

## 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 interim consolidated financial statements of Invalda AB for the three quarters of 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

ENCLOSURE: Invalda AB and consolidated interim financial statements for the three quarters of 2007.

President



Darius Šulnis

Chief financier

Raimondas Rajeckas

# **AB INVALIDA**

**CONSOLIDATED AND PARENT COMPANY'S NOT-AUDITED FINANCIAL STATEMENTS  
FOR THE THREE QUARTERS OF THE YEAR 2007  
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS  
ADOPTED BY THE EUROPEAN UNION**

**AB INVALDA**

**FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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## **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 St. 3,  
Vilnius,  
Lithuania  
Company code 121304349

### **Bankers**

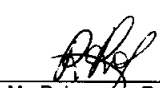
Nordea Bank Finland Plc.  
AB DnB Nord bankas  
AB Šiaulių bankas  
AB SEB Vilniaus bankas  
AB bankas „Hansabankas“  
AB Sampo Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 29 November 2007.



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Mr. Darius Šulnis  
President



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Mr. Raimondas Rajeckas  
Chief financial officer

**AB INVALIDA****FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and parent Company's income statements**

		Group		Company	
		Three Quarters of 2007	Three Quarters of 2006 (restated)	Three Quarters of 2007	Three Quarters of 2006 (restated)
Revenue					
Furniture production revenue		128,702	99,069	-	-
Rent and other real estate income		27,727	23,209	-	-
Financial mediation revenue		29,750	18,271	-	-
Pharmacy revenue		-	16,171	-	-
Other production and services revenue		6,638	8,892	-	-
Hotel revenue		11,113	10,770	-	-
<b>Total revenue</b>		<b>203,930</b>	<b>176,382</b>	-	-
Other income	8.1	24,956	22,832	215	17,711
Valuation gains		9,715	26,537	-	-
Valuation losses		-	-	-	-
Changes in inventories of finished goods and work in progress		(655)	-	-	-
Raw materials and consumables used		(82,802)	(68,603)	(22)	(6)
Salaries and related expenses		(51,354)	(44,795)	(1,232)	(824)
Depreciation and amortisation		(10,144)	(10,461)	(118)	(89)
Subcontractor expenses		(4,556)	(7,684)	-	-
Premises rent and utilities		(10,560)	(6,346)	(282)	(181)
Fees for securities		(2,213)	(6,490)	(55)	(176)
Vehicles maintenance costs		(2,340)	(1,893)	(68)	(38)
Other taxes		(2,729)	(2,205)	(107)	(178)
Advertising and other promotion expenses		(4,061)	(1,993)	(27)	(62)
Repair and maintenance of premises		(1,445)	(4,030)	(3)	-
Loss on sales of shares		(2,877)	(74)	(6,496)	-
Other operating expenses		(11,528)	(13,175)	(1,612)	(467)
Finance income	8.3	8,983	3,985	97,983	19,854
Finance expenses	8.2	(23,564)	(14,708)	(4,395)	(2,722)
Share of profit from associates and joint ventures		18,558	1,420	-	-
<b>Profit before tax</b>		<b>55,314</b>	<b>48,699</b>	<b>83,781</b>	<b>32,822</b>
Income tax expense	6	(8,058)	(11,001)	-	(2,693)
<b>Profit for year</b>		<b>47,256</b>	<b>37,698</b>	<b>83,781</b>	<b>30,129</b>
Attributable to:					
Equity holders of the parent		40,316	27,423	-	-
Minority interest		6,940	10,275	-	-
Basic and diluted earnings per share (in LTL)		0.90	0.64	-	-

