

## 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 unaudited consolidated financial statements of Invalda AB for the year 2007, 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: interim unaudited consolidated financial statements of Invalda AB for the year 2007.

President

Darius Šulnis

Chief financier

Raimondas Rajeckas

# AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S NOT-AUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS OF THE YEAR 2007  
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS  
ADOPTED BY THE EUROPEAN UNION

**AB INVALDA**

**INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS 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)

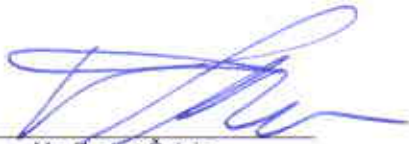
### **Registered office and company code**

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  
UAB Medicinos bankas  
AB Bankas „Snoras“

The financial statements were approved and signed by the Management and the Board of Directors on 28 February 2008



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Mr. Darius Šulnis  
President



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Mr. Raimondas Rajeckas  
Chief financial officer

**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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

		Group		Company	
		2007 (unaudited)	2006 (audited)	2007 (unaudited)	2006 audited
Revenue					
Furniture production revenue		169,999	133,539	-	-
Rent and other real estate income		38,087	35,702	-	-
Financial mediation revenue		33,932	24,825	-	-
Pharmacy revenue		-	16,171	-	-
Other production and services revenue		11,940	14,092	-	-
Hotel revenue		14,482	14,020	-	-
<b>Total revenue</b>		<b>268,440</b>	<b>238,349</b>	<b>-</b>	<b>-</b>
Other income	8.1	27,596	24,846	578	17,719
Valuation gains		49,431	50,497	-	-
Valuation losses		(519)	(4,601)	-	-
Changes in inventories of finished goods and work in progress		(2,645)	(1,497)	-	-
Raw materials and consumables used		(110,605)	(94,114)	(42)	-
Salaries and related expenses		(70,647)	(61,025)	(1,681)	(1,336)
Depreciation and amortisation		(13,605)	(16,152)	(158)	(125)
Subcontractor expenses		(7,164)	(12,354)	-	-
Premises rent and utilities		(14,798)	(9,866)	(385)	(265)
Fees for securities		(3,544)	(7,108)	(94)	(195)
Vehicles maintenance costs		(3,457)	(3,839)	(103)	(54)
Other taxes		(3,945)	(3,678)	(164)	(210)
Advertising and other promotion expenses		(5,377)	(3,052)	(42)	(67)
Goodwill impairment		-	(2,980)	-	-
Repair and maintenance of premises		(2,397)	(1,004)	(3)	-
Loss on sales of shares		(4,778)	(965)	(6,498)	-
Other operating expenses		(17,113)	(15,979)	(3,511)	(695)
Finance income	8.3	13,648	6,040	100,119	20,714
Finance expenses	8.2	(34,694)	(19,716)	(9,068)	(4,229)
Share of profit from associates and joint ventures		31,198	27,686	-	-
<b>Profit before tax</b>		<b>95,025</b>	<b>89,488</b>	<b>78,948</b>	<b>31,257</b>
Income tax expense	6	(12,155)	(13,936)	1,781	(2,441)
<b>Profit for year</b>		<b>82,870</b>	<b>75,552</b>	<b>80,729</b>	<b>28,816</b>
Attributable to:					
Equity holders of the parent		74,237	65,533	-	-
Minority interest		8,633	10,019	-	-
Basic and diluted earnings per share (in LTL)		1.67	1.51	-	-

