

**AB Invalda**

**Annual prospectus-report 2006**

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## I. GENERAL PROVISIONS

### 1. Reporting period covered by this Prospectus - report

The Report has been drawn up for the year 2006.

### 2. Main data about the issuer

Name of the issuer	Public company INVALDA, hereinafter AB Invalda
Enterprise code	1213 04349
Office address	Šeimyniškių Str. 3, LT-09312 Vilnius
Telephone	(+370 5) 279 0601
Fax	(+370 5) 279 0530
E-mail	<a href="mailto:post@invalida.lt">post@invalida.lt</a>
Website	<a href="http://www.invalida.lt">www.invalida.lt</a>
Authorized capital	LTL 45 008 376
Nominal value	1 LTL
Legal and organizational form	Public company, legal person of limited liability
Date and place of registration	20 March 1992, Register of Enterprises of Vilnius
Register, in which data about the company are accumulated and stored	Register of Legal Entities

### 3. Description of issuer's main activities

Company's main activities are investing and re-investing into securities. Invalda is actively managing the following investments by:

- Acquiring share packages and rearranging businesses;
- Applying of advanced methods of management and funding;
- Receiving income from managed companies and/or successfully selling share packages providing Company's shareholders with high return;
- Diversifying risks.

### 4. Information about where and how to access the Report and the documents, on the basis of which it has been drawn up, and the designation of the means of mass media

The Report and supporting documents, on the basis of which it has been drawn up, can be accessed at the Company's registered office at Šeimyniškių Str. 3, Vilnius

The means of mass media of AB Invalda: the daily newspapers Verslo žinios and Lietuvos Rytas.

### 5. Persons responsible for the accuracy of the information in the Report

5.1 Members of the managing bodies of the issuer, employees and the Head of the Administration are responsible for the accuracy of the information:

Darius Šulnis, President, phone (+370 5) 273 48 76, fax (+370 5) 279 05 30

Raimondas Rajeckas, Chief Financier, phone (+370 5) 263 61 29

5.2. Company's prospectus - report has not been prepared by consultants.

**6. Declaration by the members of the issuer's managing bodies, employees, the Head of the Administration and the issuer's consultants that the information contained in the Report is in accordance with the facts and that the Report makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.**

AB Invalda, represented by Darius Šulnis, President, and Raimondas Rajeckas, Chief Financier, hereby confirm that the information contained in the Report is in accordance with the facts and that the Report makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.

President **Darius Šulnis**

Chief Financier **Raimondas Rajeckas**



Date of signing the Report: 11 June 2007.

Place of drawing up of the Report: AB Invalda (Šeimyniškių str.3, Vilnius)

## II. DATA ABOUT THE ISSUER'S AUTHORIZED CAPITAL AND THE ISSUED SECURITIES

### 7. The issuer's authorized capital

#### 7.1. The authorized capital as registered in the Register of Legal Entities

Table 7.1. Composition of the authorized capital

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share in the authorized capital, %
Ordinary registered shares	45 008 376	1	45 008 376	100.00

All shares of AB Invalda are fully paid up.

#### 7.2. Information about the projected increase of the authorized capital in connection with conversion or exchange of debt securities or derivative securities into shares

AB Invalda has issued no debt securities or derivatives, convertible into shares.

### 8. Shareholders

Annual general shareholders meeting of Invalda AB did not take place on April 27, 2007, to the absence of quorum. Reconvened ordinary general shareholders meeting took place on May 11, 2007. Accounting day of the Company's reconvened ordinary meeting of shareholders was the 4th of May 2007.

On the accounting day the total number of AB Invalda shareholders was 5 833.

Table 8.1. Shareholders who held title to more than 5 percent of the issuer's authorized capital on the accounting day of the reconvened shareholder's meeting.

Name of the shareholder (address of registered office and code of the enterprise or personal code)	Number of ordinary registered shares the shareholder holds by the right of ownership, units	Number of the votes owned, units	Portion of the votes owned, %	Portion of votes held by the shareholder together with the persons acting in concert, %
UAB Nenuorama J.Tumo-Vaižganto 9/1-38, Vilnius 122649227	18 749 334	15 748 494	34.99	68.09
Vytautas Bučas	5 882 003	5 882 003	13.07	
Darius Šulnis	4 471 762	4 471 762	9.94	
Alvydas Banys	40 000	2 290 420	5.09	
Dailius Juozapas Mišeikis	100	2 250 520	5.00	

## 9. Main characteristics of AB Invalda shares listed on the Current List of the Vilnius Stock Exchange

Table 9.1. AB Invalda shares listed on the Current List of the VSE:

Number of shares	Nominal value, LTL	Total nominal value, LTL	Type of shares
45 008 376	1	45 008 376	Ordinary registered shares

On the 1st of October 2004 authorized capital of AB Invalda was equal to LTL 38 000 000. It was divided into 38 000 000 ordinary registered shares of LTL 1 nominal value.

On the 1st of October 2004 there was registered the Company's increased authorized capital in amount of LTL 40 417 339, it was divided into 40 417 339 ordinary registered shares of LTL 1 nominal value each. A new 2 417 339 shares emission was issued for the purpose of share change according to reorganization conditions when changing AB Kreimi shareholder's UAB Nenuorama shares to AB Invalda shares.

Extraordinary meeting of AB Invalda shareholders on the 21st of November 2005 adopted decision to increase the Company's authorized capital by LTL 1 317 323, from LTL 40 417 339 up to LTL 41 734 662 by issuing 1 317 323 ordinary registered shares of LTL 1 nominal value each. Amended Bylaw of the company were registered in Legal Persons Register on the 24th of November 2005. Increased AB Invalda authorized capital of LTL 41 734 662 was divided into 41 734 662 ordinary registered shares of LTL 1 nominal value each.

After increasing the share capital by issuing 3 273 714 ordinary registered shares of LTL 1 nominal value each increased authorized capital of AB Invalda in the amount of LTL 45 008 376 was registered in Register of Legal Entities on 30 June 2006. The emission registration account was opened with AB Central Securities Depository of Lithuania on 5th July 2006.

## 10. Data about shares offered for non-public placement

There are no shares offered for non-public placement.

## 11. Information about depositary receipts representing shares

There are no depositary receipts representing shares.

## 12. Main characteristics of the debt securities issued for public trading

There are no debt securities issued for public trading.

## 13. Data about the debt securities issued for non-public trading

There are no debt securities issued for non-public trading.

## 14. Securities not representing capital, the trading of which is regulated by the Law on Securities, except debt securities

There are no securities not representing capital, the trading of which is regulated by the Law on Securities.

### III. DATA ABOUT THE SECONDARY TRADING IN THE ISSUER'S SECURITIES

#### 15. Securities admitted to the trading lists of the stock exchanges

Shares of AB Invalda are listed on the Current List of the Vilnius Stock Exchange, hereinafter VSE (as from 19 December 1995).

Table 15.1. Main characteristics of AB Invalda shares

Type of shares	ISIN code	Abbreviation	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000102279	IVL1L	45 008 376	1	45 008 376

#### 16. Trading in the issuer's securities on the stock exchanges and other organised markets

##### 16.1. Trading on the VSE

Table 16.1.1. Trading in the Company's shares on the VSE for the period 2004 - 2006

Reporting period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	High est	Low est	Last session	Highest	Lowest	Last session		Units	LTL
2004, 1 <sup>st</sup> quarter	5.25	2.70	4.60	365 182.38	0	139 702.81	31-03-2004	1 012 524	3 696 355.09
2004, 2 <sup>nd</sup> quarter	4.99	4.00	4.41	660 097.23	3 328.60	53 297.57	30-06-2004	1 287 585	5 773 763.03
2004, 3 <sup>rd</sup> quarter	4.94	4.02	4.80	312 577.68	0	64 706.32	30-09-2004	790 770	3 531 451.97
2004, 4 <sup>th</sup> quarter	7.60	4.75	7.50	1 025 940.50	8 614.21	32 100.36	31-12-2004	1 431 078	7 927 999.45
2005, 1 <sup>st</sup> quarter	12.30	7.51	11.40	1 434 210.51	30 047.77	115 650.40	31-03-2005	1 346 213	13 401 266.93
2005, 2 <sup>nd</sup> quarter	11.55	10.10	10.94	461 703.80	2 180.00	44 274.40	30-06-2005	532 851	5 717 557.12
2005, 3 <sup>rd</sup> quarter	11.20	10.30	11.40	546 755.00	0	134 157.22	30-09-2005	599 304	6 535 790.06
2005, 4 <sup>th</sup> quarter	14.19	11.43	13.85	1 575 400.87	0	65 271.50	30-12-2005	848 027	10 908 049.70
2006, 1 <sup>st</sup> quarter	15.00	12.40	14.25	453 134.88	0	316 825.17	31-03-2006	705 443	9 738 850.43
2006, 2 <sup>nd</sup> quarter	14.70	8.90	10.40	1 245 069.74	0	49 852.90	30-06-2006	845 884	9 758 890.92
2006, 3 <sup>rd</sup> quarter	12.69	10.01	11.90	544 231.69	0	27 137.70	29-09-2006	506 497	5 679 664.96
2006, 4 <sup>th</sup> quarter	13.13	10.90	12.48	2 642 193.18	0	53 438.80	29-12-2006	1 222 064	14 418 616.76

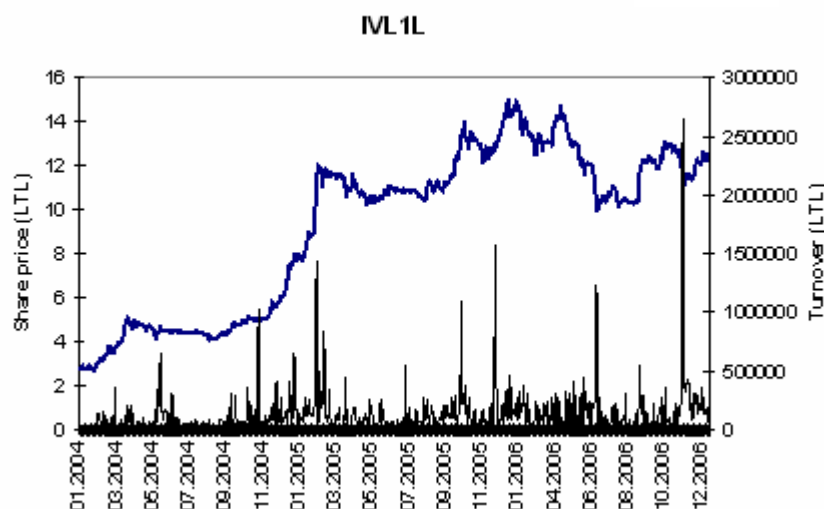


Fig.16.1. Trading in the Company's shares 01.01.2004 – 31.12.2006



## 16.2. Trading in other stock exchanges

AB Invalda shares are not traded in other stock exchanges.

