

# AB INVALIDA

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

**AB INVALDA**

**FINANCIAL STATEMENTS FOR THE I QUARTER OF 2007**

(all amounts are in LTL thousand unless otherwise stated)

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**GENERAL INFORMATION**

**Board of Directors**

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

**Management**

Mr. Darius Šulnis (president)  
Mr. Raimondas Rajeckas (chief financial officer)

**Registered office and company code**

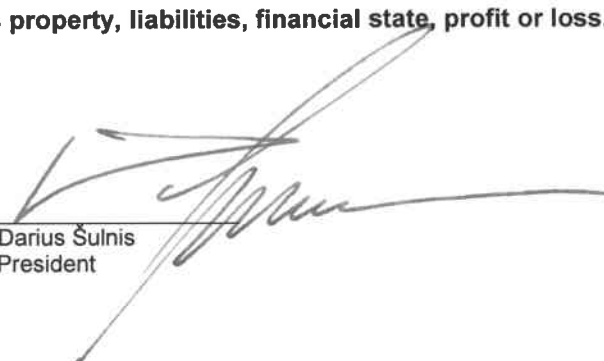
Šeimyniškių St. 3,  
Vilnius,  
Lithuania  
Company code 121304349

**Bankers**

Nordea Bank Finland Plc.  
AB DnB Nord bankas  
Akcinė bendrovė 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 30 May 2007.

**Management of the company confirms that, to the best of their knowledge, the interim statement is prepared following the valid accounting standards, is true to the reality and presents the true situation of the issuers property, liabilities, financial state, profit or loss.**



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Mr. Darius Šulnis  
President



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Mr. Raimondas Rajeckas  
Chief financial officer

**AB INVALIDA****FINANCIAL STATEMENTS FOR THE I QUARTER OF 2007**

(all amounts are in LTL thousand unless otherwise stated)

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

		Group		Company	
		I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
		(restated)		(restated)	
Revenue					
Furniture production revenue		38,697	31,665	-	-
Rent and other real estate income		9,409	5,263	-	-
Financial mediation revenue		9,123	1,992	-	-
Pharmacy revenue		-	16,171	-	-
Other production and services revenue		2,257	3,197	-	-
Hotel revenue		2,586	2,273	-	-
<b>Total revenue</b>		<b>62,072</b>	<b>60,560</b>	-	-
Other income	8.1	8,614	5,879	147	604
Valuation gains		6,996	2,398	-	-
Valuation losses		-	-	-	-
Changes in inventories of finished goods and work in progress		495	-	-	-
Raw materials and consumables used		(25,526)	(25,939)	-	-
Salaries and related expenses		(15,619)	(17,128)	(407)	(265)
Depreciation and amortisation		(3,377)	(3,704)	(39)	(27)
Subcontractor expenses		(1,996)	(978)	-	-
Premises rent and utilities		(2,413)	(2,313)	(92)	(45)
Fees for securities		(648)	(347)	(18)	(93)
Vehicles maintenance costs		(681)	(515)	(13)	(16)
Other taxes		(1,002)	(700)	(30)	(60)
Advertising and other promotion expenses		(977)	(863)	(3)	(9)
Repair and maintenance of premises		(1,409)	(1,517)	(1)	-
Loss on sales of shares		(1,655)	(1,587)	-	-
Other operating expenses		(3,797)	(3,963)	(120)	(64)
Finance income	8.3	2,287	1,934	15,975	4,348
Finance expenses	8.2	(7,665)	(6,577)	(1,358)	(578)
Share of profit from associates and joint ventures		3,481	(3,258)	-	-
<b>Profit before tax</b>		<b>17,180</b>	<b>1,383</b>	<b>14,041</b>	<b>3,795</b>
Income tax expense	6	(4,277)	(1,404)	-	-
<b>Profit for year</b>		<b>12,903</b>	<b>(21)</b>	<b>14,041</b>	<b>3,795</b>
Attributable to:					
Equity holders of the parent		9,992	(1,076)	-	-
Minority interest		2,911	1,055	-	-
Basic and diluted earnings per share (in LTL)		0.22	(0.03)	-	-