**AB INVALIDA****FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and parent Company's balance sheets**

		Group		Company	
		As of 30 September 2007	As of 31 December 2006	As of 30 September 2007	As of 31 December 2006
		unaudited	audited	unaudited	audited
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment					
Hotels		48,370	49,821	-	-
Other property, plant and equipment		161,918	147,449	545	630
Total property, plant and equipment	9	210,288	197,270	545	630
Investment properties	9	346,132	391,303	-	-
Intangible assets	9	7,425	5,659	11	8
<b>Non-current financial assets</b>					
Investments into subsidiaries	7	-	-	169,700	67,141
Investments into associates and joint ventures	7	284,598	186,509	215,736	118,797
Other non-current investments		21,822	1,851	1,821	1,771
Granted loans		14,540	15,338	26,474	30,350
Total non-current financial assets		320,960	203,698	413,731	218,059
Deferred tax asset		1,372	1,131	-	-
<b>Total non-current assets</b>		<b>886,177</b>	<b>799,061</b>	<b>414,287</b>	<b>218,697</b>
<b>Current assets</b>					
Inventories		34,934	18,499	-	-
Trade and other receivables		88,949	60,822	369	-
Short term loans granted		17,092	8,499	96,338	16,981
Prepaid income tax		3,070	4,173	-	-
Prepayments and other current assets		7,137	1,832	6	4
Other current investments		33,978	35,959	2	-
Cash and cash equivalents	4	5,146	9,161	120	82
<b>Total current assets</b>		<b>190,306</b>	<b>138,945</b>	<b>96,835</b>	<b>17,067</b>
<b>Non-current assets classified as held for sale</b>	10	<b>18,131</b>	-	-	-
<b>Total assets</b>		<b>1,094,614</b>	<b>938,006</b>	<b>511,122</b>	<b>235,764</b>

(cont'd on the next page)

**AB INVALDA**

**FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and parent Company's balance sheets (cont'd)**

		Group		Company	
		As of 30 September 2007	As of 31 December 2006	As of 30 September 2007	As of 31 December 2006
		unaudited	audited	unaudited	audited
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital		42,569	45,008	42,569	45,008
Share premium		50,588	50,588	50,588	50,588
Reserves		59,980	28,683	39,001	3,068
Retained earnings		90,799	203,860	44,130	47,675
Foreign exchange reserve		(170)	(48)	-	-
		<b>243,766</b>	<b>328,091</b>	<b>176,288</b>	<b>146,339</b>
<b>Minority interest</b>		<b>3,714</b>	<b>40,407</b>	-	-
<b>Total equity</b>		<b>247,480</b>	<b>368,498</b>	<b>176,288</b>	<b>146,339</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings	11	367,797	246,347	96,789	2,901
Financial lease liabilities		6,450	6,267	-	-
Government grants		34	109	-	-
Provisions		102	105	-	-
Deferred tax liability		37,221	35,976	-	-
Other non-current liabilities		558	197	-	-
<b>Total non-current liabilities</b>		<b>412,162</b>	<b>289,001</b>	<b>96,789</b>	<b>2,901</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	11	60,147	80,104	-	1,350
Current portion of financial lease liabilities		524	1,467	-	-
Current borrowings	11	157,988	138,819	99,271	81,770
Trade payables		32,932	24,707	1,518	552
Provisions		-	-	-	-
Income tax payable		7,213	2,785	950	1,218
Advances received		31,167	19,360	1,956	-
Other current liabilities		144,827	13,265	134,350	1,634
<b>Total current liabilities</b>		<b>434,798</b>	<b>280,507</b>	<b>238,045</b>	<b>86,524</b>
<b>Liabilities directly associated with non-current assets classified as held for sale</b>	10	174	-	-	-
<b>Total equity and liabilities</b>		<b>1,094,614</b>	<b>938,006</b>	<b>511,122</b>	<b>235,764</b>

(the end)

**AB INVALDA**

**FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and parent Company's statements of changes in equity**

Group	Equity attributable to equity holders of the parent							Minority interest	Total equity	
	Share capital	Share premium	Revaluation reserve	Fair value reserves	Other reserves	Translation reserve	Retained earnings			
<b>Balance as of 31 December 2005</b>	41,735	19,815	19,716	3,273	9,463	472	147,034	241,508	93,782	335,290
Net gain (loss) on available-for-sale investments	-	-	-	(1,868)	-	-	-	(1,868)	-	(1,868)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	348	348	-	348
<b>Total income and expenses for the year recognised directly in equity</b>	-	-	-	(1,868)	-	-	348	(1,520)	-	(1,520)
Profit for the three quarters of the year 2006	-	-	-	-	-	-	27,423	27,423	10,275	37,698
<b>Total income and expenses for the year</b>	-	-	-	(1,868)	-	-	27,771	25,903	10,275	36,178
Minority of subsidiaries acquired	-	-	-	-	-	-	(8,234)	(8,234)	(47,480)	(55,714)
Issue of new shares	3,273	30,773	-	-	-	-	-	34,046	-	34,046
Revaluation reserve release	-	-	(1,202)	-	-	-	1,202	-	-	-
Change in reserves	-	-	-	-	(2,603)	(160)	2,603	(160)	-	(160)
Equity dividends	-	-	-	-	-	-	(8,347)	(8,347)	-	(8,347)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(15,914)	(15,914)
<b>Balance as of 30 September 2006</b>	45,008	50,588	18,514	1,405	6,860	312	162,029	284,716	40,663	325,379