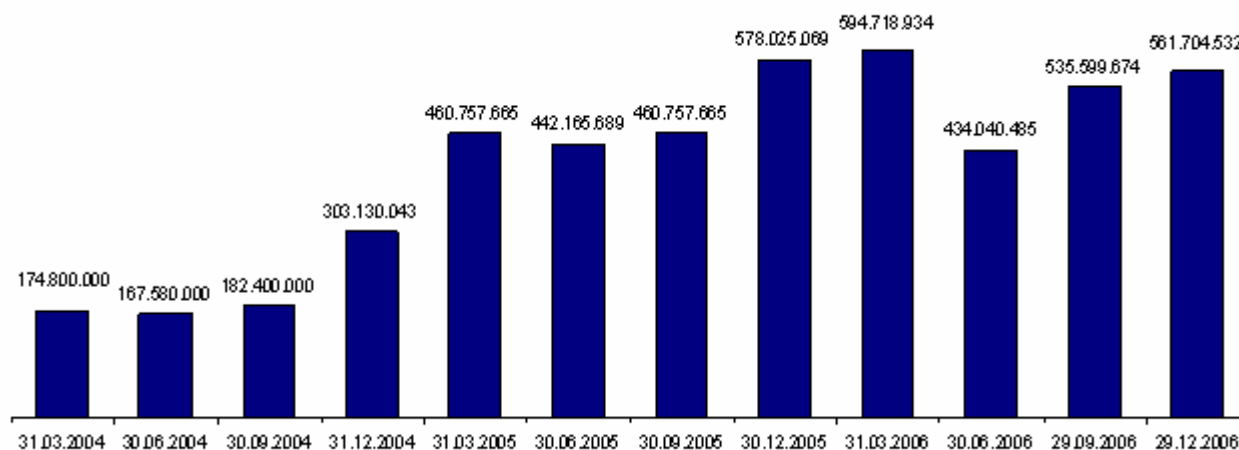
## 16.3. Trading in other organised markets

AB Invalda shares are not traded in other organized markets.

## 17. Capitalisation of securities

Table 17.1. Capitalization of the ordinary registered shares of AB Invalda

Date of the last session	Number of ordinary registered shares, units	Last price, LTL	Capitalization, LTL
31.03.2004	38 000 000	4.60	174 880 000.00
30.06.2004	38 000 000	4.41	167 580 000.00
30.09.2004	38 000 000	4.80	182 400 000.00
31.12.2004	40 417 339	7.50	303 130 042.50
31.03.2005	40 417 339	11.40	460 757 664.60
30.06.2005	40 417 339	10.94	442 165 688.66
30.09.2005	40 417 339	11.40	460 757 664.60
30.12.2005	41 734 662	13.85	578 025 068.70
31.03.2006	41 734 662	14.25	594 718 933.50
30.06.2006	41 734 662	10.40	434 040 484.80
29.09.2006	45 008 376	11.90	535 599 674.40
29.12.2006	45 008 376	12.48	561 704 532.48



Picture 17.1. Capitalization of the ordinary registered shares of AB Invalda

## 18. Trading in the issuer's securities on the OTC market

Table 18.1. AB Invalda ordinary registered shares transactions regarding sale/purchase, exchange, donation, inheritance, redemption, crediting of securities, settlement for debts and other transactions on the OTC market.

Reporting period	Monetary settlements				Non-monetary settlements		
	Price in LTL		Securities, units	Amount in LTL	Transaction quantity	Securities, units	Transaction quantity
	max	min					
2004, 1 <sup>st</sup> quarter	2.64	1.23	269 015	474 265	10	28 996	18
2004, 2 <sup>nd</sup> quarter	3.22	1.03	1 558 896	2 797 113	25	84 280	107
2004, 3 <sup>rd</sup> quarter	3.35	2.06	1 365 394	3 170 539	27	83 688	74
2004, 4 <sup>th</sup> quarter	5.00	1.00	2 654 542	7 519 555	41	25 336	32
2005, 1 <sup>st</sup> quarter	8.20	2.59	1 688 164	7 712 954	80	31 384	38
2005, 2 <sup>nd</sup> quarter	8.27	3.60	739 124	3 990 481	47	829 720	30
2005, 3 <sup>rd</sup> quarter	8.25	3.50	1 784 424	10 323 630	55	31 428	26
2005, 4 <sup>th</sup> quarter	9.41	3.43	2 026 606	13 132 423	77	832 948	29
2006, 1 <sup>st</sup> quarter	10.15	4.55	7 834 719	67 893 406	76	24 580	27
2006, 2 <sup>nd</sup> quarter	10.56	3.42	1 863 946	14 490 682	73	2 022 908	21
2006, 3 <sup>rd</sup> quarter	9.87	3.00	8 911 745	62 533 381	37	1 460 735	37
2006, 4 <sup>th</sup> quarter	10.70	0.82	6 933 315	35 903 401	45	18 790	20

## 19. Data about the issuer's buying up of own shares

AB Invalda has not purchased any own shares and was not purchasing own shares within reporting period.

## 20. Announcement of the tender offer

There was no tender offer regarding purchase of issuer's shares within reporting period.

On the 5th of April 2006 Lithuanian Securities Commission registered (registration decision No. 3R - 439 (AB - 488)) AB Invalda compulsory non-competitive official offer regarding acquisition of 49 822 ordinary registered shares of AB Minija of LTL 13 nominal value each, i.e. 34,26 percent of company's authorized capital and 34,86 percent of company's votes. Price for official offer was LTL 50,40. Official offer's implementation period was 60 days. Having acquired 33 040 shares of AB Minija within the official offer AB Invalda has increased its portion of AB Minija shares up to 88,46 percent and a number of votes up to 90,01 percent.

## 21. The issuer's paying agents

AB Invalda has concluded an agreement with financial brokerage firm Finasta (Konstitucijos ave. 23, Vilnius, phone. (8~5) 278 68 44) on payment of dividends.

## 22. Agreements with intermediaries of public trading in securities

AB Invalda signed agreements with the financial brokerage firm AB Finasta (Konstitucijos Ave. 23, Vilnius) concerning management of securities accounting and payment of dividends to the shareholders, also the agreement concerning securities and cash accounting, custody and lending, placement and executions of orders.

Also the Company has signed the agreement for the administering securities account with AB SEB Vilniaus bankas (Gedimino ave.12, Vilnius)

## IV. DATA ABOUT THE ISSUER'S ACTIVITY

### 23. Legal basis for the issuer's activity

Issuer's activity is regulated by the following legal acts:

- Civil Code of the Republic of Lithuania;
- Company Law of the Republic of Lithuania;
- Law on Securities of the Republic of Lithuania;
- Other legal acts of the Republic of Lithuania;
- Company's bylaw.

### 24. Membership in associated structures

AB Invalda is a member of Lithuanian Confederation of Industrialists, Association of Chamber of Commerce, Industry and Crafts of Vilnius, International Chamber of Commerce Lithuania. AB Invalda participates in Associations' activities and pays membership fees.

- **Lithuanian Confederation of Industrialists.** Foundational congress of the Lithuanian Confederation of Industrialists was held on the 17th of June. 1989. In 1993 the Association was reorganized into the Lithuanian Confederation of Industrialists hereinafter referred to as LPK. At present LPK is uniting 39 branches and 8 regional associations covering over 2 700 different profile companies.

The most important Confederation goals:

- To represent and protect members' interests in governmental, social and international organizations;
  - To strengthen Lithuanian economy, to assist companies in finding new markets and create favourable conditions for export of Lithuanian goods;
  - To strive ecological requirements would be met in Lithuania;
  - To protect social and legal interests of Lithuanian employers, strengthen social dialogue;
  - To expand contacts with international industrial, commercial and business and employers' organizations.
- **Chamber of Commerce, Industry and Crafts of Vilnius.** Chamber of Commerce, Industry and Crafts of Vilnius was registered on the 25th of April 1996. It functions in the Vilnius and Alytus regions. This is a voluntary, non-profit association of legal and natural persons involved in economical activities regulated by laws of the Republic of Lithuania. Chamber of Commerce, Industry and Crafts of Vilnius informs its members about commercial offers prepared by foreign companies, exhibitions and fairs arranged abroad; arranges and publishes abroad the set of offers prepared by Lithuanian companies (in English and Russian), provides consultations and assistance to Chamber's members seeking to find business partners abroad, selects experts for valuation of products quality, quantity and completeness; provides consultations regarding Arbitration issues, company's incorporation; carries out market research according to orders submitted by Lithuanian and foreign companies; etc.
- **International Chamber of Commerce ICC Lithuania.** International Chamber of Commerce ICC Lithuania (ICC Lithuania) is a National Committee of the world organization, International Chamber of Commerce (ICC). The International Chamber of Commerce ICC Lithuania was founded at the end of 1994 by the main Lithuanian business associations, various branch associations and other economy subjects. Nowadays, ICC Lithuania unites 41 member, 13 of them are associated business organizations. ICC Lithuania together with other ICC national committees is working with its members in various commissions pursuing that Lithuania's business society's problems and experience would be considered in international business standards and recommendations elaborated by ICC World Council Commissions and working groups.

AB Invalda consultant (company's president until 01.01.2006), Algirdas Bučas, is a member of International Chamber of Commerce ICC Lithuanian congress.

AB Invalda is also a silver member of Lithuanian Free Market Institute Sponsors' Board.

## 25. Brief description of the issuer's history

02.12.1991	The foundation contract of the joint-stock company Invalda signed and notarized.
23.12.1991	Registration of the first bylaw of the company. Company's name was joint-stock investment company Invalda. Authorized capital of the company was 1 000 000 roubles.
05.02.1992	Ministry of Finance of the Republic of Lithuania has issued a permit to issue shares for public.
06.02.1992	The first statutory meeting took place.
20.03.1992	Invalda was officially registered in Vilnius city municipality.
18.12.1997	Invalda was reregistered as holding investment company.
During 2003	The shares of Invalda AB had a major leap both in it's history and in the whole Stock Exchange. The share price soared in 645,95 percent from 0,37 LTL to 2,76 LTL.
17.09.2003	The shareholders meeting adopted the decision to abandon the activity license of holding investment company.
19.12.2003	The holding investment company Invalda reregistered to joint-stock company Invalda.
16.09.2004	Reorganization of Invalda AB, Pastana AB, Gildeta AB and Kreimi AB confirmed in the statutory meeting. After the reorganization Gildeta and Kreimi ended their activities; Invalda and Pastana continued their work.
28.04.2006	The shareholders meeting approved reorganization of Invalda AB and Pozityvios investicijos AB by merger of the companies by affiliating Pozityvios investicijos AB to Invalda AB. The reorganization finished on 30 June, 2006.

## 26. Characteristics of services

The Company's main activities – investing and re-investing into securities, also real estate transactions until 2005. In September 2004 the Company transferred all real estate to its daughter company, AB Invaldos nekilnojamojo turto fondas.

Invalda is actively managing investments by acquiring share packages and re-arranging businesses, applying advanced management and funding methods, receiving revenues from the companies managed by it/or by successfully selling share packages resulting high return for company's shareholders and diversifying risks.