## Consolidated and parent Company's balance sheets

	Group		Company	
	As of 31 March 2007	As of 31 December 2006	As of 31 March 2007	As of 31 December 2006
	unaudited	audited	unaudited	audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment				
Hotels	48,478	49,821	-	-
Other property, plant and equipment	141,309	147,449	602	630
Total property, plant and equipment	9	189,787	602	630
Investment properties	9	421,182	-	-
Intangible assets	9	5,592	14	8
Non-current financial assets				
Investments into subsidiaries	7	-	68,774	67,141
Investments into associates and joint ventures	7	189,186	134,548	118,797
Other non-current investments		1,822	1,820	1,771
Granted loans		20,179	35,412	30,350
Total non-current financial assets		211,187	240,554	218,059
Deferred tax asset		1,158	-	-
<b>Total non-current assets</b>		<b>828,906</b>	<b>241,170</b>	<b>218,697</b>
<b>Current assets</b>				
Inventories		18,386	-	-
Trade and other receivables		65,417	1,732	-
Short term loans granted		11,833	22,156	16,981
Prepaid income tax		4,370	-	-
Prepayments and other current assets		3,226	10	4
Other current investments		34,325	-	-
Cash and cash equivalents	4	10,188	324	82
<b>Total current assets</b>		<b>147,745</b>	<b>24,222</b>	<b>17,067</b>
<b>Non-current assets classified as held for sale</b>		<b>18,008</b>	-	-
<b>Total assets</b>		<b>994,659</b>	<b>265,392</b>	<b>235,764</b>

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

	Group		Company	
	As of 31 March 2007	As of 31 December 2006	As of 31 March 2007	As of 31 December 2006
	unaudited	audited	unaudited	audited
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital	45,008	45,008	45,008	45,008
Share premium	50,588	50,588	50,588	50,588
Reserves	25,153	28,683	3,068	3,068
Retained earnings	212,975	203,860	61,716	47,675
Foreign exchange reserve	(70)	(48)	-	-
	<b>333,654</b>	<b>328,091</b>	<b>160,380</b>	<b>146,339</b>
<b>Minority interest</b>	<b>45,797</b>	<b>40,407</b>	-	-
<b>Total equity</b>	<b>379,451</b>	<b>368,498</b>	<b>160,380</b>	<b>146,339</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current borrowings	10 325,652	246,347	52,898	2,901
Financial lease liabilities	6,191	6,267	-	-
Government grants	109	109	-	-
Provisions	105	105	-	-
Deferred tax liability	37,262	35,976	-	-
Other non-current liabilities	197	197	-	-
<b>Total non-current liabilities</b>	<b>369,516</b>	<b>289,001</b>	<b>52,898</b>	<b>2,901</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	10 79,544	80,104	1,350	1,350
Current portion of financial lease liabilities	1,276	1,467	-	-
Current borrowings	10 96,499	138,819	47,601	81,770
Trade payables	27,857	24,707	284	552
Provisions	-	-	-	-
Income tax payable	4,876	2,785	1,218	1,218
Advances received	22,640	19,360	-	-
Other current liabilities	13,000	13,265	1,661	1,634
<b>Total current liabilities</b>	<b>245,692</b>	<b>280,507</b>	<b>52,114</b>	<b>86,524</b>
<b>Total equity and liabilities</b>	<b>994,659</b>	<b>938,006</b>	<b>265,392</b>	<b>235,764</b>

(the end)

**AB INVALIDA****FINANCIAL STATEMENTS FOR THE I QUARTER 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								Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Fair value reserves	Other reserves	Translation reserve	Retained earnings	Total		
<b>Balance as of 31 December 2005</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	-	-	-	862	-	-	-	862	-	862
Income (expenses) recognised directly in equity	-	-	-	-	-	-	83	83	-	83
<b>Total income and expenses for the year recognised directly in equity</b>	-	-	-	862	-	-	83	945	-	945
Profit for the I Quarter of 2006	-	-	-	-	-	-	(1,076)	(1,076)	1,055	(21)
<b>Total income and expenses for the year</b>	-	-	-	862	-	-	(993)	(131)	1,055	924
Minority of subsidiaries acquired	-	-	-	-	-	-	-	-	28	28
Revaluation reserve release	-	-	(123)	-	-	-	145	22	-	22
Change in reserves	-	-	-	-	(85)	283	85	283	-	283
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(100)	(100)
<b>Balance as of 31 March 2006</b>	<b>41,735</b>	<b>19,815</b>	<b>19,593</b>	<b>4,135</b>	<b>9,378</b>	<b>755</b>	<b>146,271</b>	<b>241,682</b>	<b>94,765</b>	<b>336,447</b>

