

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S NOT-AUDITED FINANCIAL STATEMENTS
FOR THE 1st HALF YEAR OF 2007
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION

AB INVALIDA

FINANCIAL STATEMENTS FOR THE I HALF YEAR OF 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 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 16 August 2007.

Mr. Darius Šulnis
President

Mr. Raimondas Rajeckas
Chief financial officer

AB INVALIDA**FINANCIAL STATEMENTS FOR THE I HALF YEAR OF 2007**

(all amounts are in LTL thousand unless otherwise stated)

Consolidated and parent Company's income statements

		Group		Company	
		I Half Year 2007	I Half Year 2006	I Half Year 2007	I Half Year 2006
		(restated)		(restated)	
Revenue					
Furniture production revenue		84,716	64,327	-	-
Rent and other real estate income		19,087	10,150	-	-
Financial mediation revenue		20,832	13,842	-	-
Pharmacy revenue		-	16,171	-	-
Other production and services revenue		3,821	6,640	-	-
Hotel revenue		6,622	6,384	-	-
Total revenue		135,078	117,514	-	-
Other income	8.1	10,540	10,685	209	631
Valuation gains		7,186	28,358	-	-
Valuation losses		-	-	-	-
Changes in inventories of finished goods and work in progress		(1,433)	-	-	-
Raw materials and consumables used		(54,754)	(45,501)	(12)	-
Salaries and related expenses		(33,510)	(30,638)	(849)	(553)
Depreciation and amortisation		(6,900)	(7,083)	(78)	(56)
Subcontractor expenses		(3,486)	(1,471)	-	-
Premises rent and utilities		(6,747)	(4,301)	(190)	(101)
Fees for securities		(1,421)	(6,137)	(40)	(164)
Vehicles maintenance costs		(1,644)	(1,327)	(29)	(26)
Other taxes		(1,966)	(1,528)	(73)	(124)
Advertising and other promotion expenses		(1,822)	(1,592)	(7)	(31)
Repair and maintenance of premises		(743)	(2,677)	(1)	-
Loss on sales of shares		(1,665)	(1,588)	(6,496)	-
Other operating expenses		(9,563)	(9,342)	(3,611)	(274)
Finance income	8.3	5,006	4,452	95,682	19,070
Finance expenses	8.2	(14,653)	(12,665)	(2,739)	(1,590)
Share of profit from associates and joint ventures		11,239	2,668	-	-
Profit before tax		28,742	37,827	81,766	16,782
Income tax expense	6	(6,732)	(7,493)	-	-
Profit for year		22,010	30,334	81,766	16,782
Attributable to:					
Equity holders of the parent		19,245	20,196	-	-
Minority interest		2,765	10,138	-	-
Basic and diluted earnings per share (in LTL)		0.43	0.48	-	-

Consolidated and parent Company's balance sheets

	Group		Company	
	As of 30 June 2007	As of 31 December 2006	As of 30 June 2007	As of 31 December 2006
	unaudited	audited	unaudited	audited
ASSETS				
Non-current assets				
Property, plant and equipment				
Hotels	47,706	49,821	-	-
Other property, plant and equipment	153,327	147,449	574	630
Total property, plant and equipment	9 201,033	197,270	574	630
Investment properties	9 421,127	391,303	-	-
Intangible assets	9 6,201	5,659	12	8
Non-current financial assets				
Investments into subsidiaries	7 -	-	62,605	67,141
Investments into associates and joint ventures	7 199,231	186,509	136,908	118,797
Other non-current investments	1,822	1,851	1,821	1,771
Granted loans	17,039	15,338	32,473	30,350
Total non-current financial assets	218,092	203,698	233,807	218,059
Deferred tax asset	1,367	1,131	-	-
Total non-current assets	847,820	799,061	234,393	218,697
Current assets				
Inventories	16,450	18,499	-	-
Trade and other receivables	122,005	60,822	1,049	-
Short term loans granted	19,524	8,499	107,453	16,981
Prepaid income tax	3,729	4,173	-	-
Prepayments and other current assets	6,513	1,832	3,708	4
Other current investments	34,185	35,959	-	-
Cash and cash equivalents	4 8,641	9,161	16	82
Total current assets	211,047	138,945	112,226	17,067
Non-current assets classified as held for sale	18,111	-	-	-
Total assets	1,076,978	938,006	346,619	235,764