## Consolidated and parent Company's balance sheets

		Group		Company	
		As of 31 December 2007	As of 31 December 2006	As of 31 December 2007	As of 31 December 2006
<b>ASSETS</b>		(unaudited)	(audited)	(unaudited)	(audited)
<b>Non-current assets</b>					
Property, plant and equipment					
Hotels		63,000	49,821	-	-
Other property, plant and equipment		167,201	147,449	535	630
Total property, plant and equipment	9	230,201	197,270	535	630
Investment properties	9	403,508	391,303	-	-
Intangible assets	9	20,135	5,659	9	8
Non-current financial assets					
Investments into subsidiaries	7	-	-	176,048	67,141
Investments into associates and joint ventures	7	304,529	186,509	216,350	118,797
Other non-current investments		1,822	1,851	1,821	1,771
Granted loans		19,810	15,338	21,961	30,350
Total non-current financial assets		326,161	203,698	416,180	218,059
Deferred tax asset		3,196	1,131	1,781	-
<b>Total non-current assets</b>		<b>983,201</b>	<b>799,061</b>	<b>418,505</b>	<b>218,697</b>
<b>Current assets</b>					
Inventories		33,872	18,499	-	-
Trade and other receivables		90,598	60,822	4,745	-
Short term loans granted		13,706	8,499	104,248	16,981
Prepaid income tax		3,641	4,173	900	-
Prepayments and other current assets		22,207	1,832	142	4
Other current investments		29,529	35,959	-	-
Cash and cash equivalents	4	4,495	9,161	30	82
<b>Total current assets</b>		<b>198,048</b>	<b>138,945</b>	<b>110,065</b>	<b>17,067</b>
<b>Non-current assets classified as held for sale</b>	10	<b>27,834</b>	-	-	-
<b>Total assets</b>		<b>1,209,083</b>	<b>938,006</b>	<b>528,570</b>	<b>235,764</b>

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

	Group		Company	
	As of 31 December 2007	As of 31 December 2006	As of 31 December 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	72,332	28,683	39,001	3,068
Retained earnings	130,519	203,860	41,078	47,675
Foreign exchange reserve	(121)	(48)	-	-
	<b>295,887</b>	<b>328,091</b>	<b>173,236</b>	<b>146,339</b>
<b>Minority interest</b>	<b>4,261</b>	<b>40,407</b>	-	-
<b>Total equity</b>	<b>300,148</b>	<b>368,498</b>	<b>173,236</b>	<b>146,339</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current borrowings	11 280,441	246,347	78,589	2,901
Financial lease liabilities	226	6,267	-	-
Government grants	31	109	-	-
Provisions	136	105	-	-
Deferred tax liability	43,539	35,976	-	-
Other non-current liabilities	722	197	-	-
<b>Total non-current liabilities</b>	<b>325,095</b>	<b>289,001</b>	<b>78,589</b>	<b>2,901</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	11 171,754	80,104	1,350	1,350
Current portion of financial lease liabilities	6,105	1,467	-	-
Current borrowings	11 302,579	138,819	262,052	81,770
Trade payables	26,212	24,707	890	552
Provisions	-	-	-	-
Income tax payable	5,045	2,785	-	1,218
Advances received	56,660	19,360	-	-
Other current liabilities	11,819	13,265	12,453	1,634
<b>Total current liabilities</b>	<b>580,174</b>	<b>280,507</b>	<b>276,745</b>	<b>86,524</b>
<b>Liabilities directly associated with non-current assets classified as held for sale</b>	10 3,666	-	-	-
<b>Total equity and liabilities</b>	<b>1,209,083</b>	<b>938,006</b>	<b>528,570</b>	<b>235,764</b>

(the end)

**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR TWELVE MONTHS 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							Total	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 (restated)</b>	<b>41,735</b>	<b>19,815</b>	<b>19,716</b>	<b>3,273</b>	<b>9,463</b>	<b>472</b>	<b>147,034</b>	<b>241,508</b>	<b>93,782</b>	<b>335,290</b>
Net gain (loss) on available-for-sale investments	-	-	-	159	-	-	-	159	-	159
Revaluation reserve release	-	-	(1,325)	-	-	-	1,325	-	-	-
Foreign currency translation	-	-	-	-	-	(520)	-	(520)	-	(520)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	3,946	3,946	-	3,946
<b>Total income and expenses for the year recognised directly in equity</b>	-	-	(1,325)	159	-	(520)	5,271	3,585	-	3,585
Profit for the year 2006	-	-	-	-	-	-	65,533	65,533	10,019	75,552
<b>Total income and expenses for the year</b>	-	-	(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	3,273	30,773	-	-	-	-	-	34,046	-	34,046
Change in reserves	-	-	-	-	(2,603)	-	2,603	-	-	-
Equity dividends	-	-	-	-	-	-	(8,347)	(8,347)	-	(8,347)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(15,914)	(15,914)
<b>Balance as of 31 December 2006 (audited)</b>	<b>45,008</b>	<b>50,588</b>	<b>18,391</b>	<b>3,432</b>	<b>6,860</b>	<b>(48)</b>	<b>203,860</b>	<b>328,091</b>	<b>40,407</b>	<b>368,498</b>