**AB INVALIDA****FINANCIAL STATEMENTS FOR THE I QUARTER 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			
<b>Balance as of 31 December 2006</b>	<b>45,008</b>	<b>50,588</b>	<b>18,391</b>	<b>3,432</b>	<b>6,860</b>	<b>(48)</b>	<b>203,860</b>	<b>328,091</b>	<b>40,407</b>	<b>368,498</b>
Net gain (loss) on available-for-sale investments	-	-	-	(3,432)	-	-	-	(3,432)	-	(3,432)
Income (expenses) recognised directly in equity	-	-	-	-	-	-	(886)	(886)	-	(886)
<b>Total income and expenses for the year recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,432)</b>	<b>-</b>	<b>-</b>	<b>(886)</b>	<b>(4,318)</b>	<b>-</b>	<b>(4,318)</b>
Profit for the I Quarter of 2007	-	-	-	-	-	-	9,992	9,992	2,911	12,903
<b>Total income and expenses for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,432)</b>	<b>-</b>	<b>-</b>	<b>9,106</b>	<b>5,674</b>	<b>2,911</b>	<b>8,585</b>
Minority of subsidiaries acquired	-	-	-	-	-	-	(100)	(100)	2,509	2,409
Revaluation reserve release	-	-	(134)	-	-	-	145	11	-	11
Change in reserves	-	-	-	-	36	(22)	(36)	(22)	-	(22)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(30)	(30)
<b>Balance as of 31 March 2007</b>	<b>45,008</b>	<b>50,588</b>	<b>18,257</b>	<b>-</b>	<b>6,896</b>	<b>(70)</b>	<b>212,975</b>	<b>333,654</b>	<b>45,797</b>	<b>379,451</b>

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

Company	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Total
<b>Balance as of 31 December 2005</b>	<b>41,735</b>	<b>19,815</b>	<b>2,587</b>	<b>771</b>	<b>19,245</b>	<b>84,153</b>
Net profit for the I Quarter of 2006	-	-	-	-	3,795	3,795
<b>Total income and expenses for the year</b>	-	-	-	-	3,795	3,795
Changes in fair value reserve	-	-	-	(771)	-	(771)
<b>Balance as of 31 March 2006</b>	<b>41,735</b>	<b>19,815</b>	<b>2,587</b>	<b>-</b>	<b>23,040</b>	<b>87,177</b>

Company	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Total
<b>Balance as of 31 December 2006</b>	<b>45,008</b>	<b>50,588</b>	<b>3,068</b>	<b>-</b>	<b>47,675</b>	<b>146,339</b>
Net profit for the I Quarter of 2007	-	-	-	-	14,041	14,041
<b>Total income and expenses for the year</b>	-	-	-	-	14,041	14,041
<b>Balance as of 31 March 2007</b>	<b>45,008</b>	<b>50,588</b>	<b>3,068</b>	<b>-</b>	<b>61,716</b>	<b>160,380</b>



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

	Group		Company	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
<b>Cash flows from (to) operating activities</b>				
Net profit	12,903	(21)	14,041	3,795
<b>Adjustments for non-cash items:</b>				
Valuation gain, net	(6,996)	(2,398)	-	-
Depreciation and amortization	3,377	3,704	39	27
(Gain) on disposal of property, plant and equipment	(273)	(125)	-	(23)
(Gain) on disposal of investments	(6,145)	(2,630)	(145)	(580)
Share of net profits of associates and joint ventures	(3,481)	3,258	-	-
Interest (income)	(1,408)	(955)	(903)	(348)
Interest expenses	5,226	4,245	1,353	577
Deferred taxes	2,021	442	-	-
Current income tax expenses	2,256	962	-	-
Allowance for receivables	-	-	-	-
Allowance for inventories	-	-	-	-
Change in provisions	-	-	-	-
Dividend (income)	-	-	(15,065)	(4,000)
Loss (gain) from other financial activities	1,560	1,353	(2)	1
	<u>9,040</u>	<u>7,835</u>	<u>(683)</u>	<u>(551)</u>
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	113	(33,962)	-	-
Decrease (increase) in trade and other receivables	(4,595)	(33,356)	-	(66,083)
Decrease in other current assets	(17,768)	-	(6)	-
(Decrease) increase in trade payables	3,150	21,533	(269)	4,396
Income tax paid	(362)	(1,950)	-	(280)
(Decrease) increase in other current liabilities	3,015	14,166	27	(108)
<b>Net cash flows (to) from operating activities</b>	<b><u>(7,407)</u></b>	<b><u>(25,734)</u></b>	<b><u>(930)</u></b>	<b><u>(62,626)</u></b>