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

	Group		Company	
	As of 30 June 2007	As of 31 December 2006	As of 30 June 2007	As of 31 December 2006
	unaudited	audited	unaudited	audited
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent				
Share capital	45,008	45,008	45,008	45,008
Share premium	50,588	50,588	50,588	50,588
Reserves	60,180	28,683	39,001	3,068
Retained earnings	179,005	203,860	82,256	47,675
Foreign exchange reserve	(73)	(48)	-	-
	334,708	328,091	216,853	146,339
Minority interest	14,797	40,407	-	-
Total equity	349,505	368,498	216,853	146,339
Liabilities				
Non-current liabilities				
Non-current borrowings	10 377,869	246,347	96,689	2,901
Financial lease liabilities	6,216	6,267	-	-
Government grants	-	109	-	-
Provisions	105	105	-	-
Deferred tax liability	37,606	35,976	-	-
Other non-current liabilities	256	197	-	-
Total non-current liabilities	422,052	289,001	96,689	2,901
Current liabilities				
Current portion of non-current borrowings	10 77,633	80,104	-	1,350
Current portion of financial lease liabilities	936	1,467	-	-
Current borrowings	10 150,428	138,819	29,562	81,770
Trade payables	27,129	24,707	72	552
Provisions	-	-	-	-
Income tax payable	6,427	2,785	1,083	1,218
Advances received	27,090	19,360	-	-
Other current liabilities	15,778	13,265	2,360	1,634
Total current liabilities	305,421	280,507	33,077	86,524
Total equity and liabilities	1,076,978	938,006	346,619	235,764

(the end)

AB INVALIDA**FINANCIAL STATEMENTS FOR THE I HALF YEAR OF 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			
Balance as of 31 December 2005	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	-	-	-	(2,102)	-	-	-	(2,102)	-	(2,102)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	348	348	-	348
Total income and expenses for the year recognised directly in equity	-	-	-	(2,102)	-	-	348	(1,754)	-	(1,754)
Profit for the 1 st half year of 2006	-	-	-	-	-	-	20,073	20,073	10,138	30,211
Total income and expenses for the year	-	-	-	(2,102)	-	-	20,421	18,319	10,138	28,457
Minority of subsidiaries acquired	-	-	-	-	-	-	(8,234)	(8,234)	(46,205)	(54,439)
Issue of new shares	3,273	30,773	-	-	-	-	-	34,046	-	34,046
Revaluation reserve release	-	-	(1,079)	-	-	-	1,079	-	-	-
Change in reserves	-	-	-	-	(2,603)	(30)	2,603	(30)	-	(30)
Equity dividends	-	-	-	-	-	-	(8,347)	(8,347)	-	(8,347)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(15,914)	(15,914)
Balance as of 30 June 2006	45,008	50,588	18,637	1,171	6,860	442	154,556	277,262	41,801	319,063

AB INVALIDA**FINANCIAL STATEMENTS FOR THE I HALF YEAR OF 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							Total	Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Fair value reserves	Other reserves	Translation reserve	Retained earnings			
Balance as of 31 December 2006	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	-	-	-	(2,935)	-	-	-	(2,935)	-	(2,935)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	1,235	1,235	-	1,235
Total income and expenses for the year recognised directly in equity	-	-	-	(2,935)	-	-	1,235	(1,700)	-	(1,700)
Profit for the 1 st half year of 2007	-	-	-	-	-	-	19,245	19,245	2,765	22,010
Total income and expenses for the year				(2,935)	-	-	20,480	17,545	2,765	20,310
Minority of subsidiaries acquired	-	-	-	-	-	-	306	306	2,690	2,996
Revaluation reserve release	-	-	(246)	-	-	-	289	43	-	43
Change in reserves	-	-	-	-	34,678	(25)	(34,678)	(25)	-	(25)
Equity dividends	-	-	-	-	-	-	(11,252)	(11,252)	-	(11,252)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(31,065)	(31,065)
Balance as of 30 June 2007	45,008	50,588	18,145	497	41,538	(73)	179,005	334,708	14,797	349,505

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
Balance as of						
31 December 2005	41,735	19,815	2,587	771	19,245	84,153
Net profit for the 1 st half year of 2006	-	-	-	-	16,782	16,782
Total income and expenses for the year	-	-	-	-	16,782	16,782
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
Balance as of 30 June 2006	45,008	50,588	3,068	-	35,641	134,305