**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR TWELVE MONTHS 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	Total		
<b>Balance as of 31 December 2006</b>	<b>45,008</b>	<b>50,588</b>	<b>18,391</b>	<b>3,432</b>	<b>6,860</b>	<b>(48)</b>	<b>203,860</b>	<b>328,091</b>	<b>40,407</b>	<b>368,498</b>
Net gain (loss) on available-for-sale investments	-	-	-	(3,232)	-	-	-	(3,232)	-	(3,232)
Revaluation of hotel assets	-	-	12,721	-	-	-	-	12,721	-	12,721
Depreciation transfer for hotel assets	-	-	(492)	-	-	-	492	-	-	-
Foreign currency translation	-	-	-	-	-	(73)	-	(73)	-	(73)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	(32,383)	(32,383)	-	(32,383)
<b>Total income and expenses for the year recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>12,229</b>	<b>(3,232)</b>	<b>-</b>	<b>(73)</b>	<b>(31,891)</b>	<b>(22,967)</b>	<b>-</b>	<b>(22,967)</b>
Profit for the year 2007	-	-	-	-	-	-	74,237	74,237	8,633	82,870
<b>Total income and expenses for the year</b>	<b>-</b>	<b>-</b>	<b>12,229</b>	<b>(3,232)</b>	<b>-</b>	<b>(73)</b>	<b>42,346</b>	<b>51,270</b>	<b>8,633</b>	<b>59,903</b>
Minority of subsidiaries acquired	-	-	-	-	-	-	(69,783)	(69,783)	(13,882)	(83,665)
Changes in share capital after the merger	(2,439)	-	-	-	-	-	-	(2,439)	-	(2,439)
Change in reserves	-	-	-	-	34,652	-	(34,652)	-	-	-
Equity dividends	-	-	-	-	-	-	(11,252)	(11,252)	-	(11,252)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(30,897)	(30,897)
<b>Balance as of 31 December 2007 (unaudited)</b>	<b>42,569</b>	<b>50,588</b>	<b>30,620</b>	<b>200</b>	<b>41,512</b>	<b>(121)</b>	<b>130,519</b>	<b>295,887</b>	<b>4,261</b>	<b>300,148</b>



**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 2006	-	-	-	-	28,816	28,816
Changes in fair value reserve	-	-	-	(771)	-	(771)
<b>Total income and expenses for the year</b>	-	-	-	(771)	28,816	28,045
Dividends for 2005	-	-	-	-	(8,347)	(8,347)
Transferred to legal reserve	-	-	481	-	(481)	-
Issue of new shares	3,273	30,773	-	-	-	34,046
Minority acquisition	-	-	-	-	8,442	8,442
<b>Balance as of 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>
<b>Company</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Legal reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<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 year 2007	-	-	-	-	80,729	80,729
<b>Total income and expenses for the year</b>	-	-	-	-	80,729	80,729
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 31 December 2007 (unaudited)</b>	<b>42,569</b>	<b>50,588</b>	<b>39,001</b>	<b>-</b>	<b>41,078</b>	<b>173,236</b>

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

	Group		Company	
	2007	2006	2007	2006
	(unaudited)	(audited)	(unaudited)	(audited)
<b>Cash flows from (to) operating activities</b>				
Net profit	82,870	75,552	80,729	28,816
<b>Adjustments for non-cash items:</b>				
Valuation gain, net	(48,912)	(45,896)	-	-
Depreciation and amortization	13,605	16,152	158	127
(Gain) on disposal of property, plant and equipment	(14,420)	(17,758)	-	-
(Gain) on disposal of investments	(6,390)	(12,516)	5,934	(17,727)
Share of net profits of associates and joint ventures	(31,198)	(27,686)	-	-
Interest (income)	(7,308)	(4,938)	(7,125)	(2,412)
Interest expenses	29,302	17,203	9,053	4,223
Deferred taxes	4,060	6,970	(1,780)	-
Current income tax expenses	8,095	6,966	-	-
Allowance for receivables	-	1,346	2,830	-
Allowance for inventories	-	643	-	-
Change in provisions	31	105	-	-
Dividend (income)	(148)	-	(92,877)	(18,302)
Loss (gain) from other financial activities	(800)	1,411	(100)	4
	<u>28,787</u>	<u>17,554</u>	<u>(3,178)</u>	<u>(5,271)</u>
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	(15,428)	(22,268)	-	-
Decrease (increase) in trade and other receivables	(37,693)	13,154	(9)	10,444
Decrease in other current assets	(15,538)	10,696	(138)	45
(Decrease) increase in trade payables	2,134	(24,925)	(529)	(8,872)
Income tax paid	(4,070)	(2,260)	(2,118)	621
(Decrease) increase in other current liabilities	39,096	(8,934)	(5,245)	631
<b>Net cash flows (to) from operating activities</b>	<u><b>(2,712)</b></u>	<u><b>(16,983)</b></u>	<u><b>(11,217)</b></u>	<u><b>(2,402)</b></u>