*(cont'd on the next page)*

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

	Group		Company	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
<b>Cash flows from (to) investing activities</b>				
(Acquisition) of tangible non-current assets (except investment properties)	(11,896)	-	(17)	(232)
Proceeds from sale of tangible non-current assets (except investment properties)	204	-	-	29
(Acquisition) of investment properties	(23,786)	(3,918)	-	-
Proceeds of sale of investment properties	1,137	1,810	-	-
(Acquisition) of subsidiaries, net of cash acquired	-	-	-	(8)
Proceeds from sales of subsidiaries	-	-	-	-
(Acquisition) of associates	-	-	(16,443)	(2,630)
Proceeds from sales of associates	230	(2,630)	230	-
Loans (granted)	(3,334)	-	(10,512)	(43,461)
Repayment of granted loans	-	-	1,133	50,709
Dividends received	-	3,977	13,940	4,000
Interest received	1,408	955	45	208
(Acquisition) of minority interest	(160)	-	(1,632)	-
Other cash flow from investing activities	-	-	(49)	2,364
<b>Net cash flows (to) investing activities</b>	<b>(36,197)</b>	<b>194</b>	<b>(13,305)</b>	<b>10,979</b>
<b>Cash flows from (to) financing activities</b>				
Cash flows related to company shareholders				
Issue of shares	-	-	-	-
Dividends (paid)	-	-	-	-
Dividends to minority	(30)	(100)	-	-
	(30)	(100)	-	-
Cash flows related to other sources of financing				
Proceeds from loans	60,321	130,705	27,038	87,523
Issue of bonds	-	-	-	-
(Repayment) of loans	(32,154)	(30,000)	(11,795)	(35,620)
Interest (paid)	(5,226)	(4,245)	(768)	(228)
Financial lease (payments)	(267)	-	-	-
Other cash flows from financing activities	21,987	(1,353)	2	(1)
	44,661	95,107	14,477	51,674
<b>Net cash flows from financial activities</b>	<b>44,631</b>	<b>95,007</b>	<b>14,477</b>	<b>51,674</b>
<b>Impact of currency exchange on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>1,027</b>	<b>69,467</b>	<b>242</b>	<b>27</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,161</b>	<b>32,749</b>	<b>82</b>	<b>4</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,188</b>	<b>102,216</b>	<b>324</b>	<b>31</b>

(the end)

## **Notes to the financial statements**

### **1 General information**

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

Šeimyniškių St. 3,  
Vilnius,  
Lithuania.

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

The Company's shares 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 three months ended 31 March 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 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 1<sup>st</sup> quarter of 2006 was restated. Auditors' remarks were taken into consideration.

**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 1<sup>st</sup> quarter in contrast to the 2<sup>nd</sup> and the 3<sup>rd</sup> quarters. 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 first quarter of 2007, only one recently obtained unit of assets was revaluated.

**4 Cash and cash equivalents**

	<b>Group</b>	<b>Company</b>
	<b>31 March 2007</b>	
Cash at bank	9,887	323
Cash in hand	301	1
	<u>10,188</u>	<u>324</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 (these dividends are not included as liabilities in the balance of 31 March 2007). In 2006, LTL 8,347 thousand were allocated, i.e. LTL 0.20 per one share.

**6 Income tax**

	<b>Group</b>		<b>Company</b>	
	<b>I Quarter</b>	<b>I Quarter</b>	<b>I Quarter</b>	<b>I Quarter</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Components of income tax expense</b>				
Current income tax charge	(2,256)	(962)	-	-
Deferred income tax income (expense)	(2,021)	(442)	-	-
Income tax (expenses) income charged to the income statement	(4,277)	(1,404)	-	-

**AB INVALIDA****CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE I QUARTER 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 1<sup>st</sup> quarter of 2007: *Iniciatyvos Fondas Vši* (100% controlled by *Invalda AB*), *INTF Investicija UAB* (100% controlled by *Invaldos Nekilnojamojo Turto Fondas AB*). Besides, *Invalda AB* invested in *Vilniaus Baldai AB* and *Sanitas AB* additionally. Mainly shares of these companies were acquired from other companies within the Group.