Table 26.1. Company's revenues in 2004 – 2006

Revenues (thous. LTL)	2006		2005		2004	
	LTL	%	LTL	%	LTL	%
SALES REVENUES	-	-	-	-	13 787	71.81
Revenues received from real estate sales	-	-	-	-	10 947	57.02
Revenues received from sales of financial assets	-	-	-	-	2 160	11.25
Rent revenues	-	-	-	-	677	3.52
Other revenues	-	-	-	-	3	0.02
FINANCIAL REVENUES	20 714	53.90	11 012	98.37	5 413	28.19
Dividends received	18 302	47.62	9 576	85.55	4 914	25.59
Interest Revenues	2 412	6.28	1 434	12.80	499	2.60
Others			2	0.01	0.2	-
OTHER REVENUES	17 719	46.10	182	1.63	-	-
<b>Total</b>	<b>38 433</b>	<b>100.00</b>	<b>11 194</b>	<b>100.00</b>	<b>19 200</b>	<b>100.00</b>

Table 26.2. Group revenues upon segments in 2004 – 2006

Revenue (thous. LTL)	2006	2005	2004
Real estate	37 793	65 104	52 232
Financial activities	30 475	12 713	8 014
Pharmacy	16 171	62 988	
Furniture manufacturing	133 609	120 117	109 893
Hotel management	14 575	12 665	10 882
Production and services sector	14 202	22 099	24 109
Elimination	-8 476		
<b>Total</b>	<b>238 349</b>	<b>295 686</b>	<b>205 130</b>

Table 26.3. Indexes characterizing the Company's activities in 2004–2006

	Group			Company		
	2006	2005	2004	2006	2005	2004
Net profitability = net profit / sales	31.70%	13.23%	13.70%		944.24%	82.43%
Average assets return = net profit / (assets at the beginning of period + assets at the end of period) /2 *100	8.64%	7.03%	16.12%	16.33%	10.55%	20.08%
Average property return = net profit / equity	21.47%	16.63%	23.21%	25.00%	13.03%	19.67%
Debt coefficient = obligations / assets	0.61	0.59	0.55	0.38	0.28	0.03
Debt-property coefficient = obligations /equity	1.55	1.42	1.22	0.61	0.39	0.03
General liquidity coefficient = short-term assets /short-term obligations	0.50	0.81	1.31	0.20	1.01	12.74
Assets turnover = sales /assets	0.27	0.53	0.68	-	-	0.21
Net profit, thousand LTL	75 552	39 122	19 631	28 816	9 620	19 631
Sales revenues, thousand LTL	238 349	295 686	205 130	-	-	13 787
Book value = equity attributable to the parent company / number of shares, LTL	7.29	5.79	2.43	3.25	2.02	1.57
Net profit per share = net profit attributable to the parent company / number of shares, LTL	1.51	0.50	0.54	0.69	0.24	0.29

## 27. Sales markets

All Company's revenues received in 2004 – 2006 in Lithuania.

Group revenues by geographic segments:

<i>thous.LTL</i>	2006	2005	2004
Lithuania	232 762	265 952	205 130
Slovakia	2 483	27 069	-
Latvia	2 897	2 665	-
Ukraine	207	-	-
<b>Total</b>	<b>238 349</b>	<b>295 686</b>	<b>205 130</b>

## **28. Procurement**

AB Invalda rents premises in Vilnius, Šeimyniškių street 3. The Company also purchases legal, financial and audit consulting services. The main suppliers: AB FMĮ Finasta – securities accounting, mediation services, UAB Inred – premises rent, UAB Ernst & Young Baltic – audit services.

## **29. Real estate and other fixed assets**

In 2006 The Company sold administration premises (Žagariškių village, municipality of Joniškis region).

For the end of 2006 AB Invalda has no real estate.

## **30. Risk factors related to the issuer's activity**

Company's activities results directly depend on quality of investment portfolio and efficient management of companies belonging to it.

Factor for group's risk:

Credit risk – Concentration of credit risk is insignificant: amounts receivable from sales from the two main suppliers on the 31st of December 2006 were equal to 30% of total receivable amounts. The Group and Company apply means to constantly ensure the sale of products to reliable clients so that sales would not exceed the limits of approved credit risk. The Group and Company do not provide any guarantee for liabilities of other parties. The highest credit risk shall be balance value of each financial assets unit including disclosures in financial means balance if any. That is why by Group's and Company's management opinion maximal risk is equal to amount receivable from buyers withdrawing recognized losses of value decreased on the day of balance sheet completion.

Interest rate risk – a major part of Group's and Company's credits consists of credits with fluctuating interest rate which is related to LIBOR, EURIBOR and VILIBOR and create interest rate risk. For the 31<sup>st</sup> of 2005 and for 2006 The Group and the Company have not any financial means for the interest rate fluctuating risk management purpose.

Liquidity risk – Group's and Company's policy is to maintain a sufficient cash and cash equivalent amount or to ensure financing based on appropriate credit lines trying to fulfill obligations foreseen in appropriate strategy plans. Group's short-term obligations exceed short-term assets by LTL 141.562 thousand.

Foreign currency risk – the main currency risk the Group and Company faces arises from the situation of getting credits in foreign currency as well as importing and exporting activities. Group's and Company's policy is to coordinate money flows from the most probable sales and purchases regarding each currency. The Group and Company do not use any financial means managing foreign currency risk, except trying to obtain credits in euros, the Litas is pegged to.

## **31. Termination or reductions of production that have excersized or are exercising material impact on the results of th eissuer during the last two financial years.**

The Company is not involved in production activity. The Company did not terminate its activity within 2 recent years.

## **32. Patents, licenses, contracts**

None.

### 33. Court (arbitration) proceedings

There were no any court or arbitration proceedings that might have had essential impact on Company's activities.

### 34. Employees

Table 34.1. Number of employees and average monthly salary 2004-2006

	Measuring units	2006	2005	2004
Total amount of employees	pers.	11	6	5
Management	pers.	5	4	4
Specialists	pers.	6	2	1
Average monthly salary calculated received by:	LTL	9127	3 950	3 260
Management	LTL	11801	4241	3602
specialists	LTL	6577	3650	2910

### 35. Investment policy

35.1. –35.3.

Group companies can be divided into 7 sectors by activities performed:

- » financial activity;
- » real estate;
- » pharmacy;
- » roads and bridges construction;
- » furniture manufacturing;
- » hotel management;
- » production and services.

Information about companies of which the amount of Invalda's portion in authorized capital on the 31st of December 2006 was over 30 percent:

	<b>AB FMĮ Finasta</b>	<b>UAB Finasta investicijų valdymas</b>	<b>AB Finasta įmonių finansai</b>
Office address	Vilnius city municip. Vilnius city, Konstitucijos ave. 23	Vilnius city municip. Vilnius city, Konstitucijos ave. 23	Vilnius city municip. Vilnius city, Konstitucijos ave. 23
Type of activity	Intermediation in purchasing and selling securities, management of investment portfolio, security accounting	Management of investment and pension funds as well as personal investment portfolios	Consulting and other services for companies
Authorized capital, LTL	3 250 000	2 440 000	150 000
Number of shares, units	32 500	2 440 000	1 500
Nominal value per share, LTL	100	1	100
Number of shares owned by AB Invalda, units	32 500	2 440 000	1 500
Total nominal value of shares owned by AB Invalda, LTL	3 250 000	2 440 000	150 000
Portion of capital and votes managed by issuer, %	100	100	100
Short-term obligations and short-term assets ratio	0.83	0.09	0.34
All obligations and all assets ratio	0.82	0.14	0.31
Net profit (loss) received in 2006, LTL	1 647 594	5 935 184	124 595
Dividends paid to AB Invalda for 2006, LTL	4 000 000	-	-
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	7 281 750	-	-

	<b>UAB Finasta rizikos valdymas</b>	<b>UAB Finansų spektras</b>	<b>UAB Finansų spektro investicija</b>
Office address	Vilnius city municip. Vilnius city, Konstitucijos ave. 23	Vilnius city municip. Vilnius city, Konstitucijos ave. 23	Vilnius city municip. Vilnius city, Konstitucijos ave. 23
Type of activity	investment activity	investment activity	investment activity
Authorized capital, LTL	10 000	20 000	1 017 412
Number of shares, units	100	2 000	1 017 412
Nominal value per share, LTL	100	10	1
Number of shares owned by AB Invalda, units	100	2 000	1 017 412
Total nominal value of shares owned by AB Invalda, LTL	10 000	20 000	1 017 412
Portion of capital and votes managed by issuer, %	100	100	100
Short-term obligations and short-term assets ratio	0.99	0.53	0.98
All obligations and all assets ratio	0.99	0.53	0.96
Net profit (loss) received in 2006, LTL	387 841	59 786	-498 530
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	4 281 200	-	-

	<b>UADBB Voltera</b>	<b>LLC Finasta (Ukraine)</b>	<b>AS IPS Finasta Asset</b>
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			<b>Management (Latvia)</b>
Office address	Vilnius city municip. Vilnius city, A. Jakšto str. 9	Ukraine , Kiev, Kominterna str. 5	Latvia, Riga, Tirgonu iela 8
Type of activity	insurance broker's activities	financial services	Investment management, personal investment portfolio management
Authorized capital, LTL	52 000	313 146	495 370
Number of shares, units	520	-	100 000
Nominal value per share, LTL	100	-	4.9537
Number of shares owned by AB Invalda, units	361	-	100 000
Total nominal value of shares owned by AB Invalda, LTL	36 100	-	495 370
Portion of capital and votes managed by issuer, %	69.42	100	100
Short-term obligations and short-term assets ratio	0.26	0.02	0.02
All obligations and all assets ratio	0.19	0.02	0.02
Net profit (loss) received in 2006, LTL	96 111	-5 480	-17 732
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	-	-	-

	<b>AB Invaldos nekilnojamojo turto fondas</b>	<b>UAB Inred</b>	<b>UAB Inreal</b>
Office address	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2
Type of activity	Investments into real estate designated for rent	Real estate management and administering, development of investment projects	Intermediation purchasing or selling real estate, real estate rent and valuation
Authorized capital, LTL	7 965 440	708 400	400 000
Number of shares, units	7 965 440	7 084	40 000
Nominal value per share, LTL	1	100	10
Number of shares owned by AB Invalda, units	4 477 540	7 084	40 000
Total nominal value of shares owned bu AB Invalda, LTL	4 477 540	708 400	400 000
Portion of capital and votes managed by issuer, %	56.21	100	100
Short-term obligations and short-term assets ratio	8.59	1.01	0.97
All obligations and all assets ratio	0.63	0.97	0.75
Net profit (loss) received in 2006, LTL	23 805 556	53 827	-137 911
Dividends paid to AB Invalda for 2006, LTL	7 387 941	-	752 414
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	-	5 035 814	-