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

	Group		Company	
	2007	2006	2007	2006
<b>Cash flows from (to) investing activities</b>	(unaudited)	(audited)	(unaudited)	(audited)
(Acquisition) of tangible non-current assets (except investment properties)	(36,006)	(48,347)	(66)	(449)
Proceeds from sale of tangible non-current assets (except investment properties)	3,449	11,040	-	67
(Acquisition) of investment properties	(59,676)	(90,259)	-	-
Proceeds of sale of investment properties	87,920	17,573	-	-
(Acquisition) of subsidiaries, net of cash acquired	(84,384)	(4,214)	(2,253)	(12,104)
Proceeds from sales of subsidiaries	-	23,726	400	38,504
(Acquisition) of associates, joint ventures	(87,052)	(98,705)	(23,136)	(85,763)
Proceeds from sales of associates, joint ventures	230	17,193	671	15,484
Loans (granted)	(15,321)	(9,997)	(189,319)	(119,186)
Repayment of granted loans	10,114	15,906	110,330	107,132
Dividends received	148	869	92,877	25,502
Interest received	7,308	4,938	1,576	276
(Acquisition) of minority interest	(13,882)	(2,330)	(28,927)	-
Other cash flow from investing activities	(31,615)	(121)	(27)	-
<b>Net cash flows (to) investing activities</b>	<b>(218,767)</b>	<b>(162,728)</b>	<b>(37,874)</b>	<b>(30,537)</b>
<b>Cash flows from (to) financing activities</b>				
Cash flows related to company shareholders				
Issue of shares	-	-	-	-
Dividends (paid) to equity holder of the parent	(11,252)	(8,347)	(11,252)	(7,918)
Dividends (paid) to minority interests	(30,897)	(15,914)	-	-
	(42,149)	(24,261)	(11,252)	(7,918)
Cash flows related to other sources of financing				
Proceeds from loans	455,631	286,944	245,470	105,574
Issue of bonds	-	6,000	-	-
(Repayment) of loans	(166,127)	(99,691)	(179,631)	(62,016)
Interest (paid)	(29,302)	(17,203)	(5,650)	(2,619)
Financial lease (payments)	(1,240)	(334)	-	-
Other cash flows from financing activities	-	4,678	102	-
	258,962	180,394	60,291	40,939
<b>Net cash flows from financial activities</b>	<b>216,813</b>	<b>156,133</b>	<b>49,039</b>	<b>33,021</b>
<b>Impact of currency exchange on cash and cash equivalents</b>	-	(10)	-	(4)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,666)</b>	<b>(23,588)</b>	<b>52</b>	<b>78</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>4,495</b>	<b>9,161</b>	<b>30</b>	<b>82</b>

(the end)

## **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 were traded on the Baltic Secondary List of Vilnius Stock Exchange until 31 December 2007 and now are traded on Baltic Main List .of Vilnius Stock Exchange.

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

#### **Basis of preparation**

The interim condensed financial statements for the twelve months 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****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS 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**

Comparatives figures are from audited *Invalda* AB financial statement for the year ended 31 December 2006.

**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.

**4 Cash and cash equivalents**

	Group		Company	
	2007	2006	2007	2006
Cash at bank	4,311	8,141	30	82
Cash in hand	184	1,020	-	-
	<u>4,495</u>	<u>9,161</u>	<u>30</u>	<u>82</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**

	Group		Company	
	2007	2006	2007	2006
<b>Components of income tax expense</b>				
Current income tax charge	(8,095)	(7,115)	-	(2,444)
Prior year current income tax correction	-	149	-	3
Deferred income tax income (expense)	<u>(4,060)</u>	<u>(6,970)</u>	<u>1,781</u>	<u>-</u>
Income tax (expenses) income charged to the income statement	<u>(12,155)</u>	<u>(13,936)</u>	<u>1,781</u>	<u>(2,441)</u>