**AB INVALDA**  
**FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**  
(all amounts are in LTL thousand unless otherwise stated)

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

Group	Equity attributable to equity holders of the parent							Minority interest	Total equity	
	Share capital	Share premium	Revaluation reserve	Fair value reserves	Other reserves	Translation reserve	Retained earnings			
<b>Balance as of 31 December 2006</b>	45,008	50,588	18,391	3,432	6,860	(48)	203,860	328,091	40,407	368,498
Net gain (loss) on available-for-sale investments	-	-	-	(3,018)	-	-	-	(3,018)	-	(3,018)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	(38,744)	(38,744)	-	(38,744)
<b>Total income and expenses for the year recognised directly in equity</b>	-	-	-	(3,018)	-	-	(38,744)	(41,762)	-	(41,762)
Profit for the three quarters of the year 2007	-	-	-	-	-	-	40,316	40,316	6,940	47,256
<b>Total income and expenses for the year</b>	-	-	-	(3,018)	-	-	1,572	(1,446)	6,940	5,494
Minority of subsidiaries acquired	-	-	-	-	-	-	(69,131)	(69,131)	(12,679)	(81,810)
Changes in share capital after the merger	(2,439)	-	-	-	-	-	-	(2,439)	-	(2,439)
Revaluation reserve release	-	-	(369)	-	-	-	434	65	-	65
Change in reserves	-	-	-	-	34,684	(122)	(34,684)	(122)	-	(122)
Equity dividends	-	-	-	-	-	-	(11,252)	(11,252)	-	(11,252)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(30,954)	(30,954)
<b>Balance as of 30 September 2007</b>	42,569	50,588	18,022	414	41,544	(170)	90,799	243,766	3,714	247,480



**AB INVALIDA****CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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

Company	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Total
<b>Balance as of</b>						
<b>31 December 2005</b>	<b>41,735</b>	<b>19,815</b>	<b>2,587</b>	<b>771</b>	<b>19,245</b>	<b>84,153</b>
Net profit for the three quarters of the year 2006	-	-	-	-	30,129	30,129
<b>Total income and expenses for the year</b>	-	-	-	-	30,129	30,129
Dividends for 2005	-	-	-	-	(8,347)	(8,347)
Transferred to legal reserve	-	-	481	-	(481)	-
Changes in fair value reserve	-	-	-	(771)	-	(771)
Issue of new shares	3,273	30,773	-	-	-	34,046
Minority acquisition	-	-	-	-	8,442	8,442
<b>Balance as of 30 September 2006</b>	<b>45,008</b>	<b>50,588</b>	<b>3,068</b>	<b>-</b>	<b>48,988</b>	<b>147,652</b>

Company	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Total
<b>Balance as of</b>						
<b>31 December 2006</b>	<b>45,008</b>	<b>50,588</b>	<b>3,068</b>	<b>-</b>	<b>47,675</b>	<b>146,339</b>
Net profit for the three quarters of the year 2007	-	-	-	-	83,781	83,781
<b>Total income and expenses for the year</b>	-	-	-	-	83,781	83,781
Dividends for 2006	-	-	-	-	(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	(2,439)	-	-	-	-	(2,439)
Loss from annulled own shares acquired during the merger	-	-	-	-	(40,141)	(40,141)
<b>Balance as of 30 September 2007</b>	<b>42,569</b>	<b>50,588</b>	<b>39,001</b>	<b>-</b>	<b>44,130</b>	<b>176,288</b>

