



Consolidated Annual Report for the year 2007

Prepared according to The Rules for the Drawing-up and the Submission of the
Periodic and Additional Information, approved by
Resolution No. 1K-3 of 23.02.2007 of the Lithuanian Securities Commission

Approved by the Board decision No 2008-07 passed on 18.04.2008

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Code of legal person 110878442
VAT payer code LT108784411
Register of Legal Persons


Independent Auditors' Review Report on Annual Report of AB Invalda

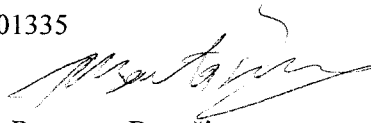
We have reviewed AB Invalda (hereinafter the Company) Consolidated Annual Report for the year ended 31 December 2007. The report is the responsibility of the Company's management. Our responsibility is to present report on the Annual Report based on our review.

We have audited the financial statements of AB Invalda for the year ended 31 December 2007 in accordance with International Standards of Auditing. On 18 April 2008 we have expressed unqualified opinion on these financial statements.

We have read the Annual Report for the year ended 31 December 2007 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2007.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335


Jonas Akelis
Auditor's licence
No. 000003


Ramūnas Bartasius
Auditor's licence
No. 000362

The review was completed on 18 April 2008.

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I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 2007.

2. General information about the Issuer and other companies comprising the Issuer’s group

2.1. Information about the Issuer

Name of the Issuer	Public company Invalda, hereinafter Invalda AB
Enterprise code	121304349
Address of the registered office	Seimyniskiu str. 3, LT-09312 Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	post@invalda.lt
Website	www.invalda.lt
Legal form	public limited liability company
Date and place of registration	20.03.1992, Register of Enterprise of Vilnius
Register, in which data about the company are accumulated and stored	Register of Legal Entities

Invalda AB is the company actively managing its investments by acquiring and restructuring businesses, applying modern methods of management and funding, diversifying risks, The Company receives income from managed companies and / or exiting businesses thus providing high return to shareholders of the company.

2.2. Information about other companies comprising the Issuer’s group

Striving to obtain the highest effectiveness of investments and profitability to shareholders, Invalda AB concentrates to the priority segments, such as finance, real estate, pharmacy, roads and bridges construction and furniture manufacturing. The activities of the group are developed in Lithuania, also in Latvia, Poland, Ukraine, Slovakia, and other European countries.