## AB INVALIDA

### INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007

(all amounts are in LTL thousand unless otherwise stated)

## 7 Investment into subsidiaries and associates

### Acquisitions of 2007

The more important following companies were newly established in 2007: *Iniciatyvos Fondas Vši* (100 % controlled by *Invalda* AB), *INTF Investicija* UAB (100 % controlled by *Invaldos Nekilnojamojo Turto Fondas* AB), *Positor* UAB (80 % controlled by *Invalda* AB), *Žemvesta* UAB (100 % controlled by *Invalda* AB), *Inreal-Ocinka* TOV (100 % controlled by *Inreal* TOV). *Invalda* AB increased share capital of *Inreal* TOV, *Finasta* TOV, *Incredo* TOV, *Inreal* UAB, *Inred* UAB 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.

The Group acquired 3.17 % of net assets of *Kauno tiltai* AB for LTL 6,688 thousand additionally. The goodwill of LTL 3,291 thousand was recognized in the value of the investment into associate.

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 80 % of shares of *Informatikos pasaulis* UAB for LTL 655 thousand. The value of the acquired net assets was LTL 37 thousand. LTL 618 thousand was recognized as goodwill.

The Group acquired 80 % of shares of *Baltic Amadeus infrastruktūros paslaugos* UAB and *Vitma* UAB. The goodwill, amounting to LTL 6,707 thousand was determined using the initial accounting provisionally.

### 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</i> AB shares (7.42 %)	30,008	75,122
<i>Invaldos nekilnojamojo turto fondas</i> AB shares (43.79 %)	1,190	85,051
<i>Invalda</i> AB 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>

## AB INVALIDA

### INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007

(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 *Invalida* 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 15,606 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 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 5,689 thousand. The value was determined using the initial accounting provisionally. The goodwill of LTL 69,433 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, associates *Panevėžio Melioracija* UAB, *Amber Viking Kapital* TOV and the subsidiaries *Minija* AB and *Voltera* UADBB were 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 *Agrowill group* AB in order to achieve more efficient management. Besides, 0.21 % shares of *Agrowill group* AB were sold.

In 2007 the Group had deemed disposals of 0.62 % shares of *Agrowill group* AB due to non-pro rata share capital's increase in this company.

#### 8 Other revenues and expenses

##### 8.1. Other revenues

	Group		Company	
	2007	2006	2007	2006
Gain on sale of securities	11,168	10,307	563	17,679
Gain on sale of investment properties	12,880	6,563	-	-
Excess of subsidiary's net assets acquired over the cost of acquisition	-	949	-	-
Gain on deemed partial disposal of AB Sanitas	-	3,174	-	-
Other	3,548	3,853	15	40
	<u>27,596</u>	<u>24,846</u>	<u>578</u>	<u>17,719</u>

**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**8.2. Finance expenses**

	Group		Company	
	2007	2006	2007	2006
Interest expenses	(29,302)	(17,203)	(9,053)	(4,225)
Foreign currency exchange loss	(3,211)	(951)	(4)	(4)
Other finance expenses	(2,181)	(1,562)	(11)	-
	<u>(34,694)</u>	<u>(19,716)</u>	<u>(9,068)</u>	<u>(4,229)</u>

**8.3. Finance income**

	Group		Company	
	2007	2006	2007	2006
Interest income	7,308	4,938	7,126	2,412
Foreign currency exchange gain	2,836	598	116	-
Dividend income	-	-	92,877	18,302
Other finance income	3,504	504	-	-
	<u>13,648</u>	<u>6,040</u>	<u>100,119</u>	<u>20,714</u>

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

During 2007, the Group acquired investment properties with cost of LTL 59,676 thousand, property, plant and equipment with cost of LTL 28,630 thousand, and intangible assets with cost of LTL 7,376 thousand (during 2006 respectively – LTL 90,259 thousand, LTL 48,347 thousand, LTL 551 thousand).

Investment properties with a net book value of LTL 75,040 thousand were disposed of by the Group during 2007, resulting in a net gain on disposal of LTL 12,880 thousand (during 2006 – LTL 6,563 thousand).