Company	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Total
Balance as of						
31 December 2006	45,008	50,588	3,068	-	47,675	146,339
Net profit for the 1 st half year of 2007	-	-	-	-	81,766	81,766
Total income and expenses for the year	-	-	-	-	81,766	81,766
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)	-
Balance as of 30 June 2007	45,008	50,588	39,001	-	82,256	216,853

Consolidated and parent Company's cash flow statements

	Group		Company	
	I Half Year 2007	I Half Year 2006	I Half Year 2007	I Half Year 2006
Cash flows from (to) operating activities				
Net profit	22,010	30,334	81,766	16,782
Adjustments for non-cash items:				
Valuation gain, net	(7,186)	(28,358)	-	-
Depreciation and amortization	6,900	7,083	78	56
(Gain) on disposal of property, plant and equipment	(177)	(164)	-	(23)
(Gain) on disposal of investments	(7,803)	(5,916)	6,292	(599)
Share of net profits of associates and joint ventures	(11,239)	(2,668)	-	-
Interest (income)	(3,184)	(2,824)	(2,819)	(768)
Interest expenses	11,901	8,411	2,728	1,589
Deferred taxes	2,175	5,227	-	-
Current income tax expenses	4,557	2,266	-	-
Allowance for receivables	-	-	3,387	-
Allowance for inventories	-	-	-	-
Change in provisions	-	-	-	-
Dividend (income)	(141)	-	(92,846)	(18,302)
Loss (gain) from other financial activities	930	2,626	(6)	1
	<u>18,743</u>	<u>16,017</u>	<u>(1,420)</u>	<u>(1,264)</u>
Changes in working capital:				
(Increase) decrease in inventories	2,049	(13,380)	-	-
Decrease (increase) in trade and other receivables	(61,183)	(30,532)	(1)	(365)
Decrease in other current assets	(21,018)	-	(3)	33
(Decrease) increase in trade payables	2,422	85,984	(481)	6
Income tax paid	(471)	(1,950)	(134)	(559)
(Decrease) increase in other current liabilities	10,243	-	724	16,592
Net cash flows (to) from operating activities	<u>(49,215)</u>	<u>56,139</u>	<u>(1,315)</u>	<u>14,443</u>

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

	Group		Company	
	I Half Year 2007	I Half Year 2006	I Half Year 2007	I Half Year 2006
Cash flows from (to) investing activities				
(Acquisition) of tangible non-current assets (except investment properties)	(28,648)	(13,183)	(26)	(307)
Proceeds from sale of tangible non-current assets (except investment properties)	258	177	-	29
(Acquisition) of investment properties	(24,382)	(79,348)	-	-
Proceeds of sale of investment properties	2,991	2,637	-	-
(Acquisition) of subsidiaries, net of cash acquired	-	(3,146)	(10)	(2,190)
Proceeds from sales of subsidiaries	(17)	-	-	-
(Acquisition) of associates	(2,364)	(72,547)	(22,508)	(72,547)
Proceeds from sales of associates	230	-	230	-
Loans (granted)	(11,025)	(5,000)	(110,850)	(79,398)
Repayment of granted loans	-	7,954	16,917	66,585
Dividends received	141	869	92,470	18,302
Interest received	3,184	2,824	770	276
(Acquisition) of minority interest	(488)	(1,665)	(1,950)	-
Other cash flow from investing activities	-	2,390	(50)	2,390
Net cash flows (to) investing activities	(60,120)	(158,038)	(25,007)	(66,860)
Cash flows from (to) financing activities				
Cash flows related to company shareholders				
Issue of shares	-	-	-	-
Dividends (paid)	(11,252)	(8,347)	(11,252)	(8,347)
Dividends to minority	(31,065)	(15,914)	-	-
	(42,317)	(24,261)	(11,252)	(8,347)
Cash flows related to other sources of financing				
Proceeds from loans	204,868	205,721	70,895	105,574
Issue of bonds	-	-	-	-
(Repayment) of loans	(64,208)	(87,824)	(31,288)	(43,136)
Interest (paid)	(11,901)	(8,411)	(2,105)	(1,589)
Financial lease (payments)	(582)	-	-	-
Other cash flows from financing activities	22,955	2,626	6	(1)
	151,132	112,112	37,508	60,848
Net cash flows from financial activities	108,815	87,851	26,256	52,501
Impact of currency exchange on cash and cash equivalents	-	-	-	-
Net (decrease) increase in cash and cash equivalents	(520)	(14,048)	(66)	84
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	8,641	18,701	16	88

(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 are traded on the Current List of Vilnius Stock Exchange.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 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.