	<b>UAB Invalda Construction Management</b>	<b>UAB Invalda Service</b>	<b>UAB Vilniaus senamiesčio restauravimo direkcija</b>
Office address	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6	Vilnius city municip. Vilnius city, Šeimyniškių str. 3	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2
Type of activity	Management of construction objects, General Contracting	Management of building economy	Real estate transactions
Authorized capital, LTL	366 570	500 000	481 870
Number of shares, units	122 190	5 000	48 187
Nominal value per share, LTL	3	100	10
Number of shares owned by AB Invalda, units	122 190	5 000	48 187
Total nominal value of shares owned by AB Invalda, LTL	366 570	500 000	481 870
Portion of capital and votes managed by issuer, %	100	100	100
Short-term obligations and short-term assets ratio	0.83	0.62	1.83
All obligations and all assets ratio	0.83	0.58	0.76
Net profit (loss) received in 2006, LTL	693 792	15 660	-46 728
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	-	-	-

	<b>UAB Naujoji švara</b>	<b>UAB PVP Nida</b>	<b>UAB IBC logistika</b>
Office address	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2
Type of activity	real estate operations	real estate operations	real estate operations
Authorized capital, LTL	972 890	10 000	1 400 000
Number of shares, units	97 289	100	14 000
Nominal value per share, LTL	10	100	100
Number of shares owned by AB Invalda, units	97 289	100	14 000
Total nominal value of shares owned by AB Invalda, LTL	972 890	10 000	1 400 000
Portion of capital and votes managed by issuer, %	100	100	100
Short-term obligations and short-term assets ratio	8.24	0.51	9120.59
All obligations and all assets ratio	0.64	1.00	0.31
Net profit (loss) received in 2006, LTL	10 662 344	465 856	1 064 999
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	-	-	-

	<b>UAB Ineturas</b>	<b>UAB Ekotra</b>	<b>UAB Trakų kelias</b>
Office address	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilnius city municip. Vilnius city, A. Juozapavičiaus str. 6/2
Type of activity	Real estate operations	Purchase, sales and rent of land	Real estate operations
Authorized capital, LTL	2 000 000	500 000	100 000
Number of shares, units	20 000	5 000	1 000
Nominal value per share, LTL	100	100	100
Number of shares owned by AB Invalda, units	20 000	5 000	1 000
Total nominal value of shares owned by AB Invalda, LTL	2 000 000	500 000	100 000
Portion of capital and votes managed by issuer, %	100	100	100
Short-term obligations and short-term assets ratio	1.65	8.50	0.01
All obligations and all assets ratio	0.68	0.65	0.01
Net profit (loss) received in 2006, LTL	3 399 831	1 972 054	-6 575
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	-	-
Loans received during reporting period, LTL	-	-	-

	<b>UAB DOMMO Nerija</b>	<b>UAB Nerijos būstas</b>	<b>UAB VIPC Klaipėda</b>
Office address	Klaipėda city municip. Klaipėda city, Smiltynės str. 25	Neringa municip. Neringa city, Miško str. 3	Vilnius city municip. Vilnius city, Laisvės ave. 3
Type of activity	Real estate operations	Real estate operations	Real estate operations
Authorized capital, LTL	200 000	1 000 000	10 000
Number of shares, units	2 000	10 000	100
Nominal value per share, LTL	100	100	100
Number of shares owned by AB Invalda, units	1 000	10 000	42
Total nominal value of shares owned by AB Invalda, LTL	100 000	1 000 000	4 200
Portion of capital and votes managed by issuer, %	50	100	42
Short-term obligations and short-term assets ratio	3.50	8.74	17.54
All obligations and all assets ratio	0.78	0.87	0.37
Net profit (loss) received in 2006, LTL	1 152 172	1 530 746	343 468
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	270 485	3 708 779	1 476 600
Loans received during reporting period, LTL	-	-	-

	<b>UAB Aikstentis</b>	<b>UAB Saulės investicija</b>	<b>UAB Šimtamargis</b>
Office address	Vilnius city municip. Vilnius city, Konstitucijos ave. 17	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2
Type of activity	Business consulting	Real estate operations	Real estate operations
Authorized capital, LTL	10 000	200 000	300 000
Number of shares, units	25	2 000	3 000
Nominal value per share, LTL	400	100	100
Number of shares owned by AB Invalda, units	18,75	1 500	3 000
Total nominal value of shares owned bu AB Invalda, LTL	7 500	150 000	300 000
Portion of capital and votes managed by issuer, %	75	75	100
Short-term obligations and short-term assets ratio	18.90	1374.86	45.63
All obligations and all assets ratio	0.76	0.86	0.73
Net profit (loss) received in 2006, LTL	-937 692*	194 331	58 677
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	80 061	-	-
Loans received during reporting period, LTL	-	-	-

\*consolidated

	<b>UAB Dizaino institutas</b>	<b>UAB Laikinosios sostinės projektai</b>	<b>UAB MBGK</b>
Office address	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 23
Type of activity	Real estate operations	Real estate operations	Real estate management projects
Authorized capital, LTL	800 900	1 010 000	20 000
Number of shares, units	80 090	1 010 000	200
Nominal value per share, LTL	10	1	100
Number of shares owned by AB Invalda, units	80 090	505 000	100
Total nominal value of shares owned bu AB Invalda, LTL	800 900	505 000	10 000
Portion of capital and votes managed by issuer, %	100	50	50
Short-term obligations and short-term assets ratio	0.04	2.04	4.49
All obligations and all assets ratio	0.39	0.78	0.45
Net profit (loss) received in 2006, LTL	2 786 621	9 582 888	-10 164
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	2 221 715	-
Loans received during reporting period, LTL	-	-	-

	<b>UAB Projektavimo firma Saistas</b>	<b>UAB Riešės investicija</b>	<b>SIA InReal (Latvia)</b>
Office address	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Vilniuscity municip. Vilnius city, A. Juozapavičiaus str. 6/2	Latvia , Riga, Mukusalas iela 45/47
Type of activity	Real estate operations	Real estate operations	Intermediation when purchasing or selling real estate, real estate rent and valuation
Authorized capital, LTL	236 768	1 500 000	495 370
Number of shares, units	236 768	15 000	100
Nominal value per share, LTL	1	100	4 953.7
Number of shares owned by AB Invalda, units	236 768	15 000	100
Total nominal value of shares owned bu AB Invalda, LTL	236 768	1 500 000	495 370
Portion of capital and votes managed by issuer, %	100	100	100
Short-term obligations and short-term assets ratio	0.08	206353.68	1.73
All obligations and all assets ratio	0.14	0.72	1.48
Net profit (loss) received in 2006, LTL	2 748 831	539 890	-741 621
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	-	-	508 025
Loans received during reporting period, LTL	-	-	-

	<b>SIA AMMO (Latvia)</b>	<b>SIA Gravity (Latvia)</b>	<b>SIA Industrial and logistics centre Lapegles (Latvia)</b>
Office address	Latvia, Riga, Mukusalas iela 45/47	Latvia, Riga, Mukusalas iela 45/47	Latvia, Riga, Mukusalas iela 45/47
Type of activity	Real estate operations	Real estate operations	Real estate operations
Authorized capital, LTL	1 238 425	24 769	7 430 550
Number of shares, units	250 000	100	1 500 000
Nominal value per share, LTL	4.9537	247.685	4.9537
Number of shares owned by AB Invalda, units	125 000	100	750 000
Total nominal value of shares owned bu AB Invalda, LTL	619 213	24 769	3 715 275
Portion of capital and votes managed by issuer, %	50	100	50
Short-term obligations and short-term assets ratio	2.43	1.48	11.58
All obligations and all assets ratio	0.99	0.38	0.78
Net profit (loss) received in 2006, LTL	-592 377	1 135 949	23 010 590*
Dividends paid to AB Invalda for 2006, LTL	-	-	-
Loans extended during reporting period, LTL	2 475 805	-	7 254 623
Loans received during reporting period, LTL	-	-	-

\*consolidated

	<b>LLC Inreal (Ukraine)</b>	<b>LLC Inredo (Ukraine)</b>
Office address	Ukraine, Kiev, Kominterna str. 5	Ukraine, Kiev, Kominterna str. 5
Type of activity	Real estate operations	Real estate operations
Authorized capital, LTL	1 183 431	26 096
Number of shares, units	-	-
Nominal value per share, LTL	-	-
Number of shares owned by AB Invalda, units	-	-
Total nominal value of shares owned by AB Invalda, LTL	-	-
Portion of capital and votes managed by issuer, %	87.79	100
Short-term obligations and short-term assets ratio	0.07	0.00
All obligations and all assets ratio	0.05	0.00
Net profit (loss) received in 2006, LTL	-391 224	-1 044
Dividends paid to AB Invalda for 2006, LTL	-	-
Loans extended during reporting period, LTL	-	-
Loans received during reporting period, LTL	-	-

	<b>AB Sanitas</b>
Office address	Kaunas city municip. Kaunas city, Vytautas ave. 3
Type of activity	Production of pharmaceutical products
Authorized capital, LTL	31 105 920
Number of shares, units	31 105 920
Nominal value per share, LTL	1
Number of shares owned by AB Invalda, units	9 791 322
Total nominal value of shares owned by AB Invalda, LTL	9 791 322
Portion of capital and votes managed by issuer, %	28.34
Short-term obligations and short-term assets ratio	2.87
All obligations and all assets ratio	0.57
Net profit (loss) received in 2006, LTL	-7 335 042
Dividends paid to AB Invalda for 2006, LTL	-
Loans extended during reporting period, LTL	2 210 000
Loans received during reporting period, LTL	-

	<b>AB Kauno tiltai</b>
Office address	Kaunas city municip. Kaunas city, Ateities highway 46
Type of activity	Roads and bridges construction
Authorized capital, LTL	10 409 360
Number of shares, units	80 072
Nominal value per share, LTL	130 Lt
Number of shares owned by AB Invalda, units	30 902
Total nominal value of shares owned by AB Invalda, LTL	4 017 260
Portion of capital and votes managed by issuer, %	38,59
Short-term obligations and short-term assets ratio	0,71
All obligations and all assets ratio	0,70
Net profit (loss) received in 2006, LTL	4 345 000
Dividends paid to AB Invalda for 2006, LTL	-
Loans extended during reporting period, LTL	1 174 206
Loans received during reporting period, LTL	-

	<b>AB Vilniaus baldai</b>	<b>AB Minija</b>	<b>UAB Kelio ženklai</b>
Office address	Vilnius city municip. Vilnius city, Savanorių ave. 178	Plungė distr. municip. Plungė city, Lentpjūvės str. 14	Vilkaviškis distr. municip. Pilviškiai town, Geležinkelio str. 28
Type of activity	Furniture design, production and sales	Furniture design, production and sales	Metal and wood processing and wholesale trading in different materials
Authorized capital, LTL	15 545 068	1 890 616	3 466 133
Number of shares, units	3 886 267	145 432	3 466 133
Nominal value per share, LTL	4	13	1
Number of shares owned by AB Invalda, units	2 598 954	129 254	3 466 133
Total nominal value of shares owned by AB Invalda, LTL	10 395 816	1 680 302	3 466 133
Portion of capital and votes managed by issuer, %	65.62	88.88 / 90.43	100
Short-term obligations and short-term assets ratio	1.55	1.87	0.66
All obligations and all assets ratio	0.76	0.92	0.54
Net profit (loss) received in 2006, LTL	-5 316 927	-2 232 164	719 581
Dividends paid to AB Invalda for 2006, LTL	2 592 888	-	-
Loans extended during reporting period, LTL	5 798 378	2 092 786	1 979 861
Loans received during reporting period, LTL	-	-	-