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

The Group has signed the preliminary sales agreements of two investment properties in Vytenio str. and J. Jasinskio str. in Vilnius (the book value is LTL 18,553 thousand) and sales agreement of shares of *Hidroprojektas UAB* (designing water management objects) and of *Vilniaus senamiesčio restauravimo direkcija UAB* (real estate investor). These first three deals are already completed (see 13 note), and the last deal should be completed in 2008. Assets and liabilities of companies classified as held for sale are shown in *Non-current assets classified as held for sale* and *Liabilities directly associated with non-current assets classified as held for sale*.

**11 Borrowings**

Within 2007, the Group took LTL 455,631 thousand as loans from banks and refunded LTL 166,127 thousand to banks (during the year 2006 respectively – LTL 286,944 thousand, LTL 99,691 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 31 December 2007. Besides, the Company's liabilities to banks according repurchase agreement on the end of the year 2007 were LTL 64,500 thousand, liabilities to group companies LTL were 60,462 thousand and other borrowings were LTL 156,836 thousand.



**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

**12 Related party transactions**

The Company's transactions with related parties in 2007 and related year-end balances were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
AB FMĮ „Finasta“	23	1,870	8,339	5,023
AB „Vilniaus baldai“	1,011	-	-	12,073
AB „Valmeda“	-	910	26,151	-
UAB „Naujoji švara“	427	-	-	6,616
UAB „Inred“	398	402	6	2,945
UAB „Inreal“	-	20	-	-
AB „Invalidos nekilnojamojo turto fondas“	1,618	-	-	32,644
UAB „Ineturas“	64	-	-	1,070
UAB „IBC logistika“	466	-	-	10,466
UAB "Vilniaus senamiesčio restauravimo direkcija"	80	-	-	2,945
UAB „Saistas“	84	-	-	1,884
UAB „Finasta rizikos valdymas“	-	476	19,945	-
UAB „Finansų spektro investicija“	11	30	6	-
UAB „Kelio ženklai“	189	-	-	5,826
SIA „Inreal“	48	-	-	1,280
SIA „Gravity“	-	-	-	106
AB „Sanitas“	145	-	-	-
AB „Kauno tiltai“	112	-	-	-
UAB „Nerijos būstas“	260	-	-	3,968
UAB „Laikinosios sostinės projektai“	294	-	-	5,165
UAB „VIPC Klaipėda“	112	-	-	2,081
AB „Agrowill group“	393	-	-	3,725
UAB „Dommo Nerija“	32	-	-	603
UAB „MBGK“	8	76	6,027	577
SIA „AMMO“	155	-	-	3,304
SIA „DOMMO GRUPA“	539	-	-	14,194
TOV „Inreal“	-	-	365	-
TOV „Finasta“	-	-	304	-
TOV „Inredo“	-	-	194	-
UAB „Positor“	12	-	-	5,272
UAB „SAGO“	14	-	-	3,510
Kita	299	135	-	-
	<b>6,794</b>	<b>3,919</b>	<b>61,337</b>	<b>125,277</b>

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

**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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

The Company's transactions with related parties in 2006 and related year-end balances were as follows:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
AB Invalidos Nekilnojamojo Turto Fondas	11	77	-	-
UAB Inred	80	354	5,126	-
AB FMĮ Finasta	13	425	7,328	-
AB Vilniaus Baldai	655	-	-	16,389
AB Valmeda	-	527	8,536	-
AB Minija	27	-	-	2,097
UAB Saulės Investicija	29	-	-	10
UAB Invalida Construction Management	-	71	-	-
UAB Finasta Investicijų Valdymas	-	9	-	-
UAB PVP Nida	-	115	-	-
UAB Aikstentis	107	-	-	80
UAB Finansų Spektras	8	53	-	-
UAB Finansų Spekro Investicija	7	99	-	-
UAB Finasta Rizikos Valdymas	34	7	4,288	-
UAB Hidroprojektas	-	35	676	-
UAB Vilniaus Senamiesčio Restauravimo Direkcija	34	-	-	-
UAB Trakų Kelias	-	2	-	-
UAB Naujoji Švara	102	34	-	-
UAB Ineturas	83	254	-	-
UAB Invalida Service	-	1	-	-
UAB Kelio Ženkilai	51	-	-	1,980
UAB Ekotra	38	-	-	-
UAB IBC Logistika	234	-	-	-
SIA Inreal	12	-	-	508
SIA Gravity	8	-	-	98
AB Sanitas	11	-	-	2,218
Inreal LLC	-	-	179	-
UAB Šimtamargis	7	-	-	-
AB Kauno Tiltai	1	-	-	1,175
UAB Nerijos Būstas	156	-	-	3,709
UAB Riešės Investicija	26	-	-	-
Finasta LLC	-	21	146	-
UAB Laikinosios Sostinės Projektai	81	-	-	2,222
UAB VIPC Klaipėda	2	-	-	1,478
UAB Žemės Vystymo Fondas	28	-	-	602
UAB Žemės Vystymo Fondas 11	21	-	-	443
UAB Žemės Vystymo Fondas 12	23	-	-	479
AB Agrowill group	53	-	-	2,753
UAB Dommo Nerija	7	-	-	270
SIA AMMO	59	-	-	2,476
SIA „DOMMO GRUPA“	337	-	-	7,255
UAB Broner	26	-	-	-
UAB MBGK	3	-	-	-
AB Klaipėdos Konditerija	-	3	-	-
AB Pozityvios Investicijos	31	135	-	-
Amber Viking Capital	-	32	-	-
	<b>2,405</b>	<b>2,254</b>	<b>26,279</b>	<b>46,242</b>