The Group acquired 0.23 % of shares of *Vilniaus Baldai AB* for LTL 160 thousand additionally. The value of the additional interest acquired was LTL 60 thousand. The negative difference equal to LTL 100 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.

**Sales in 2007**

Within the 1<sup>st</sup> quarter of 2007, *Panevėžio Melioracija UAB* was sold. The loss of the sale of LTL 1,271 thousand has been recognized in the income statement.

*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.

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

	Group		Company	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
Gain on sale of securities	7,800	4,217	145	580
Gain on sale of investment properties	269	125	-	-
Other	545	1,537	2	24
	<u>8,614</u>	<u>5,879</u>	<u>147</u>	<u>604</u>

**8.2. Finance expenses**

	Group		Company	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
Interest expenses	(5,226)	(4,245)	(1,353)	(577)
Foreign currency exchange loss	(499)	(797)	-	(1)
Other finance expenses	(1,940)	(1,535)	(5)	
	<u>(7,665)</u>	<u>(6,577)</u>	<u>(1,358)</u>	<u>(578)</u>

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

(all amounts are in LTL thousand unless otherwise stated)

**8.3 Finance income**

	Group		Company	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
Interest income	1,408	955	903	348
Foreign currency exchange gain	605	685	7	-
Dividend income			15,065	4,000
Other finance income	274	294	-	-
	<u>2,287</u>	<u>1,934</u>	<u>15,975</u>	<u>4,348</u>

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

During the 1<sup>st</sup> quarter of 2007, the Group acquired investment properties with cost of LTL 23,786 thousand, property, plant and equipment with cost of LTL 11,828 thousand, and intangible assets with cost of LTL 68 thousand.

Investment properties with a net book value of LTL 870 thousand were disposed of by the Group during the 1<sup>st</sup> quarter of 2007, resulting in a net gain on disposal of LTL 267 thousand.

**10 Borrowings**

Within the 1<sup>st</sup> quarter of 2007, the Group took LTL 60,321 thousand as loans from banks and refunded LTL 32,154 thousand to banks. Besides, 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. Thus a amount of EUR 14,480 thousand (an equivalent of LTL 49,997 thousand) is reclassified from the current borrowings as specified in the balance of 31 December 2006 to the non-current borrowings in the balance of 31 March 2007.

**11 Related party transactions**

The Company's transactions with related parties in the 1<sup>st</sup> Quarter of 2007 and related quarter-end balances were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
UAB Inred	1	139	2,250	-
AB FMĮ Finasta	-	334	25,812	-
AB Vilniaus baldai	283	-	-	16,672
AB Valmeda	-	120	9,056	-
AB Minija	52	-	-	4,056
UAB Saulės investicija	-	-	-	10
UAB Finasta investicijų valdymas	-	29	29	-
UAB Aikstentis	-	-	233	-
UAB Finansų spektras	-	15	15	-
UAB Finasta rizikos valdymas	-	63	4,351	-
UAB Hidroprojektas	-	6	-	-
UAB Kelio ženklai	28	-	-	1,981
SIA Inreal	8	-	-	664
SIA Gravity	-	-	-	1,222
AB Sanitas	45	-	-	4,463
Inreal LLC	-	21	179	-
AB Kauno tiltai	49	-	-	4,551
UAB Nerijos būstas	64	-	-	3,773

*(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)**

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
UAB Laikinosios sostinės projektai	38	-	-	2,423
UAB VIPC Klaipėda	24	-	-	1,412
UAB Žemės vystymo fondas	16	-	-	619
UAB Žemės Vystymo Fondas 11	12	-	-	455
UAB Žemės Vystymo Fondas 12	13	-	-	492
UAB Žemės vystymo grupė 5	2	-	-	209
UAB Žemės vystymo grupė 6	11	-	-	538
UAB Žemės vystymo fondas 15	2	-	-	191
UAB Žemės vystymo fondas 16	2	-	-	191
UAB Žemės vystymo fondas 17	7	-	-	534
AB Agrovaldymo Grupė	77	-	-	3,205
UAB Dommo Nerija	7	-	-	427
SIA AMMO	37	-	-	2,512
SIA DOMMO GRUPA	107	-	-	7,362
	<b>885</b>	<b>727</b>	<b>41,925</b>	<b>57,962</b>