**AB INVALIDA****CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and parent Company's cash flow statements**

	Group		Company	
	Three Quarters of 2007	Three Quarters of 2006	Three Quarters of 2007	Three Quarters of 2006
<b>Cash flows from (to) operating activities</b>				
Net profit	47,256	37,698	83,781	30,129
<b>Adjustments for non-cash items:</b>				
Valuation gain, net	(9,715)	26,537	-	-
Depreciation and amortization	10,144	10,461	118	89
(Gain) on disposal of property, plant and equipment	(14,004)	(6,063)	-	(23)
(Gain) on disposal of investments	(6,834)	(13,280)	6,292	(17,678)
Share of net profits of associates and joint ventures	(18,558)	(1,420)	-	-
Interest (income)	(5,908)	(3,159)	(5,087)	(1,552)
Interest expenses	19,766	12,624	4,382	2,721
Deferred taxes	1,786	4,744	-	-
Current income tax expenses	6,272	6,257	-	-
Allowance for receivables	-	-	1,200	-
Allowance for inventories	-	-	-	-
Change in provisions	(3)	-	-	-
Dividend (income)	(143)	-	(92,877)	(18,302)
Loss (gain) from other financial activities	723	1,257	(6)	1
	<b>30,782</b>	<b>75,656</b>	<b>(2,197)</b>	<b>(4,615)</b>
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	1,691	(14,293)	-	-
Decrease (increase) in trade and other receivables	(28,560)	(90,881)	(3)	(785)
Decrease in other current assets	(21,514)	-	(2)	-
(Decrease) increase in trade payables	8,258	70,081	(292)	-
Income tax paid	(1,761)	(1,950)	(267)	(1,539)
(Decrease) increase in other current liabilities	12,038	-	2,389	1,863
<b>Net cash flows (to) from operating activities</b>	<b>934</b>	<b>38,613</b>	<b>(372)</b>	<b>(5,076)</b>

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**AB INVALIDA**

**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**Consolidated and parent Company's cash flow statements (cont'd)**

	Group		Company	
	Three Quarters of 2007	Three Quarters of 2006	Three Quarters of 2007	Three Quarters of 2006
<b>Cash flows from (to) investing activities</b>				
(Acquisition) of tangible non-current assets (except investment properties)	(29,744)	(18,997)	(36)	(424)
Proceeds from sale of tangible non-current assets (except investment properties)	2,311	424	-	29
(Acquisition) of investment properties	(32,081)	(83,442)	-	-
Proceeds of sale of investment properties	83,021	15,011	-	-
(Acquisition) of subsidiaries, net of cash acquired	(830)	(4,214)	(193)	(5,149)
Proceeds from sales of subsidiaries	-	23,726	-	38,504
(Acquisition) of associates	(2,364)	(72,581)	(22,513)	(72,581)
Proceeds from sales of associates	671	-	671	-
Loans (granted)	(8,593)	(7,497)	(156,109)	(91,631)
Repayment of granted loans	-	11,930	83,177	66,585
Dividends received	143	869	92,741	18,302
Interest received	5,908	3,159	1,376	276
(Acquisition) of minority interest	(491)	(1,665)	(22,557)	-
Other cash flow from investing activities	(19,173)	2,390	(47)	2,390
<b>Net cash flows (to) investing activities</b>	<b>(1,221)</b>	<b>(130,887)</b>	<b>(23,490)</b>	<b>(43,699)</b>
<b>Cash flows from (to) financing activities</b>				
Cash flows related to company shareholders				
Issue of shares	-	-	-	-
Dividends (paid)	(11,252)	(8,347)	(11,252)	(8,347)
Dividends to minority	(30,954)	(15,914)	-	-
	(42,206)	(24,261)	(11,252)	(8,347)
Cash flows related to other sources of financing				
Proceeds from loans	206,358	227,775	86,602	105,574
Issue of bonds	-	-	-	-
(Repayment) of loans	(147,353)	(97,270)	(48,151)	(46,512)
Interest (paid)	(19,766)	(12,624)	(3,305)	(1,935)
Financial lease (payments)	(760)	-	-	-
Other cash flows from financing activities		(87)	6	(1)
	38,479	117,794	35,152	57,126
<b>Net cash flows from financial activities</b>	<b>(3,727)</b>	<b>93,533</b>	<b>23,900</b>	<b>48,779</b>
<b>Impact of currency exchange on cash and cash equivalents</b>				
	-	-	-	-
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,015)</b>	<b>1,259</b>	<b>38</b>	<b>4</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,161</b>	<b>32,749</b>	<b>82</b>	<b>4</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,146</b>	<b>34,008</b>	<b>120</b>	<b>8</b>

(the end)

**AB INVALDA**

**CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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## **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 St. 3,  
Vilnius,  
Lithuania.

The Company is a holding entity and is engaged in investment and reinvestment in securities and supervision of business activities of controlled companies. The main activities of the Group include investments to real estate, financial mediation, pharmacy, furniture manufacturing, hotel management, road and bridge construction, other production and services.

The Company's shares are traded on the Secondary List of Vilnius Stock Exchange.

### **2 Basis of preparation and accounting policies**

#### **Basis of preparation**

The interim condensed financial statements for the three quarters of the year 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

#### **Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and Company's annual financial statements for the year ended 31 December 2006, except for the adoption of new Standards and Interpretations, noted below. Adoption of these Standards and Interpretations did not have any effect on the Group's and Company's financial statements.

- IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007). IFRS 7 requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.
- amendments to IAS 1 ("Capital Disclosures") (effective for annual periods beginning on or after 1 January 2007). This amendment requires the Company and the Group to make new disclosures to enable users of the financial statements to evaluate the Company's and the Group's objectives, policies and processes of managing capital.
- IFRIC 7 Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies" (effective for annual periods beginning on or after 1 March 2006). 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.
- IFRIC 8 Scope of IFRS 2 (effective after endorsed by European Union, but not earlier than 1 May 2006). This interpretation requires IFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value.
- IFRIC 9 Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006). This interpretation establishes that the date to assess the existence of an embedded derivative is the date 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.

**AB INVALIDA****CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE THREE QUARTERS OF THE YEAR 2007***(all amounts are in LTL thousand unless otherwise stated)***2 Basis of preparation and accounting policies (cont'd)**

- IFRIC 10 Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). This interpretation establishes that the entity shall 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.

**Comparative figures**

The Group has changed the presentation of income statement from disclosing expenses by function to expenses by nature, as it better reflects the specifics of the Group. Therefore the income statement of the three quarters of the year 2006 was restated. Auditors' remarks were taken into consideration. *Sanitas AB* and *Kauno tiltai AB* are classified as associates, not subsidiaries, when the income statement was restated.

**3 Seasonality of operations**

Part of business activities controlled by the Group is seasonal. Road and bridge building business and hotel business give higher revenue and operational profit in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the year in contrast to the 1<sup>st</sup> and 4<sup>th</sup> quarter of the year. Investment assets owned by the Group are revaluated and the change of their value is included in the profit/loss statement at the end of a year. During the three quarters of the year 2007 only a few units of investment properties were revaluated in the subsidiaries.

**4 Cash and cash equivalents**

	<b>Group</b>	<b>Company</b>
	<b>30 September 2007</b>	
Cash at bank	4,916	120
Cash in hand	230	-
	<u>5,146</u>	<u>120</u>

**5 Dividends**

The General Meeting of shareholders of 11 May 2007 allocated LTL 11,252 thousand for dividends, i.e. LTL 0.25 per one share. In 2006, LTL 8,347 thousand was allocated, i.e. LTL 0.20 per one share.

**6 Income tax**

	<b>Group</b>		<b>Company</b>	
	<b>Three</b>	<b>Three</b>	<b>Three</b>	<b>Three</b>
	<b>Quarters of</b>	<b>Quarters of</b>	<b>Quarters of</b>	<b>Quarters of</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Components of income tax expense</b>				
Current income tax charge	(6,272)	(6,257)	-	-
Deferred income tax income (expense)	(1,786)	(4,744)	-	(2,693)
Income tax (expenses) income charged to the income statement	<u>(8,058)</u>	<u>(11,001)</u>	<u>-</u>	<u>(2,693)</u>

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(all amounts are in LTL thousand unless otherwise stated)

**7 Investment into subsidiaries and associates****Acquisitions of 2007**

The following companies were newly established within three quarters of the year 2007: *Iniciatyvos Fondas VŠĮ* (100 % controlled by *Invalda AB*), *INTF Investicija UAB* (100 % controlled by *Invaldos Nekilnojamojo Turto Fondas AB*), *Traku rekreacijos centras UAB* (100 % controlled by *Aikstentis AB*), *Positor UAB* (80 % controlled by *Invalda AB*), *Žemvesta UAB* (100 % controlled by *Invalda AB*), *RGJ Investicija UAB* (50 % controlled by *Invalda AB*), *Inreal-Ocinka TOV* (100 % controlled by *Inreal TOV*). *Invalda AB* increased share capital of *Inreal TOV*, *Finasta TOV*, *Incredo TOV* and *Finasta įmonių finansai AB*. The purpose of the investment of LTL 20,000 thousand to *Finasta įmonių finansai AB* was the establishment of the bank. Besides, *Invalda AB* invested in *Vilniaus Baldai AB*, *Sanitas AB* (mainly shares of these companies were acquired from other companies within the Group) and *Kauno tiltai AB* additionally.

The Group acquired 0.70 % of shares of *Vilniaus Baldai AB* for LTL 491 thousand additionally. The value of the additional interest 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 recognized directly to the shareholders equity.