	<b>AB Valmeda</b>
Office address	Vilnius city municip. Vilnius city, Šeimyniškių str. 1
Type of activity	hotel management
Authorized capital, LTL	3 791 400
Number of shares, units	37 914
Nominal value per share, LTL	100
Number of shares owned by AB Invalda, units	37 914
Total nominal value of shares owned by AB Invalda, LTL	3 791 400
Portion of capital and votes managed by issuer, %	100
Short-term obligations and short-term assets ratio	0.31
All obligations and all assets ratio	0.55
Net profit (loss) received in 2006, LTL	1 776 457
Dividends paid to AB Invalda for 2006, LTL	908 984
Loans extended during reporting period, LTL	-
Loans received during reporting period, LTL	6 685 870

	<b>UAB Hidroprojektas</b>	<b>Amber Viking Capital (Ukraine)</b>
Office address	Kaunas city municip. Kaunas city, K. Donelaičio str. 33	Ukraine, Kiev, Kominterna str. 5
Type of activity	Investigation and designing of various water management object	Consulting services
Authorized capital, LTL	1 014 632	17 745
Number of shares, units	1 014 632	-
Nominal value per share, LTL	1	-
Number of shares owned by AB Invalda, units	994 264	-
Total nominal value of shares owned by AB Invalda, LTL	994 264	-
Portion of capital and votes managed by issuer, %	97.99	50
Short-term obligations and short-term assets ratio	0.47	0.43
All obligations and all assets ratio	0.38	0.39
Net profit (loss) received in 2006, LTL	1 407 857	-15 501
Dividends paid to AB Invalda for 2006, LTL	-	-
Loans extended during reporting period, LTL	-	-
Loans received during reporting period, LTL	676 208	-



35.4. Large investment projects covering over 10 percent of Company’s authorized capital within 2004-2006.

In 2004 there were no any projects covering over 10 percent of Company’s authorized capital.

At the beginning of 2005 AB Invalda owned 545 655 ordinary registered shares of AB Sanitas (Lithuania) of LTL 5 nominal value each (30.47 percent of authorized capital). Within July-November of 2005 the Company additionally acquired 316 964 ordinary registered shares of AB Sanitas (Lithuania) of LTL 5 nominal value each (for LTL 19.4 million). At the end of 2005 AB Sanitas changed the face value of their ordinary registered shares from LTL 5 to LTL 1, all the Company’s shareholders changing each ordinary registered share of LTL 5 nominal value to 5 ordinary registered shares of LTL 1 nominal value. At the end of 2005 AB Invalda owned 4 313 095 ordinary registered shares of AB Sanitas of LTL 1 nominal value each (39.21 percent of authorized capital).

In December 2005 the Company purchased for LTL 7.5 million 76 924 ordinary registered shares of UAB Kelesta (Lithuania) of LTL 130 nominal value each (50 percent of authorized capital).

In November 2005 AB Invalda purchased at LTL 4,6 million 8 500 ordinary registered shares of AB FMĮ Finasta (Lithuania) of LTL 100 face value (25 percent of authorized capital) and increased the share package of this company from 75 up to 100 percent.

In April 2006 Invalda additionally acquired company’s AB Sanitas (Lithuania) 5 285 920 ordinary registered shares of LTL 1 nominal value at LTL 68.7 million. The Company according to ownership right owned 30.86 % percent of company’s Sanitas votes and with controlling persons – 47.03 %, together with persons upon shareholders agreement has been concluded with – 90.53 %.

The aforementioned investments were financed by the Company’s own and credited means.

35.5. Information about expected investments

There is no any information about expected investments.

### 36. Main competitors

The Company’s main competitors - other companies involved in investment activities and management of the owned/ acquired property.

### 37. Dividends payed

For the financial year	Designated for dividends (LTL)		Portion (%) from the share nominal value	Divident profitability = dividend amount per share / share price on the last day of the period	Dividend payment coefficient = total amount allocated for dividends /net profit
	Total amount	Per share			
2002	760.000	0.02	2	5.4 %	1.03
2003	1.900.000	0.05	5	1.8 %	0.95
2004	6.062.601	0.15	15	2.0 %	0.31
2005	8.346.932	0.20	20	1.4 %	0.87
2006	11.252.094	0.25	25	2.0 %	0.39

**V. FINANCIAL STATUS**
**38. Financial statements**

Balance sheet, thousand LTL

According to International Financial Accountability Standards

ASSETS, THOUS. LTL	GROUP				COMPANY		
	31.12.2006	31.12.2005 (recalculated)	31.12.2005 (before changes in accounting policy)	31.12.2004	31.12.2006	31.12.2005	31.12.2004
Property, plant and equipment	197 270	217 930	220 268	133 913	630	324	176
Intangible assets	5 659	9 403	31 984	6 056	8	-	1
Investment properties	391 303	296 038	75 964	26 579	-	-	-
Investments into subsidiaries	-	-	-	-	67 141	70 692	42 001
Investments into associates and joint-ventures	186 509	41 881	51 886	14 196	118 797	12 684	-
Other non-current investments	1 851	38 602	38 602	1 098	1 771	37	-
Granted loans	15 338	906	906	932	30 350	-	-
Deferred tax asset	1 131	3 161	10 400	1 297	-	-	-
Other investments	-	-	-	-	-	-	44
<b>Total non-current assets</b>	<b>799 061</b>	<b>607 921</b>	<b>430 010</b>	<b>184 071</b>	<b>218 697</b>	<b>83 737</b>	<b>42 222</b>
Prepayments	1 832	4 697	-	-	4	48	37
Short-term loans granted	8 499	29 746	-	-	16 981	29 755	18 305
Inventories	18 499	32 092	32 092	16 541	-	-	-
Other current investments	35 959	23 024	32 278	37 090	-	2 533	2 999
Prepaid income tax	4 173	1 950	1 950	-	-	-	-
Trade and other receivables	60 822	58 787	93 026	48 716	-	957	543
Cash and cash equivalents	9 161	32 749	32 749	9 547	82	4	1 133
<b>Total current assets</b>	<b>138 945</b>	<b>183 045</b>	<b>192 094</b>	<b>111 894</b>	<b>17 067</b>	<b>33 297</b>	<b>23 017</b>
<b>Non-current assets classified as held for sale</b>	<b>-</b>	<b>20 766</b>	<b>26 963</b>	<b>4 686</b>	<b>-</b>	<b>33</b>	<b>33</b>
<b>TOTAL ASSETS</b>	<b>938 006</b>	<b>811 732</b>	<b>649 067</b>	<b>300 651</b>	<b>235 764</b>	<b>117 067</b>	<b>65 272</b>

Balance sheet, continued

Equity and liabilities, thousand LTL	GROUP				COMPANY		
	31.12.2006	31.12.2005	31.12.2005	31.12.2004	31.12.2006	31.12.2005	31.12.2004
		(recalculated)	(before changes in accounting policy)				
Equity	45 008	41 735	41 735	40 417	45 008	41 735	40 417
Share premiums	50 588	19 815	19 446	4 034	50 588	19 815	4 402
Reserves	28 683	32 452	26 645	18 095	3 068	3 358	1 975
Retained earnings	203 860	147 034	45 476	39 064	47 675	19 245	16 669
Foreign exchange reserve	-48	472		-	-	-	-
<b>Total equity attributable to the parent</b>	<b>328 091</b>	<b>241 508</b>	<b>133 293</b>	<b>101 610</b>	<b>146 339</b>	<b>84 153</b>	<b>63 463</b>
Minority interest	40 407	93 782	67 921	33 517	-	-	-
<b>Total equity</b>	<b>368 498</b>	<b>335 290</b>	<b>201 214</b>	<b>135 127</b>	<b>146 339</b>	<b>84 153</b>	<b>63 463</b>
Non-current borrowings	246 347	188 252	188 252	73 160	2 901	-	-
Financial lease liabilities	6 267	810	810	274	-	-	-
Other amounts and obligations payable in one year	197	1 498	1 497	-	-	-	-
Grants	109	1 417	1 417	1 001	-	-	-
Provisions	105	113		4	-	-	-
Deferred tax liability	35 976	31 619	4 079	2 261	-	-	-
<b>Total non-current liabilities</b>	<b>289 001</b>	<b>223 709</b>	<b>196 055</b>	<b>76 700</b>	<b>2 901</b>	<b>-</b>	<b>-</b>
Loans and other amounts the interest rate is calculated upon	220 390	149 301	149 280	21 307	83 120	31 850	-
Trade payables	24 707	49 632	49 652	46 453	552	62	32
Provisions	-	936		-	-	-	-
Prepayments received	19 360	4 438	4 438	5 673	-	-	-
Income tax payable	2 785	9 788	9 788	5 225	1 218	-	
Other current liabilities	13 265	38 638	38 640	10 166	1 634	1 002	1 777
<b>Total current liabilities</b>	<b>280 507</b>	<b>252 733</b>	<b>251 798</b>	<b>88 824</b>	<b>86 524</b>	<b>32 914</b>	<b>1 809</b>
<b>Total equity and liabilities</b>	<b>938 006</b>	<b>811 732</b>	<b>649 067</b>	<b>300 651</b>	<b>235 764</b>	<b>117 067</b>	<b>65 272</b>

## Profit and loss account

According to International Financial Accountability Standards, having made changes in expenses in report on profit (loss) when distributing expenses not upon function but upon their type.

Thous. LTL	Group		Company	
	2006	2005	2006	2005
Revenue				
Furniture production revenue	133 539	120 117	-	-
Rent and other real estate income	35 702	65 104	-	-
Financial mediation revenue	24 825	12 713	-	-
Pharmacy revenue	16 171	62 988	-	-
Other production and services revenue	14 092	22 099	-	-
Hotel revenue	14 020	12 665	-	-
<b>Total revenue</b>	<b>238 349</b>	<b>295 686</b>	-	-
Other income	24 846	15 197	17 719	182
Valuation gains	50 497	-	-	-
Valuation losses	-4 601	-	-	-
Changes in inventories of finished goods and work in				
Raw materials and consumables used	-94 114	-94 699	-	-
Salaries and related expenses	-61 025	-56 640	-1 336	-419
Depreciation and amortisation	-16 152	-20 816	-125	-77
Subcontractor expenses	-12 354	-22 336	-	-
Premises rent and utilities	-9 866	-10 244	-265	-146
Fees for securities	-7 108	-	-195	-24
Vehicles maintenance costs	-3 839	-424	-54	-25
Other taxes	-3 678	-2 060	-210	-197
Advertising and other promotion expenses	-3 052	-3 528	-67	-75
Goodwill impairment	-2 980	-	-	-
Repair and maintenance of premises	-1 004	-2 309	-	-
Loss on sales of shares	-965	-2 049	-	-
Other operating expenses	-15 979	-57 955	-695	-270
Finance expenses	-19 716	-8 107	-4 229	-407
Finance income	6 040	16 544	20 714	11 012
Share of profit from associates and joint ventures	27 686	112	-	-
<b>Profit before tax</b>	<b>89 488</b>	<b>44 300</b>	<b>31 257</b>	<b>9 554</b>
Income tax expense	-13 936	-5 178	-2 441	66
<b>Profit for year</b>	<b>75 552</b>	<b>39 122</b>	<b>28 816</b>	<b>9 620</b>
Attributable to:				
<b>Equity holders of the parent</b>	<b>65 533</b>	<b>20 326</b>	-	-
Minority interest	10 019	18 796	-	-
Profit and conditional profit per one share (LTL)	1,51	0,5	-	-

## Report on profit (loss), thousand Litas

According to International Financial Accountability Standards, before making changes in expenses.