**AB INVALIDA****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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

The Group's transactions with related parties in 2007 and related year-end balances were as follows:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
UAB „DOMMO Nerija“	48	-	-	606
UAB „VIPC Klaipėda“	142	-	-	2,091
UAB „Laikinosios Sostinės Projektai“	567	-	-	5,333
UAB „MBGK“	290	637	6,026	1,930
SIA „AMMO“	707	-	-	3,308
SIA „DOMMO GRUPA“	605	121	-	14,206
AB „Agrowill group“	393	-	-	3,725
AB „Umega“	43	1	-	55
AB „Sanitas“	879	1	-	42
AB „Kauno tiltai“	372	1,573	9,485	59
UAB „Taurakelis“	51	-	-	-
Kita	210	25	-	1
	<b>4,307</b>	<b>2,358</b>	<b>15,511</b>	<b>31,356</b>

The Group's transactions with related parties in 2006 and related year-end balances were as follows:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
UAB DOMMO Nerija	7	-	-	271
UAB VIPC Klaipėda	40	-	-	1,482
UAB Laikinosios Sostinės Projektai	110	1,981	2,117	3,059
UAB MBGK	87	233	55	547
SIA AMMO	419	-	-	2,482
SIA „DOMMO GRUPA“	398	-	-	8,410
AB Agrowill group	71	-	-	2,753
UAB Žemės Vystymo Fondas	28	-	-	602
UAB Žemės Vystymo Fondas 11	21	-	-	443
UAB Žemės Vystymo Fondas 12	24	-	-	479
Amber Viking Capital LLC	-	-	-	6
AB Umega	49	28	-	56
AB Sanitas	349	28	-	2,418
Jelfa S.A.	-	-	-	1,518
AB Altisana	766	-	-	-
AB Kauno Tiltai	301	594	4	1,290
UAB Taurakelis	69	-	-	1
	<b>2,739</b>	<b>2,864</b>	<b>2,176</b>	<b>25,817</b>

## **AB INVALIDA**

### **INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS OF THE YEAR 2007**

(all amounts are in LTL thousand unless otherwise stated)

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#### **13 Subsequent events**

On January 2, 2008 AB bankas Finasta was registered in the Register of Legal Entities. The authorization to establish the bank which is going to provide investment and private banking services was issued by the Board of the Bank of Lithuania in 19 December, 2007. The company will start its activity when the Bank of Lithuania issues the activity licence. 100% shares of AB bankas Finasta is owned by AB Invalda subsidiary AB Finasta įmoniq finansai.

On January 4, 2008 Invalda AB signed contract regarding sale of 100% of Valmeda AB shares. Valmeda manages hotels Holiday Inn Vilnius and Ecotel Vilnius.

On January 10, 2008, Invalda AB finished sale of Hidroprojektas UAB shares. 97.99% of Hidroprojektas UAB shares were sold to company SWECO BKG LSPI for 8.6 mln. LTL (2.49 mln. EUR).

On the 1st of February 2008 Invalda AB subsidiary Invaldos Nekilnojamojo Turto Fondas AB signed agreements concerning the sale of the real estate objects situated in Vilnius, Jasinskio and Vytenio streets. With the sale of the above mentioned real estate objects, all planned commercial real estate sale deals were completed.