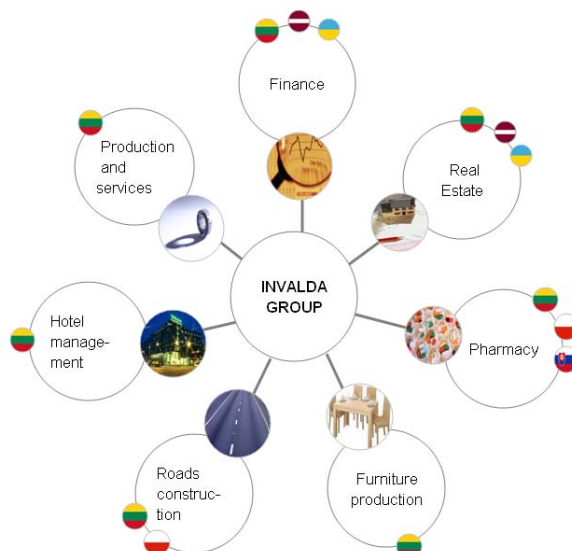
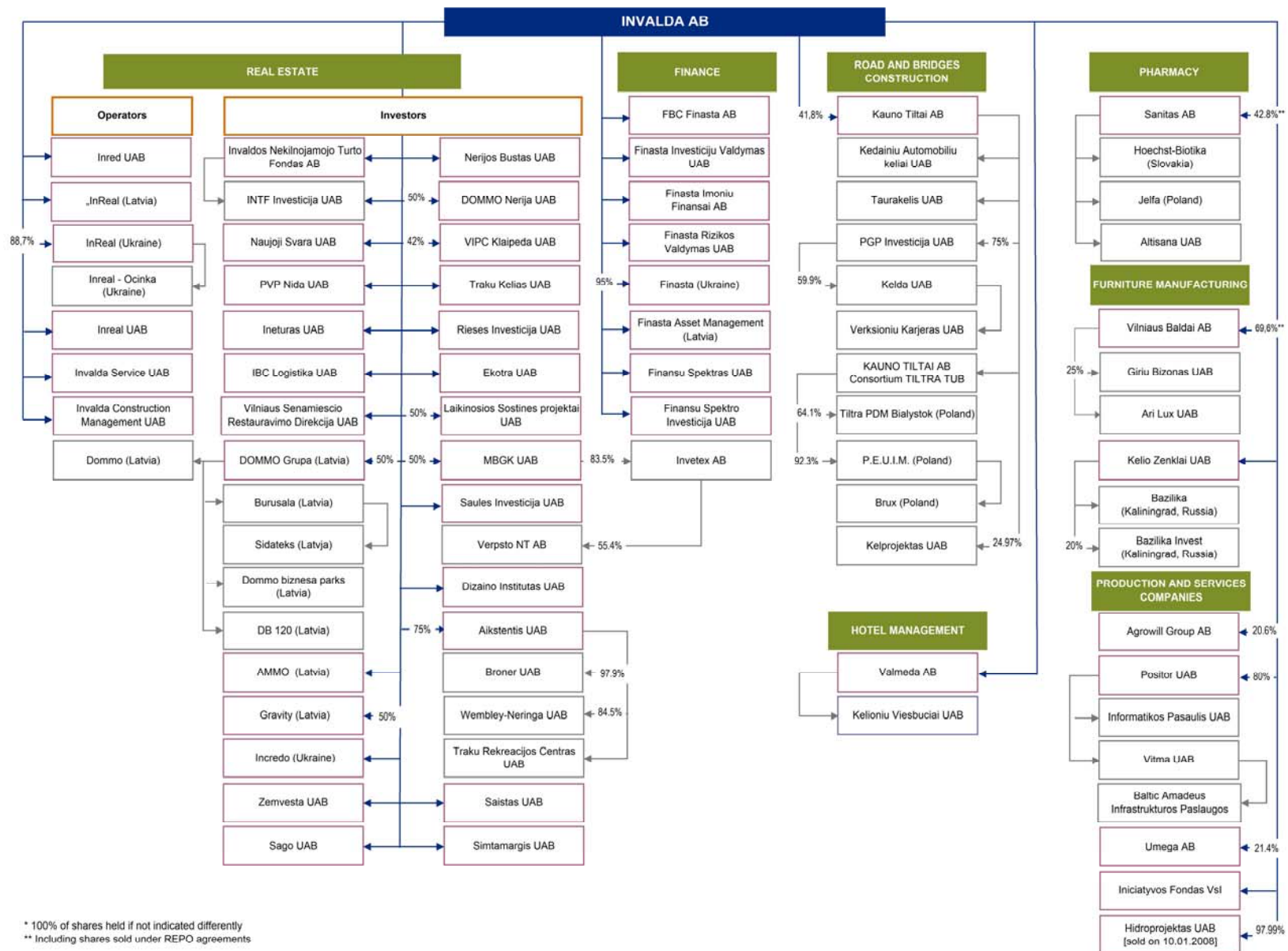


Fig. 2.2.1. Sectors of Invalda AB group as of 31.12.2007



Picture 2.2.2. Simplified structure of Invalda AB group as of 31.12.2007

2.2.1. Finance sector



Name of the company	FBC Fnasta AB	Finasta Investiciju Valdymas UAB
Enterprise code	122570630	126263073
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 278 6833	+370 5 273 2928
Fax	+370 5 278 6838	+370 5 273 4898
E-mail	info@finasta.lt	fondai@finasta.lt
Website	www.finasta.lt	www.finasta.lt
Legal form	public limited liability company	private limited liability company
Date of registration	21.01.1994	21.07.2003
Main activity	broker services, security accounting	investment and pension funds, as well as personal investment portfolios management