ARTICLES (THOUSAND LTL)	GROUP		COMPANY	
	2005	2004	2005	2004
SALES INCOME	295 686	205 130	1 019	13 787
Sales cost price	-215 764	-146 521	-867	-5 327
TOTAL PROFIT	79 922	58 609	152	8 460
Direct input			-75	-97
Distribution input	-11 122	-3 310		
Administration input	-40 583	-25 263	-1 158	-1 223
Other activities income	6 091	3 632	30	
Other activities input	-5 617	-2 728		
ACTIVITIES PROFIT	28 691	30 940	-1 051	7 140
Financial income and expenses in net value	15 496	649	10 605	5 412
Profit share of associates	112	1 630		
PROFIT BEFORE TAXATION	44 299	33 219	9 554	12 552
Profit tax	-5 177	-5 122	66	-1 187
ANNUAL PROFIT	39 122	28 097	9 620	11 365
PORTION OF ANNUAL PROFIT FOR:				
Mother company's shareholders	20 326	20 707		
Minority portion	18 796	7 390		
ANNUAL PROFIT	39 122	28 097	9 620	11 365
PROFIT PER SHARE	0.50	0.54	0.24	0.29

Report on changes in equity, thousand LTL  
According to International Financial Accountability Standards

Group (thousand LTL)	Share capital	Share premium	Re-valuation reserve	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Total	Minority interest	Total equity
<b>31.12.2004</b>	<b>40 417</b>	<b>4 033</b>	-	<b>14 826</b>	<b>11 133</b>	<b>-4</b>	<b>31 204</b>	<b>101 609</b>	<b>33 518</b>	<b>135 127</b>
Profit for the year	-	-	-	-	-	-	20 326	20 326	18 796	39 122
<b>Total income and expenses for the year</b>	-	-	-	-	-	-	20 326	20 326	18 796	39 122
Minority of subsidiaries acquired	-	-	-	-	-	-	-	-	23 110	23 110
Changes in reserves	-	-	-	80	-	610	-	690	-236	454
Issue of new shares	1 318	15 413	-	-	-	-	-	16 731	-	16 731
Equity dividends	-	-	-	-	-	-	-6 063	-6 063	-	-6 063
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-7 267	-7 267
<b>As reported as of 31.12.2005</b>	<b>41 735</b>	<b>19 446</b>	-	<b>14 906</b>	<b>11 133</b>	<b>606</b>	<b>45 467</b>	<b>133 293</b>	<b>67 921</b>	<b>201 214</b>
Changes in accounting policy and errors	-	369	19 716	-11 633	-1 670	-134	101 567	108 215	25 861	134 076
<b>Balance as of 31.12.2005 (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
Income and expenses for the year recognized directly in equity	-	-	-	-	-	-	3 946	3 946	-	3 946
<b>Total income and expenses recognized directly in equity</b>	-	-	-	159	-	-	3 946	4 105	-	4 105
Profit for the year	-	-	-	-	-	-	65 533	65 533	10 019	75 552
<b>Total income and expenses for the year</b>	-	-	-	159	-	-	69 479	69 638	10 019	79 657
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 released	-	-	-1 325	-	-	-	1 325	-	-	-
Changes in reserves	-	-	-	-	-2 603	-520	2 603	-520	-	-520
Equity dividends	-	-	-	-	-	-	-8 347	-8 347	-	-8 347
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-15 914	-15 914
<b>Balance as of 31.12.2006</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>

Report on changes in equity continued

Company (thousand LTL)	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Total
<b>Balance as of 31.12.2004</b>	<b>40 417</b>	<b>4 402</b>	<b>1 605</b>	<b>370</b>	<b>16 670</b>	<b>63 464</b>
Net profit for 2005	-	-	-	-	9 620	9 620
<b>Total income and expenses for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 620</b>	<b>9 620</b>
Dividends for 2004	-	-	-	-	-6 063	-6 063
Transferred to legal reserve	-	-	982	-	-982	-
Changes in fair value reserve	-	-	-	401	-	401
Issue of new shares	1 318	15 413	-	-	-	16 731
<b>Balance as of 31.12.2005</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
<b>Total income and expenses for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 816</b>	<b>28 816</b>
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 31.12.2006</b>	<b>45 008</b>	<b>50 588</b>	<b>3 068</b>	<b>-</b>	<b>47 675</b>	<b>146 339</b>

Cash flow statements, thousand LTL

According to International Financial Accountability Standards

Thous. LTL	Group			Company		
	2006	2005	2004	2006	2005	2004
Cash flows from (to) operating activities						
Net profit	75 552	39 122	28 097	28 816	9 62	11 365
Adjustments for non-cash items:						
Valuation gain, net	-45 896	-		-	-	-
Depreciation and amortization	16 152	20 816	9 648	127	77	139
(Gain) on disposal of property, plant and	-17 758	-1 667	-309	-	-	
(Gain) on disposal of investments	-12 516	-7 059		-17 727	-145	
Share of net profits of associates and joint	-27 686	-112	-1 630	-	-	
Interest (income)	-4 938	-2 114	-5 379	-2 412	-1 434	
Interest expenses	17 203	7 030	4 731	4 223	366	
Deferred taxes	6 970	-6 389	-1 082	-	-	
Current income tax expenses	6 966	11 567	6 203	-	-	
Allowance for receivables	1 346	141	281	-	-	
Allowance for inventories	643	-		-	-	
Change in provisions	105	-		-	-	
Dividend income	-	-166		-18 302	-9 576	
Loss (gain) from other financial activities	1 411	-13 187		4	39	
	<b>17 554</b>	<b>47 982</b>	<b>40 560</b>	<b>-5 271</b>	<b>-1 053</b>	<b>11 504</b>
<b>Changes in working capital:</b>						
(Increase) decrease in inventories	-22 268	9 661	2 441	-	-	
Decrease (increase) in trade and other receivables	13 154	35 827	-23 540	10 444	-831	329
Decrease in other current assets	10 696	-		45	-	-11
(Decrease) increase in trade payables	-24 925	-9 994	18 280	-8 872	1 095	-61
Income tax paid	-2 260	-10 129	-5 311	621	-1 472	-61
(Decrease) increase in other current liabilities	-8 934	-		631	-	
<b>Net cash flows (to) from operating activities</b>	<b>-16 983</b>	<b>73 347</b>	<b>32 430</b>	<b>-2 402</b>	<b>-2 261</b>	<b>11 700</b>



## Cash flow statement continued

Thous. LTL	Group			Company		
	2006	2005	2004	2006	2005	2004
<b>Cash flows from (to) investing activities</b>						
(Acquisition) of tangible non-current assets	-48 347	-48 574	-72 950	-449	-224	-6
Proceeds from sale of tangible non-current assets	11 040	30 276	336	67	-	
(Acquisition) of investment properties	-90 259	-77 938		-	-	
Proceeds of sale of investment properties	17 573	-		-	-	
(Acquisition) of subsidiaries, net of cash acquired	-4 214	-86 475	-8 673	-12 104	-40 356	
Proceeds from sales of subsidiaries	23 726	12 214		38 504	-	
(Acquisition) of associates	-98 705	-63 154	-7 417	-85 763	-	
Proceeds from sales of associates	17 193	-	1 751	15 484	-	
Loans (granted)	-9 997	-27 961		-119 186	-11 449	-15 105
Repayment of granted loans	15 906	-		107 132	-	
Dividends received	869	166	1 937	25 502	9 576	5 413
Interest received	4 938	2 114		276	1 434	498
(Acquisition) of minority interest	-2 330	-		-	-	
Other cash flow from investing activities	-121	-		-	-	
<b>Net cash flows (to) investing activities</b>	<b>-162 728</b>	<b>-259 332</b>	<b>-85 016</b>	<b>-30 537</b>	<b>-41 019</b>	<b>-9 200</b>
<b>Cash flows from (to) financing activities</b>						
Cash flows related to company shareholders						
Issue of shares	-	16 730		-	16 730	
Dividends (paid)	-8 347	-6 063	-1 750	-7 918	-6 063	-1 750
Dividends to minority	-15 914	-		-	-	
	-24 261	10 667	-1 750	-7 918	10 667	-1 750
Cash flows related to other sources of financing						
Proceeds from loans	286 944	218 586	55 776	105 574	31 85	
Issue of bonds	6 000	-		-	-	
(Repayment) of loans	-99 691	-13 036		-62 016	-	
Interest (paid)	-17 203	-7 030	-3 876	-2 619	-366	
Financial lease (payments)	-334	-		-	-	
Other cash flows from financing activities	4 678	-		-	-	
	180 394	198 520	51 900	40 939	31 484	0
<b>Net cash flows from financial activities</b>	<b>156 133</b>	<b>209 187</b>	<b>50 150</b>	<b>33 021</b>	<b>42 151</b>	<b>-1 750</b>
<b>Impact of currency exchange on cash and cash</b>	<b>-10</b>	<b>-</b>		<b>-4</b>	<b>-</b>	
<b>Net (decrease) increase in cash and cash</b>	<b>-23 588</b>	<b>23 202</b>	<b>-2 436</b>	<b>78</b>	<b>-1 129</b>	<b>750</b>
<b>Cash and cash equivalents at the beginning of</b>	<b>32 749</b>	<b>9 547</b>	<b>11 983</b>	<b>4</b>	<b>1 133</b>	<b>383</b>
<b>Cash and cash equivalents at the end of the</b>	<b>9 161</b>	<b>32 749</b>	<b>9 547</b>	<b>82</b>	<b>4</b>	<b>1 133</b>

**39. Comments on the financial statements**

Explanatory notes regarding consolidated and Company's financial reports are attached to this Annual Prospectus-report (Annex No.1, pages 11-70 of AB Invalda consolidated and company's financial accountability).

**40. Annual report**

Consolidated Annual report issued by AB Invalda president is attached to this Annual Prospectus-report (Annex No.2 AB Invalda consolidated annual report for the year 2006).

#### 41. Audit information

Audit inspection of AB Invalda financial reports as well as audit inspection of consolidated financial reports and Company's annual report for the year 2006 were reviewed by UAB Ernst & Young Baltic, certified auditor Ramūnas Bartašius.