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 1st half year of 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 lower revenue and operational profit in the 1st half year in contrast to the 2nd half 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. In the 1st half year of 2007, only one recently obtained unit of assets was revaluated in the subsidiaries.

4 Cash and cash equivalents

	Group	Company
	30 June 2007	
Cash at bank	8,424	15
Cash in hand	217	1
	<u>8,641</u>	<u>16</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 were allocated, i.e. LTL 0.20 per one share.

6 Income tax

	Group		Company	
	I Half Year	I Half Year	I Half Year	I Half Year
	2007	2006	2007	2006
Components of income tax expense				
Current income tax charge	(2,175)	(5,227)	-	-
Deferred income tax income (expense)	(4,557)	(2,266)	-	-
Income tax (expenses) income charged to the income statement	<u>(6,732)</u>	<u>(7,493)</u>	<u>-</u>	<u>-</u>

AB INVALIDA

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE I HALF YEAR OF 2007

(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 the 1st half year of 2007: *Iniciatyvos Fondas Vši* (100% controlled by *Invalda AB*), *INTF Investicija UAB* (100% controlled by *Invaldos Nekilnojamojo Turto Fondas AB*), *Trakų rekreacijos centras UAB* (100% controlled by *Aikstentis AB*), *Positor UAB* (80% controlled by *Invalda AB* as of 31 July 2007). 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 488 thousand additionally. The value of the additional interest acquired was LTL 184 thousand. The negative difference equal to LTL 304 thousand between the consideration and the value of the interest acquired has been recognised directly to the shareholders equity.

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 1,920 thousand. The goodwill of LTL 578 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.

Sales in 2007

Within the 1st half year of 2007, the associate *Panevėžio Melioracija UAB* and the subsidiary *Minija AB* was sold.

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 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* was sold

8 Other revenues and expenses

8.1. Other revenues

	Group		Company	
	I Half Year 2007	I Half Year 2006	I Half Year 2007	I Half Year 2006
Gain on sale of securities	9,468	7,504	205	599
Gain on sale of investment properties	176	107	-	-
Other	896	3,074	4	32
	<u>10,540</u>	<u>10,685</u>	<u>209</u>	<u>631</u>

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

(all amounts are in LTL thousand unless otherwise stated)

8.2. Finance expenses

	Group		Company	
	I Half Year 2007	I Half Year 2006	I Half Year 2007	I Half Year 2006
Interest expenses	(11,901)	(8,411)	(2,728)	(1,589)
Foreign currency exchange loss	(1,154)	(399)	(2)	(1)
Other finance expenses	(1,598)	(3,855)	(9)	
	<u>(14,653)</u>	<u>(12,665)</u>	<u>(2,739)</u>	<u>(1,590)</u>

8.3. Finance income

	Group		Company	
	I Half Year 2007	I Half Year 2006	I Half Year 2007	I Half Year 2006
Interest income	3,184	2,824	2,819	768
Foreign currency exchange gain	1,033	462	17	-
Dividend income			92,846	18,302
Other finance income	789	1,166	-	-
	<u>5,006</u>	<u>4,452</u>	<u>95,682</u>	<u>19,070</u>

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

During the 1st half year of 2007, the Group acquired investment properties with cost of LTL 24,382 thousand, property, plant and equipment with cost of LTL 27,834 thousand, and intangible assets with cost of LTL 814 thousand (during the 1st half year of 2006 respectively – LTL 79,348 thousand, LTL 12,845 thousand, LTL 338 thousand).

Investment properties with a net book value of LTL 2,816 thousand were disposed of by the Group during the 1st half year of 2007, resulting in a net gain on disposal of LTL 176 thousand (during the 1st half year of 2006 respectively – LTL 2,530 thousand, LTL 107 thousand).

10 Borrowings

Within the 1st half year of 2007, the Group took LTL 120,401 thousand as loans from banks and refunded LTL 64,208 thousand to banks (during the 1st half year of 2006 respectively – LTL 205,720 thousand, LTL 87,824 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 a 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 June 2007. Besides, the Company took LTL 33,595 thousand as non-current loans from non-banks, within the 1st half year.

