidated annual report, also performs all other functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the data held with the Company, all Board members act in good will with respect to the Company, are guided by the interests of the Company, not by the personal or third parties' interests, and seek to preserve their independency while adopting the decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The Board members perform their functions properly: they actively participate in the Board meetings (in 2006 members participation in the meetings reached 99% on average) and devote sufficient time for the performance of their duties as Board members.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly	Yes	The Board treats all shareholders honestly and impartially. Essential obligations of the Company to the shareholders are set forth in the Shareholders' Policy approved by the Board (which is published in Company's website).

established role of members of the collegial body when communicating with and committing to shareholders.		
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	There were no significant transactions between the Company and its shareholders or management bodies. The Board's procedures and regulations establish that if such transactions are concluded, all Board members should be informed thereof.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	Yes	The Board is independent while adopting decisions which are significant for the activity and strategy of the Company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination, Remuneration and Audit committees.

<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>		
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>		
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>		
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the</p>		

<p>collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</p> <p>2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</p> <p>3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</p> <p>4) Properly consider issues related to succession planning;</p> <p>5) Review the policy of the management bodies for selection and appointment of senior management.</p> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p> <p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <p>1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</p> <p>2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</p> <p>3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p> <p>4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information</p>		
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<p>disclosure (in particular the remuneration policy applied and individual remuneration of directors);</p> <p>5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <p>1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <p>1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</p> <p>2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</p> <p>3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</p> <p>4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations</p>		

<p>on required actions in such situations;</p> <p>5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees</p>		
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to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.		
4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	Yes	<p>Once a year the Board conducts its performance evaluation.</p> <p>On 2007 the Board analysed available information, discussed and adopted decisions concerning essential matters of Invalda AB and its group.</p> <p>The Board assessed the performance of the last year positively cause the main objectives were achieved and planned financial results of Invalda AB exceeded.</p> <p>At the moment the Board concludes not to form Nomination, Remuneration and Audit committees, considering that the Board partially carries these functions. Considering the growth of the Company, changes of business environment and principals of activity, this issue may be discussed during 2008.</p>
Principle V: The working procedure of the company's collegial bodies The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	This provision is implemented by the Board (Supervisory Board is not formed in the Company).
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month ⁹ .	Yes	According to the Board's procedures and regulations, the Board meetings are held at least once per quarter.
5.3. Members of a collegial body should be notified about the meeting being convened in	Yes	The Board meetings are being convened by the chairman. The chairman of the Board informs

⁹-The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.		members about the meeting at least 5 days prior to the meeting. Additional issues may be including into the agenda not later than 3 days prior to the meeting.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	The Company may not implement this recommendation since only the Board is formed.
Principle VI: The equitable treatment of shareholders and shareholder rights The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	Shares which compose the authorised capital of the Company grant equal rights to all shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy approved by the Board, the Articles of the Association, Company's annual report
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Shareholders of the Company have equal opportunities to get familiarised and participate in adopting decisions important to the Company. Approval of the General Meeting is also necessary in cases stipulated in Chapter V of the Law on Companies. No other cases when the approval of the General Meeting should be obtained are foreseen, since it would impair Company's business considering the nature of the Company's activity.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The procedures of convening and conducting of the General Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarised with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.

6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The minutes of General Meetings for the last 6 years are disclosed on Company's website. At least 10 days prior to the General Meeting, the documents prepared for the General Meeting shall be published on the Company's website.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders are furnished with the opportunity to participate in the General Meeting both personally and via an attorney, if such a person has a proper authorisation or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. Besides, the company provides the shareholders with conditions to vote by completing the general voting ballot.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	Not applicable	Based on current practice of the Company, there has been no need so far to comply with this recommendation. Shareholders shall vote via an attorney or by completing the general voting ballot.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Board members fully comply with these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general		

shareholders' meeting or any other corporate body authorized by the meeting.		
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.		
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.		
Principle VIII: Company's remuneration policy Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	<p>The Company does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company.</p> <p>Information about the benefits and loans for the members of the management bodies is provided in the periodical reports, financial statements.</p>
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.		
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice		

<p>periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>		
<p>8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>		
<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>		
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ol style="list-style-type: none"> 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during 		

<p>the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</p> <p>3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</p> <p>4) All changes in the terms and conditions of existing share options occurring during the financial year.</p> <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <p>1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</p> <p>2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</p> <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	Not applicable	In 2007 the schemes, on which basis the managers were remunerated in shares, share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company.
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <p>1) Grant of share-based schemes, including share options, to directors;</p> <p>2) Determination of maximum number of shares and main conditions of share granting;</p> <p>3) The term within which options can be exercised;</p> <p>4) The conditions for any subsequent change in the exercise of the options, if permissible by law;</p> <p>5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual</p>		

directors.		
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.		
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.		
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		

9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		
<p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> <p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p> <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p> <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	Yes	<p>Information set forth in this recommendation is disclosed in the notifications on material event, periodical reports. This information is also published on Company's website.</p>
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events</p>		<p>The Company discloses information via NASDAQ OMX news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English simultaneously. The Company publishes its information prior to or</p>

should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.		after the trade sessions on the Vilnius Stock Exchange. The company does not disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via NASDAQ OMX news distribution service.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The information is disclosed in Lithuanian and English simultaneously via NASDAQ OMX news distribution service. It is also published on Company's website.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company publishes all information indicated in this recommendation on its website.
Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit firm. The interim financial statements are not conducted by the audit firm.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The candidate audit firm is suggested to the General Meeting by the Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	The audit firm does not provide non-audit services to the Company.

President



Darius Sulnis