Information about the company that has carried out the audit inspection

Company's address	Subačiaus str. 7, LT-01008 Vilnius, Lithuania
Company's code	110878442
Phone	(+370 5) 274 2200
Faksas	(+370 5) 274 2333
E-mail	<a href="mailto:vilnius@lt.ey.com">vilnius@lt.ey.com</a>
Website	<a href="http://www.ey.com/lt">www.ey.com/lt</a>

Auditor's and review reports are attached to this Annual Prospectus-Report (Annex No.1 - AB Invalda page 2 of consolidated and Company's financial accountability; page 2 of Annex No. 2 – AB Invalda consolidated annual report for the year 2006).

## VI. INFORMATION ABOUT THE ISSUER'S MANAGING BODIES

AB Invalda is managed through the general shareholders' meeting. It has a single person managing body, the President and a collegial managing body, the Board. The Supervisory Board is not formed.

The Board is elected for a period of four years by the general meeting of shareholders.

Company's extraordinary general meeting of shareholders on the 12th of January 2006 resolved to amend a number of members in Company's Board from 3 to 4. The new version of Company's bylaw was registered on the 1st of February 2006, according to which the Company's Board consists of four members

Taking into consideration that on the 2nd of May 2007 Alvydas Banys retired from Chairman position of AB Invalda Board, Vytautas Bučas was appointed to the position of Chairman of the Board on the 9th of May 2007.

The Board elects and removes from office the Company's President, sets his/her salary, approves work regulations, offers incentives and imposes penalties

### 42. Members of the managing bodies

#### 42.1. Position held, names and surnames, data about participation in the issuer's authorized capital

Table 42.1.1. Members of the Company's Board and the Administration and their participation in the issuer's authorized capital

Name, surname	Position	Portion of the capital as of 04.05.2007,%	Portion of the votes as of 04.05.2007, %
Alvydas Banys	Chairman of the Board (till 02.05.2007)	0.09	5.09
Vytautas Bučas	Board Member (Chairman of the Board since nuo 09.05.2007)	13.07	13.07
Dailius Juozapas Mišeikis	Board Member	0.00	5.00
Darius Šulnis	Board Member	9.94	9.94
ADMINISTRATION			
Darius Šulnis	President	9.94	9.94
Raimondas Rajeckas	Chief Financier	0.00	0.00

#### 42.2. Information about members of the Board and Administration

**Alvydas Banys.** Education – Vilnius technical university, Faculty of Building economics, junior fellowship at the institute of Economy of Lithuanian Academy of Science

Since 1996 till 23.03.2007– UAB Nenuorama, president. Since 1996 works in AB Invalda as the vicepresident, since 2005 - as the advisor. AB Invalda Chairman of the Board since 2000 till 02.05.2007 .

**Vytautas Bučas.** Education – Vilnius University, faculty of Economics. July1991 - Wharton Business School, 1994 – 2002 member of Association of Chartered Certified Accountants, UK.

1992 – 2000 Arthur Andersen, senior auditor, senior manager, manager. 2000 – 2006 m. AB SEB Vilniaus bankas (Board member executive vice president, CFO, Head of IT department). Since February 2006 - AB Invalda Board member, advisor.

**Dailius Juozapas Mišeikis.** Education: 1968 – Vilnius University, faculty of Economics.

Since 1992 works in AB Invalda. Since 1998 director of Real estate, since 1998 - vicepresident, since 2005 advisor

**Darius Šulnis.** Education – Vilnius University, faculty of Economics.

1994 – 2002– AB FMI Finasta director, 2002– 2005 – UAB Invalda Real Estate director, since 2006 – president of AB Invalda .

**Raimondas Rajeckas.** Education – University of Vilnius, bookkeeping and audit

AB Invalda bookkeeper 1998 – 2000, AB Gildeta bookkeeper 2000 – 2002, UAB Invaldos marketingas (present name UAB Inred) chief accountant 2000 – 2001, AB Galinčius chief accountant 2000 – 2001, AB Valmeda chief accountant 2001 -2006, UAB Kelionių viešbučiai chief accountant 2004-2006. Since November 2006 chief accountant of AB Invalda.

#### 42.3. Data about participation in other companies', institutions' and organizations' activities and capital.

Table 42.3.1. Information about participation in other companies', institutions' and organizations' activities (name of company, institution or organization and position), over 5 percent of portion of companies' capital and votes owned in percent). Data as of 4 May 2007

NAME, POSITION	SHARE OF CAPITAL AND VOTES, OVER 5 %
<b>ALVYDAS BANYS</b>	
AB Invalda, chairman of the board till 02.05.2007	0.09 / 5.09
AB Valmeda, chairman of the board	-
UAB Invaldos nekilnojamojo turto fondas, board member	-
AB Minija, board member till 20.04.2007	-
AB Kauno tiltai, board member till 25.04.2007	-
UAB Girių bizonas, board member till 24.04.2007	-
AB Vilniaus baldai, chairman of the board till 11.04.2007	-
UAB Nenuorama, president till 23.03.2007	15.00 / 16.65
UAB Gulbių turizmas,	8.33
UAB Statybų mechanizacija,	17.0
<b>VYTAUTAS BUČAS</b>	
AB Invalda, board member (chairman of the board since 09.05.2007)	13.07
UAB Nenuorama	14.10 / 15.67
AB Invaldos nekilnojamojo turto fondas, chairman of the board	-
AB FMĮ Finasta, board member	-
AB Finasta įmonių finansai, board member	-
AB Vilniaus baldai, chairman of the board	-
UAB Hidroprojektas, board member	-
AB Kauno tiltai, board member	-
UAB Girių bizonas, board member	-
AB Sanitas, board member	-
<b>DAILIUS JUOZAPAS MIŠEIKIS</b>	
AB Invalda, board member	0.00 / 5.00
AB FMĮ Finasta, board member	-
AB Valmeda, board member	-
UAB Nenuorama	22.95 / 25.5
AB Grigiškės	5.11.
UAB Invaldos nekilnojamojo turto fondas, board member	-
UAB Aikstentis, chairman of the board	-
AB Vernitas, supervisory board member till 05.04.2007	
AB Vilniaus baldai, board member till 11.04.2007	
AB Omega, board member till 18.04.2007	
UAB Hidroprojektas, board member till 20.04.2007	
AB Sanitas, board member till 25.04.2007	
UAB Broner, chairman of the board till 26.04.2007	
UAB Wembley – Neringa, chairman of the board till 26.04.2007	

Table 42.3.1. continuing

NAME, POSITION	SHARE OF CAPITAL AND VOTES, OVER 5 %
DARIUS ŠULNIS	
AB Invalda, president, board member	9.94
AB Sanitas, chairman of the board	-
UAB Hidroprojektas, chairman of the board	-
AB FMĮ Finasta, chairman of the board	-
AB Finasta įmonių finansai, chairman of the board	-
AB Agrovaldymo grupė, board member	-
SIA Industrial and logistics centre Lapegles (Latvia), chairman of the supervisory board	-
SIA DOMMO (Latvia), chairman of the supervisory board	-
SIA AMMO (Latvia), chairman of the supervisory board	-
SIA Celniecības Pasaule (Latvia), chairman of the supervisory board	-
AB Vilniaus baldai, board member	-
AB Umega, board member	-
UAB Golfas	31.0
RAIMONDAS RAJECKAS	
AB Vilniaus baldai, board member	-
UAB Hidroprojektas, board member	-
AB Invalda, chief financier	-

42.4. Information about non-cancelled conviction of governing bodies' members committed in the area of property, economic operations, finances

Members of AB Invalda's Management and Administration did not suffer conviction in regard of falsification, they were not publicly prosecuted or applied penalty sanctions by governing bodies. They have not been prohibited by court to be appointed to the positions governed by the issuer or to manage any issuer's affairs.

Members of Company's Management and Administration have not been related to bankruptcy, liquidation or administering of any companies, institutions and (or) application of sanctions.

42.5. Information about the beginning and end of term of office of each governing bodies' member.

The Company's Board members were elected by general meeting of shareholders on the 12th of January 2006. The Company's Board started functioning on the 1st of February 2006 having registered Company's bylaw in the Register of Legal Entities (a number of Board members has been amended from 3 to 4). Company's Board was elected for the 4-year term (until general meeting of shareholders to be arranged in 2010).

Alvydas Banys retired from the position of Board member and Chairman of the Board on the 2nd of May 2007.

### 43. Information about payments and loans extended to the members of managing bodies

43.1. Information about general amounts related to salaries, bonuses and other pays paid by the issuer from profit and average amount paid per one person.

Table 43.1.1. Information about average salaries, bonuses and other payments made for issuer's Management members within 2006 (before taxes).

	Calculated salaries, thous. LTL	Bonuses, LTL	Dividends, thousand LTL
For Board members (4 persons)	-	-	3 946
Average amount per Board member	-	-	987
For Administration members (5 persons)	621	-	-
Average amount per Administration member	124	-	-

In 2006 Company's Board's of Directors members were members of the Board of Administration. They were paid salaries as Company's employees.

43.2. Amounts of salaries, bonuses and other payments made by the issuer to the members of the Board and Administration from profit amount received from companies of which the issuer's share in authorized capital is over 20 percent.

Table 43.2.1. Amounts of salaries, bonuses and other payments (before taxes) made by the issuer to Company's managers from profit amount received from companies of which the issuer's share in authorized capital is over 20 percent.

	Salaries amount calculated, thous. Litas	Bonuses, Litas	Dividends, thousand Litas
Issuer's Board of Administration members 4 of whom were Issuer's members of Board of Directors	70		67

43.3. Credits, guarantees and sureties granted to governing bodies' members within reporting period.  
None.

#### 44. Transactions with related parties

Information about transactions concluded with related parties is presented in the Explanatory Note attached to Financial Accountability for the year 2006 (Annex No.1- Pages 65-69 of AB Invalda consolidated and financial accountability).

## VII. RECENT AND MATERIAL EVENTS IN THE ISSUER'S ACTIVITY AND ITS PROSPECTS

### 45. Most recent events in the issuer's activities

In 2006 Invalda's portion of consolidated audited net profit amount is equal to 65.5 mLTL and Group's net consolidated audited profit is equal to 75.6 mLTL.

Consolidated audited result differs over 10 percent compared to preliminary Invalda's net profit announced 58.5 mLTL and Group's preliminary consolidated profit amount 66.5 mLTL. Essential impact on this difference was based on the fact that AB Sanitas and AB Kauno tiltai within the audit inspection were classified as associates but not as subsidiaries.

Net audited profit of Invalda in 2006 is 28.8 mLTL.

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, authorize 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.

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 Šulnis.

On the 1st of March 2007 the Board of Invalda approved the Codes of Ethics, Social Responsibility and Shareholders Policy.

The aim of the Code of Ethics is to declare the main activity principles to be met by the Company's employees in order to keep the Company's unblemished image. The basis for the Code of Ethics is obeying requirements contained in legal acts and all the Company's employees respect the law and obey them. The Company's employees avoid situations that might reflect on their abilities to work for the Company's benefits and could create the conflict of interests. The Company's employees also are obligated not to disclose confidential information and not to use this information when trading in securities on behalf of their own, their family members and other related persons.