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

The Group acquired 4.81 % of shares of *Kauno tiltai AB* for LTL 2,364 thousand additionally. The goodwill of LTL 2,660 thousand was recognized in the value of the investment into associate.

The Group acquired 100 % of shares of *Informatikos pasaulis UAB* for LTL 836 thousand. The value of the acquired net assets was LTL 50 thousand. LTL 786 thousand was recognized as goodwill.

**Merger of Nenuorama AB**

On 28<sup>th</sup> of September 2007 *Nenuorama AB* was merged to *Invalda AB* by the way of reorganisation. *Nenuorama AB* did not perform active business activities and was a holding company, therefore according to IFRS this deal 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.

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

	Carrying amount	Fair value recognised on acquisition
<i>Sanitas AB</i> shares (7.42 %)	30,008	75,122
<i>Invaldos nekilnojamojo turto fondas AB</i> shares (43.79 %)	1,190	85,051
<i>Invalda AB</i> shares (49.56 %)	195,916	433,346
Other investments	2	2
Trade and other receivables	39	39
Cash	2	2
<b>Assets in total</b>	<b>227,157</b>	<b>593,562</b>
Interest-bearing liabilities	70,510	70,510
Non bearing interest liabilities	134,431	132,283
Other short term liabilities	4	4
<b>Liabilities in total</b>	<b>204,945</b>	<b>202,797</b>
<b>Fair value of newly issued shares</b>		<b>390,765</b>
<b>Consideration</b>		<b>593,562</b>

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(all amounts are in LTL thousand unless otherwise stated)

**7 Investment into subsidiaries and associates (cont'd)**

Assets and liabilities, taken over from *Nenuorama* AB, were recognized at fair value in the Company's financial statements. *Nenuorama* AB owned shares of *Invalda* AB (22,306 thousand) was annulled, respectively the fair value of acquired own shares was annulled. The loss of LTL 40,141 thousand has been recognized in equity due to this transaction.

During the merger, the Group acquired 43.79 % of shares of *Invaldos nekilnojamojo turto fondas* AB additionally. It was an acquisition of minority interest, so according the Group accounting policy it was accounted using the Entity concept method. The value of the additional interest acquired was LTL 15,602 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 recognized directly to the shareholders equity.

During the merger, the Group also acquired additional 7.42 % of *Sanitas* AB shares. The value of the additional interest acquired directly attributable to the Group was LTL 5,162 thousand. The value was determined using the initial accounting provisionally. The goodwill of LTL 69,960 thousand arising from this transaction was recognized in the value of the investment into associate.

**Sales in 2007**

Within the three quarters of the year 2007, the associate *Panevėžio Melioracija* UAB and the subsidiary *Minija* AB was sold.

*Žemės Vystymo Fondas* UAB, *Žemės Vystymo Fondas 11* UAB, *Žemės Vystymo Fondas 12* UAB, *Žemės Vystymo Fondas 14* UAB, *Žemės Vystymo Fondas 15* UAB, *Žemės Vystymo Fondas 16* UAB, *Žemės Vystymo Grupė 3* UAB, *Žemės Vystymo Grupė 4* UAB, *Žemės Vystymo Grupė 5* UAB and *Žemės Vystymo Grupė 6* UAB were sold to the associate *Agrovaldymo Grupė* AB in order to achieve more efficient management. Besides, 0.21 % shares of *Agrovaldymo grupė* AB were sold.

In three quarters of 2007 the Group had deemed disposals of 0.62 % shares of *Agrovaldymo grupė* AB and 2.30 % shares of *Kauno tiltai* AB due to non-pro rata share capital's increase in these companies.

**8 Other revenues and expenses****8.1. Other revenues**

	Group		Company	
	Three Quarters of 2007	Three Quarters of 2006	Three Quarters of 2007	Three Quarters of 2006
Gain on sale of securities	9,711	13,355	205	17,678
Gain on sale of investment properties	12,623	6,002	-	-
Other	2,622	3,475	10	33
	<u>24,956</u>	<u>22,832</u>	<u>215</u>	<u>17,711</u>

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**8.2. Finance expenses**

	Group		Company	
	Three Quarters of 2007	Three Quarters of 2006	Three Quarters of 2007	Three Quarters of 2006
Interest expenses	(19,766)	(12,624)	(4,382)	(2,721)
Foreign currency exchange loss	(2,299)	(509)	(3)	(1)
Other finance expenses	(1,499)	(1,575)	(10)	-
	<u>(23,564)</u>	<u>(14,708)</u>	<u>(4,395)</u>	<u>(2,722)</u>