*(the end)*

The Company's transactions with related parties in the 1<sup>st</sup> Quarter of 2006 and related quarter-end balances were as follows:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
AB Invalidos nekilnojamojo turto fondas	-	20	6,950	-
UAB Inred	24	47	4	3,631
AB FMĮ Finasta	13	91	5,845	66,344
AB Vilniaus baldai	131	-	-	11,023
AB Valmeda	-	95	14,216	-
UAB Saulės investicija	1	-	-	357
UAB Finansų spektras	-	18	3,014	-
UAB Hidroprojektas	-	2	500	-
UAB Naujoji švara	23	-	-	1,738
UAB Ineturas	83	-	90	-
UAB Ekotra	3	-	-	633
UAB IBC logistika	32	-	-	2,881
UAB Nerijos būstas	8	-	-	2,365
AB Pozityvios investicijos	31	36	7,771	43
	<b>349</b>	<b>309</b>	<b>38,390</b>	<b>89,015</b>

The Group's transactions with related parties in the 1<sup>st</sup> Quarter of 2007 and related quarter-end balances were as follows:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
UAB DOMMO Nerija	10	-	-	427
UAB VIPC Klaipėda	32	-	-	1,412
UAB Laikinosios Sostinės Projektai	84	-	-	3,468
UAB MBGK	31	140	-	560
SIA AMMO	78	-	-	2,513
SIA DOMMO GRUPA	107	32	-	8,518
AB Agrovaldymo Grupė	77	-	3	3,205
UAB Žemės Vystymo Fondas	17	-	-	619

*(cont'd in the next page)*

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

(all amounts are in LTL thousand unless otherwise stated)

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

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
UAB Žemės Vystymo Fondas 11	12	-	-	455
UAB Žemės Vystymo Fondas 12	13	-	-	492
UAB Žemės vystymo grupė 5	2	-	-	209
UAB Žemės vystymo grupė 6	11	-	-	538
UAB Žemės vystymo fondas 15	2	-	-	191
UAB Žemės vystymo fondas 16	2	-	-	191
UAB Žemės vystymo fondas 17	7	-	-	534
Amber Viking Capital LLC	-	21	-	-
AB Umega	8	-	-	52
AB Sanitas	168	-	-	4,504
AB Kauno tiltai	81	113	705	4,694
Kita	20	1	-	5
	<b>762</b>	<b>307</b>	<b>708</b>	<b>32,587</b>

*(the end)*

The Group's transactions with related parties in the 1<sup>st</sup> Quarter of 2006 and related quarter-end balances were as follows:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to related parties</b>	<b>Amounts owed by related parties</b>
UAB DOMMO Nerija	1	-	-	156
SIA AMMO	29	-	439	2,388
SIA DOMMO GRUPA	177	-	461	13,248
AB Agrovaldymo Grupė	141	-	-	3,555
UAB Žemės Vystymo Fondas	10	-	-	563
UAB Žemės Vystymo Fondas 11	9	-	-	414
UAB Žemės Vystymo Fondas 12	4	-	-	426
AB Kauno tiltai	40	-	-	-
Kita	21	-	-	467
	<b>432</b>	<b>-</b>	<b>900</b>	<b>21,217</b>

**12 Subsequent events**The Company

In April 2007 the credit extension agreements of with AB DnB NORD Bank were signed. The maturity date of EUR 2,953 thousand loan was extended to 30 April 2009.

On 11 May 2007, reconvened ordinary general shareholders meeting took place. Retained earnings for the year 2006 were distributed:

<b>Distributable profit</b>	<b>47,675</b>
Profit distribution:	
To legal reserves	1,433
To own shares reserves	34,500
Dividends	11,252
<b>Retained earnings (deficit) after distribution</b>	<b>490</b>

Alvydas Banys resigned from position of Chairman and member of the Management Board from May 2, 2007. From May 9, 2007 Vytautas Bucas is elected as Chairman of the Management Board.