The Code of Social Responsibility contains priority business actions and the main principles approved by Invalda. The principles are divided into four main groups: human rights, employees' rights, environment protection and fighting corruption. The following actions are considered by Invalda as priority actions related to responsible business activities: ethical business practice, increase in transparency, proper disclosure of information for users, stimulation of social initiative, ensurance of the main labour standards and employees' social welfare and protection of the rights of shareholders.



The main Company's obligations before its shareholders are described in the Shareholders policy which states that all the Company's shareholders have equal rights and equal possibilities to get to know and take part in adopting important Company's resolutions. Call and procedure of the Company's general meeting of shareholders are in accordance with provisions of relevant legal acts and create equal possibilities for Company's shareholders to take part in a meeting, to be acquainted in advance with draft resolutions and documents necessary for adoption of resolutions as well as ask questions to the Board members of Invalda.

On the 20th of March 2007 Invalda, seeking to stimulate social initiative, founded a public institution Iniciatyvos fondas involved in preparation of various programmes for separate society groups. On the most, these programmes will be based on raising knowledge, improvement of education, basic attention putting to distant Lithuanian regions residents integration into active society life.

#### **46. Material events in the issuer's activity**

An Extraordinary Shareholders Meeting of AB Invalda held on 12 January 2006 resolved to change the number of the Board members from 3 to 4 amending the Company's bylaw accordingly. The Shareholders Meeting removed from office the Company's Board. It was resolved that the Board terminates its activities as from the day of the registration of the amendments to the Bylaws of AB Invalda. Alvydas Banys, Vytautas Bučas, Dailius Juozapas Mišeikis and Darius Šulnis were elected to the new Board. The new Board commences its activities from the day of registration of the amendments to the Bylaw of AB Invalda. The meeting has also resolved to approve the reorganisation by merger by acquisition of the private company Pozityvios investicijos and the public company Invalda pursuant to Paragraph 1 of Article 63 of the Law on Companies of the Republic of Lithuania.

On 1 February 2006, the new wording of AB Invalda Bylaw was registered that set forth the composition of the Company's Board of 4 members.

The meeting of AB Invalda Board held on 1 February 2006 elected Alvydas Banys Chairman of the Board.

In order to ensure repayment of EUR 14.48 million of credit, in February 2006 the Company pledged 66 813 shares of AB Vilniaus baldai and 2 828 095 shares of AB Sanitas.

On 24 February 2006, the Company announced that after an additional pledge of AB Vilniaus baldai and AB Sanitas shares the total number of shares pledged amounted to 2 212 940 shares (56.94 %) of AB Vilniaus baldai and 4 000 000 shares (36.4 %) of AB Sanitas.

After AB Invalda had purchased additional 5 285 920 ordinary registered shares of AB Sanitas in April 2006, the Company owned 30.86% votes in that issuer; the figure goes up to 47.03 if calculated with persons acting in concert and to as many as 90.53% calculating with those held together with persons who concluded shareholding agreements.

On 28 April 2006, the Annual General Meeting of AB Invalda shareholders resolved to take into consideration the auditor's report when voting for approval of the Company's annual financial statements and the Activity Report, to approve the Company's Annual Report for 2005, the financial statements for the year 2005 and consolidated accounts for 2005. The meeting voted for approval of the Company's profit appropriation for 2005, which is as follows:

- The profit (loss) brought forward at the end of the previous financial year: LTL 9 624 843;
- Net result (profit (loss)) of the reporting year: LTL 9 619 953;
- Profit (loss) for appropriation at the end of the financial year: LTL 19 244 796;
- Profit to be appropriated: LTL 19 244 796;
- Profit appropriation:
  - to legal reserve: LTL 481 000;
  - dividend: LTL 8 346 932, or LTL 0.20 per share.



- Retained earnings at the end of the financial year: LTL 10 416 864.

On 9 May 2006, AB Invalda signed a contract concerning a sale of 100% of AB Klaipėdos konditerija ordinary registered shares.

The board meeting arranged on the 15th of May 2006 adopted a decision to call the extraordinary general meeting of shareholders on the 19th of June 2006. The meeting's agenda:

1. Regarding company's Invalda reorganization by merger, merging AB Pozityvios investicijos to Invalda.
2. Regarding approval of reorganization conditions.
3. Regarding approval of amended bylaw of the AB Invalda, which will continue after reorganization.
4. Regarding election of audit company and procedure of payment for audit services provided.

Acting in accordance with Paragraph 1 of Article 101 of the Civil Code of the Republic of Lithuania (Book 2) and Paragraph 1 of Article 65 of the Law on Companies of the Republic of Lithuania, on 16 May 2006 the Company announced the terms of reorganisation drawn up for the reorganisation of public companies specified below:

The company being reorganised:

AB Pozityvios investicijos; the company's name: AB Pozityvios investicijos; legal form: public company; registered office: Vilnius municipality, Vilnius, Konstitucijos Str. 23; code 1258 28616; the company is not a VAT payer; authorised capital: LTL 400 000 (four hundred thousand); paid up authorised capital: LTL 400 000 (four hundred thousand); register, in which data about the company are accumulated and stored: Register of Legal Entities; administrator of the register: Division of Legal Entities of the state enterprise Centre of Registers, Vilnius branch.

The company involved in the reorganisation:

Public company Invalda; the company's name: AB Invalda; legal form: public company; registered office: Vilnius municipality, Vilnius, Šeimyniškių Str. 3; code 1213 04349; VAT payer's code: LT213043414; authorised capital: LTL 41 734 662; paid up authorised capital: LTL 41 734 662; register, in which data about the company are accumulated and stored: Register of Legal Entities; administrator of the register: Division of Legal Entities of the state enterprise Centre of Registers, Vilnius branch.

The companies undergo reorganisation by way of merger by acquisition, merging AB Pozityvios investicijos (the company being reorganised), which winds up after the reorganisation, to AB Invalda (the company involved in the reorganisation), continuing after the reorganisation that assumes all rights and obligations of the company being reorganised. The rights and obligations of the company being wound up after the reorganisation are assumed by the company continuing after the reorganisation; while the assets and the transactions are included into the accounting of this company from 30 June 2006.

The aforementioned reorganization conditions were approved by extraordinary general meeting of Invalda's shareholders arranged on the 19th of June 2006. This meeting of shareholders also approved Invalda's bylaws to be valid after reorganization and selection of audit company UAB Ernst & Young Baltic and defined an annual fee for services provided in amount of LTL 109 000 (VAT excluded).

On 30 June 2006, the Bylaw of AB Invalda after the reorganisation were registered stating the Company's authorised capital at LTL 45 008 376.

Having purchased 33 040 AB Minija shares within validity of official offer, AB Invalda has increased the portion in authorized capital up to 88.46 percent and amount of votes up to 90.01 percent.

On the 12th of July 2006 AB Invalda established and manages 100 percent of shares of a company Finasta Asset Management in Latvia which already in 2006 received a managing company license.

The unaudited consolidated net profit of the first quarter of 2006 of AB Invalda and its subsidiaries according to the International Financial Reporting Standards amounted to 20,67 mLTL, amount attributable to shareholders of parent company – 11.45 mLTL. AB Invalda unaudited net profit for the I Q 2006 – 16,83 mln. Lt.

29.08.2006 was announced that AB Invalda projects to reach a consolidated net profit of LTL 67.76 million, if calculated applying the International Financial Reporting Standards, including LTL 43.1 million to fall to the shareholders of the parent company. The projection was made under the assumptions that during the second half of the year there will be no material positive or negative changes in the value of the investment assets and no significant changes in the structure of the Group.

In September 2006 AB Invalda acquired 100 percent of UAB Medicinos banko investicijų valdymas shares. Also a block of 100 percent of UAB Apželdinimas shares was sold.

The unaudited consolidated net profit of AB Invalda and its subsidiaries for the three quarters of the year 2006 according to the International Financial Reporting Standards was LTL 22 million. The unaudited net profit of AB Invalda for the three quarters of the year 2006 was LTL 30 million.

18.12.2006 the Company announced that it projects to reach a consolidated net profit of LTL 76.97 million, if calculated applying the International Financial Reporting Standards, including LTL 47.8 million to fall to the shareholders of the parent company. The projection was made under the assumptions that there will be no material positive or negative changes in the value of the investment assets in the market and no significant changes in the structure of the Group.

#### **47. Strategy of activities and its prospective changes during current and coming financial years**

The Company aims:

- to ensure considerable financial revenues and common financial stability maintaining a low risk level meeting ethics norms and traditional values;
- to ensure high financial return to Invalda's shareholders based in dividends and increase in share price;
- to effectively manage owned businesses;
- to actively seek for new investment opportunities.

AB Invalda projects to reach a consolidated net profit of LTL 76.97 million, if calculated applying the International Financial Reporting Standards, including LTL 47.8 million to fall to the shareholders of the parent company.

Financial sector forecasts for 2007:

- Net profit attributable to Invalda – 5.5 mLTL;
- Sector's net profit –5.5 mLTL.

Priorities raised by Invalda:

- Rearrangement of the financial sector enterprises into the bank by focusing on a high quality assets management, investment and private banking services;
- Ensurance of further development and profitability.

Forecast for 2007 for real estate sector:

- Net profit attributable to Invalda – 32.5 mLTL;
- Sector's net profit – 42.6 mLTL.

Priorities raised by Invalda:

- Ensuring of high financial return and balanced risk based on investments into real estate;
- Purposive selection of priority markets and segments;

Forecast for 2007 for pharmacy sector:

- „Net profit attributable to Invalda – 6.7 mLTL;
- Sector's net profit – 21.3 mLTL;
- Sector's sales – 340.5 mLTL;
- Sector's EBITDA – 77.1 mLTL

Priorities raised by Invalda for the pharmaceutical sector:

- To strengthen the status of one of the best CRE pharmacy companies in region;
- to turn effect of companies' re-arrangement and synergy into financial results;

Forecast for 2007 for road and bridges construction sector:

- Net profit attributable to Invalda – 2.8 mLTL;
- Sector's net profit – 7.2 mLTL.

Priorities raised by Invalda for roads and bridges construction sector:

- to strengthen position in Lithuania and neighbour countries based on purchases and organizational development;
- to increase companies' efficiency and improve the main financial results;

Forecast for 2007 for furniture manufacturing sector:

- Net profit attributable to Invalda – 0.4 mLTL;
- Sector's net profit - 0.4 mLTL;
- EBITDA – 15.3 mln. Lt.

Priorities raised by Invalda:

- ensurance of effective and competitive process of production;
- formation of optimal clients' orders' portfolios;
- ensurance of profitable activities.

Forecast for 2007 for hotel management sector:

- Net profit attributable to Invalda – 1.93 mLTL;
- Sector's net profit – 1.93 mLTL.

Priorities raised by Invalda:

- further improvement of the main indexes related to profitability, EBITDA and occupancy;
- Analysis of development possibilities.

Forecast for 2007 for production and services sector:

- Net profit attributable to Invalda – 1.75 mLTL;
- Sector's net profit – 1.75 mLTL.

Invalda's policy in non-strategic businesses:

- To take part in activities of those companies involved in non-strategic businesses when it is expected high investment return and risk ratio and those which require an adequate management.