**8.3. Finance income**

	Group		Company	
	Three Quarters of 2007	Three Quarters of 2006	Three Quarters of 2007	Three Quarters of 2006
Interest income	5,908	3,159	5,087	1,552
Foreign currency exchange gain	1,913	514	19	-
Dividend income	-	-	92,877	18,302
Other finance income	1,162	312	-	-
	<u>8,983</u>	<u>3,985</u>	<u>97,983</u>	<u>19,854</u>

**9 Property, plant and equipment, investment properties, intangible assets**

During the three quarters of the year 2007, the Group acquired investment properties with cost of LTL 32,081 thousand, property, plant and equipment with cost of LTL 28,368 thousand, and intangible assets with cost of LTL 1,376 thousand (during the three quarters of the year 2006 respectively – LTL 83,442 thousand, LTL 18,526 thousand, LTL 471 thousand).

Investment properties with a net book value of LTL 70,398 thousand were disposed of by the Group during three quarters of the year 2007, resulting in a net gain on disposal of LTL 12,623 thousand (during the three quarters of the year 2006 respectively – LTL 9,009 thousand, LTL 6,002 thousand).

**10 Non-current assets classified as held for sale**

The Group has signed the preliminary sales agreements of two investment properties in Vilnius (the book value is LTL 14.405 thousand) and sales agreement of shares of *Vilniaus senamiesčio restauravimo direkcija UAB* (real estate investor). These deals should be completed in 2008. Besides, in August 2007 *Invalda AB* signed the sale agreement of *Voltera UADBB* and legal sales procedures have to be completed till 30<sup>th</sup> November 2007. Assets and liabilities of *Voltera UADBB* is shown in *Non-current assets classified as held for sale* and *Liabilities directly associated with non-current assets classified as held for sale*.



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**11 Borrowings**

Within the three quarters of the year 2007, the Group took LTL 170,965 thousand as loans from banks and refunded LTL 147,353 thousand to banks (during the three quarters of the year 2006 respectively – LTL 227,775 thousand, LTL 97,270 thousand).

In January 2007, the Company signed an agreement on the amendment of the lending contract, according to which the maturity date of loan is moved from 31 January 2007 to 31 January 2010. In April 2007, the company signed an agreement on the amendment of credit line contract, according to which the maturity date of loan is moved from 30 April 2007 to 30 April 2009. Thus an amount of EUR 17,433 thousand (an equivalent of LTL 60,193 thousand) is reclassified from the current borrowings as specified in the balance of 31 December 2006 to the non-current borrowings in the balance of 30 September 2007. Besides, the Company took LTL 44,157 thousand as loans from non-banks, within three quarters of the year 2007.

**12 Related party transactions**

The Company's transactions with related parties during three quarters of the year 2007 and related quarter-end balances were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
AB „Umega“	-	-	-	110
AB FMĮ „Finasta“	-	860	68,093	-
AB „Vilniaus baldai“	800	-	-	12,505
AB „Valmeda“	-	566	24,607	-
UAB „Naujoji švara“	317	-	-	6,506
UAB „Inred“	277	316	140	13,558
UAB „Inreal“	-	20	10	-
AB „Invalidos nekilnojamojo turto fondas“	1,046	-	-	34,842
UAB „Ineturas“	45	-	-	1,051
UAB „IBC logistika“	290	-	-	10,290
UAB "Vilniaus senamiesčio restauravimo direkcija"	29	-	-	2,887
UAB „Saistas“	52	-	-	1,852
UAB „Finasta rizikos valdymas“	-	226	14,499	38
UAB „Kelio ženklai“	105	-	-	2,787
SIA „Inreal“	32	-	-	1,034
SIA „Gravity“	-	-	-	93
AB „Sanitas“	145	-	-	-
AB „Kauno tiltai“	112	-	-	-
UAB „Nerijos būstas“	194	-	-	3,903
UAB „Laikinosios sostinės projektai“	208	-	-	5,079
UAB „VIPC Klaipėda“	78	-	-	1,838
AB „Agrovaldymo Grupė“	302	-	-	2,600
UAB „Dommo Nerija“	22	-	-	593
SIA „AMMO“	111	-	-	2,587
SIA „DOMMO GRUPA“	365	-	-	10,299
TOV „Inreal“	-	-	458	-
TOV „Finasta“	-	-	338	-
TOV „Inredo“	-	-	227	-
UAB „Positor“	3	-	230	443
Kita	180	130	26	38
	<b>4,713</b>	<b>2,118</b>	<b>108,628</b>	<b>114,933</b>

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**12 Related party transactions (cont'd)**

Most of the Company's transactions with related parties are related to received and granted loans. Amounts payable to *Inreal TOV*, *Finasta TOV*, *Incredo TOV* and *Positor UAB* are related to non-paid share capitals.