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(all amounts are in LTL thousand unless otherwise stated)

11 Related party transactions

The Company's transactions with related parties in the 1st half year of 2007 and related half 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 „Umega“	-	-	-	299
AB FMĮ „Finasta“	-	629	18,587	-
AB „Vilniaus baldai“	564	-	-	15,524
AB „Valmeda“	-	233	23,774	-
UAB „Naujoji švara“	136	-	-	12,136
UAB „Inred“	71	234	43	17,023
UBA „Inreal“	-	20	10	-
AB „Invalidos nekilnojamojo turto fondas“	445	-	-	39,794
UAB „IBC logistika“	113	-	-	10,113
UAB „Saistas“	20	-	-	1,820
UAB „Aikstentis“	-	6	202	-
UAB „Finasta rizikos valdymas“	-	113	6,586	-
UAB „Kelio ženklai“	64	-	-	2,096
SIA „Inreal“	18	-	-	916
SIA „Gravity“	-	-	-	93
AB „Sanitas“	122	-	-	4,435
AB „Kauno tiltai“	111	-	-	4,613
UAB „Nerijos būstas“	129	-	-	3,838
UAB „Laikiniosios sostinės projektai“	114	-	-	5,758
UAB „VIPC Klaipėda“	49	-	-	1,602
AB „Agrovaldymo Grupė“	146	-	-	6,068
UAB „Dommo Nerija“	14	-	-	434
SIA AMMO	-	-	-	2,549
SIA „DOMMO GRUPA“	222	-	-	8,948
Other	213	55	-	93
	2,551	1,290	49,202	138,152

The Company's transactions with related parties in the 1st half year of 2006 and related half 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 „Invalidos nekilnojamojo turto fondas“	1	67	22	360
UAB „Invalda real Estate“	73	103	20	1,719
AB FMĮ „Finasta“	13	231	18,359	-
UAB „Finasta rizikos valdymas“	13	-	-	1,094
UAB „Finasta investicijų valdymas“	-	-	730	-
UAB „Finansų spektras“	-	40	1,362	-
UAB „Finansų spektro investicija“	-	-	961	-
AB „Vilniaus baldai“	274	-	-	14,759
AB „Valmeda“	-	247	13,915	-
UAB „Saulės investicija“	9	-	-	825
UAB „Naujoji švara“	30	33	1,125	9
UAB „PVP Nida“	-	-	5,023	-
UAB „Aikstentis“	51	-	-	9,927
UAB „Ineturas“	83	76	7,601	-
UAB „Invalda construction management“	-	12	5,454	-
UAB „Ekotra“	17	-	-	1,394

(cont'd in the next page)

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(all amounts are in LTL thousand unless otherwise stated)

11 Related party transactions (cont'd)

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
UAB „IBC logistika“	96	-	-	5,596
UAB „Nerijos būstas“	45	-	-	4,457
UAB "Vilniaus senamiesčio restauravimo direkcija"	-	-	-	1,199
UAB „Kelio ženklai“	-	-	-	2,146
SIA Industrial and logistics centre „Lapegles“	-	-	-	14,452
SIA AMMO	-	-	-	2,417
UAB „Broner“	-	-	-	1,105
UAB „Žemės vystymo fondas“	-	-	-	574
UAB „Žemės Vystymo Fondas 11“	-	-	-	422
UAB „Žemės Vystymo Fondas 12“	-	-	-	456
SIA „Inreal“	-	-	-	497
AB „Klaipėdos konditerija“	-	-	2,475	-
UAB „Hidroprojektas“	-	8	1,433	-
Other	61	135	386	479
	766	952	58,866	63,887

(the end)

The Group's transactions with related parties in the 1st half year of 2007 and related half year-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“	18	-	-	435
UAB „VIPC Klaipėda“	57	-	-	1,602
UAB „Laikinosios Sostinės Projektai“	1645	-	-	6,004
UAB „MBGK“	155	280	-	683
SIA „AMMO“	130	-	-	2,550
SIA Industrial and logistics centre „Lapegles“	255	61	-	8,960
AB „Agrovaldymo Grupė“	146	-	-	6,068
AB „Umega“	21	-	-	356
AB „Sanitas“	667	-	-	4,844
AB „Kauno tiltai“	216	656	324	4,643
Other	131	-	-	-
	3,441	997	324	36,145

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(all amounts are in LTL thousand unless otherwise stated)