The Company's transactions with related parties during three quarters of the year 2006 and related quarter-end balances were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
AB „Invalidos nekilnojamojo turto fondas“	2	77	31	737
UAB „Invalida real Estate“	79	195	3,818	-
AB FMĮ „Finasta“	13	313	528	-
UAB „Finasta rizikos valdymas“	26	-	-	1,108
UAB „Finansų spektras“	4	52	1,370	-
UAB „Finansų spektro investicija“	5	11	4	1,470
AB „Vilniaus baldai“	470	-	-	14,956
AB „Valmeda“	-	404	15,413	-
UAB „Saulės investicija“	19	-	-	836
UAB „Naujoji švara“	35	34	-	1
UAB „PVP Nida“	-	60	5,083	-
UAB „Aikstentis“	107	-	-	-
UAB „Ineturas“	83	155	8,534	-
UAB „Invalida construction management“	-	67	1,793	-
UAB „Ekotra“	27	-	-	846
UAB „Šimtamargis“	-	-	-	274
UAB „IBC logistika“	166	-	-	5,655
UAB „Nerijos būstas“	101	-	-	4,644
UAB „Dommo Nerija“	3	-	-	361
UAB „Trakų kelias“	-	1	86	-
UAB „Vilniaus senamiesčio restauravimo direkcija“	17	-	-	1,376
UAB „Dizaino institutas“	-	1	1,801	-
UAB „Laikinosios sostinės projektai“	54	-	-	2,195
UAB „Kelio ženklai“	26	-	-	2,146
SIA Industrial and logistics centre „Lapegles“	179	-	-	15,210
SIA AMMO	29	-	-	2,446
UAB „Broner“	13	-	-	1,118
AB „Agrovaldymo grupė“	4	-	-	1,704
UAB „Žemės vystymo fondas“	14	-	-	574
UAB „Žemės Vystymo Fondas 11“	10	-	-	422
UAB „Žemės Vystymo Fondas 12“	12	-	-	456
SIA „Inreal“	6	-	-	502
SIA „Gravity“	3	-	-	364
AB „Minija“	10	-	-	1,240
UAB „Hidroprojektas“	-	27	669	-
Kita	34	170	-	3
	1,551	1,567	39,130	60,644

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**12 Related party transactions (cont'd)**

The Group's transactions with related parties during three quarters of the year 2007 and related quarter-end balances were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
UAB „DOMMO Nerija“	26	-	-	593
UAB „VIPC Klaipėda“	87	-	-	1,838
UAB „Laikinosios Sostinės Projektai“	322	-	-	5,149
UAB „MBGK“	187	420	-	691
SIA „AMMO“	287	-	-	2,594
SIA „DOMMO GRUPA“	420	90	-	10,311
AB „Agrovaldymo Grupė“	303	-	-	2,601
AB „Umega“	30	-	-	161
AB „Sanitas“	779	-	-	40
AB „Kauno tiltai“	314	1,069	505	45
UAB „Taurakelis“	42	-	-	-
Kita	153	31	-	12
	<b>2,950</b>	<b>1,610</b>	<b>505</b>	<b>24,035</b>

The Group's transactions with related parties during three quarters of the year 2006 and related quarter-end balances were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
UAB „DOMMO Nerija“	6	-	-	361
SIA „AMMO“	331	-	157	2,514
SIA Industrial and logistics centre „Lapegles“	289	-	-	17,163
AB „Agrovaldymo grupė“	4	-	-	1,704
UAB „Žemės Vystymo Fondas“	17	-	-	574
UAB „Žemės Vystymo Fondas 11“	14	-	-	422
UAB „Žemės Vystymo Fondas 12“	12	-	-	456
UAB „VIPC Klaipėda“	24	-	-	1,152
AB „MBGK“	66	-	-	515
UAB „Laikinosios Sostinės Projektai“	54	-	423	3,320
AB „Sanitas“ group	978	27	-	3,784
AB „Kauno tiltai“	67	517	43	39
AB „Umega“	33	23	-	52
Kita	5	-	1,202	12
	<b>1,900</b>	<b>567</b>	<b>1,825</b>	<b>32,068</b>