11 Related party transactions (cont'd)

The Group's transactions with related parties in the 1st half year of 2006 and related half year-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“	3	-	-	158
SIA „AMMO“	48	-	145	2,492
SIA Industrial and logistics centre „Lapegles“	289	-	-	15,951
UAB „Žemės Vystymo Fondas“	17	-	-	574
UAB „Žemės Vystymo Fondas 11“	14	-	-	422
UAB „Žemės Vystymo Fondas 12“	10	-	-	456
UAB „VIPC Klaipėda“	12	-	-	862
AB „MBGK“	33	-	-	513
UAB „Laikinosios Sostinės Projektai“	27	-	-	3,843
AB „Sanitas“ grupė	856	26	-	2,810
AB „Kauno tiltai“	114	481	40	56
Other	21	-	-	75
	1,444	507	185	28,212

12 Subsequent events

The Company

In July 2007 *Invalda* AB, announced intends to sell up to 5% of *Sanitas* AB shares under the favourable situation in the market, in order to retain diversification of company's assets

Group

The subsidiary *Invaldos nekilnojamojo turto fondas* AB in July 2007 signed agreement regarding sale of 5 commercial real estate objects. The result of this deal will be calculated in Group's consolidated financial statements of the second half of this year. By this deal about 80% of intended to sell real estate objects are sold. It is expected to receive about LTL 100 million (EUR 29 million) income when all intended objects will be sold.

13 Company's material events of the 1st half year of 2007

Extraordinary general shareholders meeting held on 26 January 2007 adopted the decision to reorganize AB *Invalda* and UAB *Nenuorama* by the way of merger, merging to joint-stock company *Invalda* closed joint-stock company *Nenuorama* which before the reorganization would be re-arranged into joint-stock company *Nenuorama*. Also, the Board of the Company was authorized to prepare conditions for reorganization and to announce them according to the laws.

On the 20th of February 2007 the Company announced that it is seeking for investors for Group's hotel sector, some real estate objects rented and developed and into projecting business. Investors are sought for *Invalda*-owned four-star hotel *Holiday Inn Vilnius* and 2-star economy class hotel *Ecotel Vilnius*. In real estate sector it is suggested to realize some fully-developed real-estate objects that nowadays are rented out and successfully functioning and in projecting business it would be looking for ones interested in *Invalda*-owned company *Hidroprojektas*.

On the 8th of March 2007 *Invalda*, seeking to stimulate social initiative, founded a public institution *Iniciatyvos fondas* involved in preparation of various programs for separate society groups. On the most, these programs will be based on raising knowledge, improvement of education, basic attention putting to distant Lithuanian regions' residents integration into active society life.

AB INVALIDA

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(all amounts are in LTL thousand unless otherwise stated)

13 Company's material events of the 1st half year of 2007 (cont'd)

Annual general shareholders meeting of Invalda AB did not take place on April 27, 2007, to the absence of quorum. Resolutions adopted by the reconvened ordinary general shareholders meeting that took place on May 11, 2007:

1. To approve Company's financial statements for the year 2006.
2. To approve Company's consolidated financial statements for the year 2006.
3. To approve Company's profit distribution for the year 2006:
 - Undistributed result - profit (loss) - at the end of the previous financial year - 18 858 410 LTL
 - The net result of the financial year - profit (loss) - 28 816 185 Lt
 - Result available for distribution - profit (loss) - at the end of the financial year - 47 674 595 LTL
 - Profit for distribution - 47 674 595 LTLDistribution of the profit:
 - to the reserves provided by law - 1 433 023 LTL
 - to the reserves for purchase of own shares 34 500 000 LTL
 - dividends 11 252 094 LTL (0,25 LTL dividends per one share)
 - Undistributed result - profit (loss) - at the end of the financial year - 498 478 LTL

Unaudited consolidated net profit of the first quarter of 2007 attributable to Invalda AB is 10 mln. LTL. The whole unaudited consolidated net profit of Invalda group for the first quarter of 2007 is 12,9 mln. LTL. Unaudited net profit of the Company for the first quarter of 2007 is 14 mln. LTL.

On April 27, 2007, the largest Invalda's shareholder Nenuorama UAB acquired from other Invalda's shareholders and Board members Alvydas Banys and Dailius Juozapas Mišeikis blocks of shares larger than 10% and paid 15 LTL for one share.

Taking into consideration that Alvydas Banys retired from Chairman of the Board and Board member position from 03.05.2007, at the Board meeting arranged on 09.05.2007 Vytautas Bučas was elected the Chairman of the Board. It is not foreseen to elect the new Board member at the nearest general meeting of shareholders and the Company's Board shall consist of the following three members: Vytautas Bučas, Dailius Juozapas Mišeikis and Darius Šulinis.

A subsidiary of Invalda AB established a new company Positor UAB which main activity is IT services and consulting.