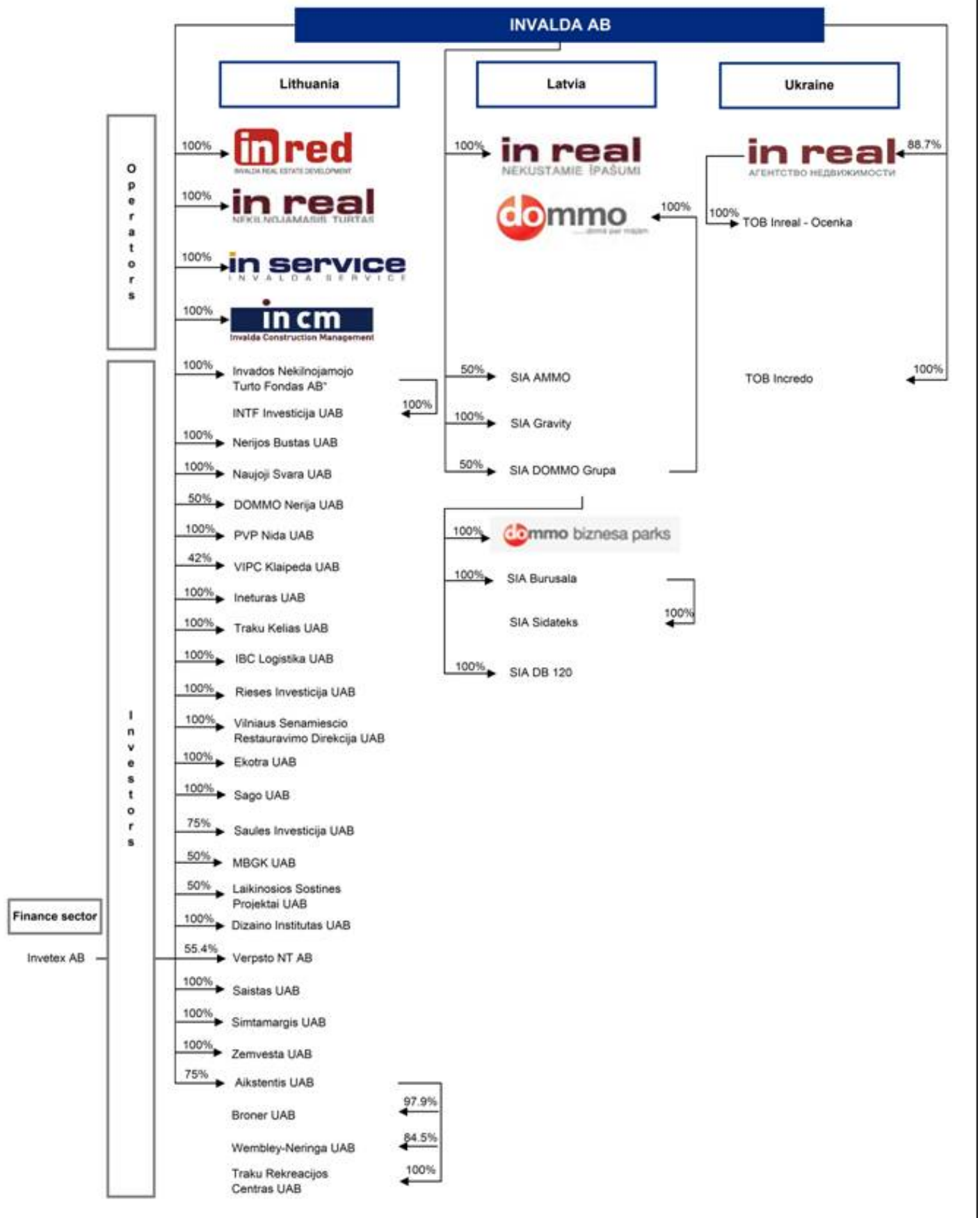
Name of the company	Finasta Imonių Finansai AB	Finasta Rizikos Valdymas UAB
Enterprise code	300587351	300045450
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 236 1880	+370 5 278 6833
Fax	+370 5 210 2474	+370 5 278 6838
E-mail	imoniufinansai@finasta.lt	-
Website	www.finasta.lt	-
Legal form	public limited liability company	private limited liability company
Date of registration	31.07.2006	04.08.2004
Main activity	consulting and other services of corporate finance	investment activity

Name of the company	Finansu Spektras UAB (in liquidation)	Finansu Spektro Investicija UAB
Enterprise code	134003456	132209272
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 278 6833	+370 5 278 6833
Fax	+370 5 278 6838	+370 5 278 6838
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	18.03.1994	27.12.1990
Main activity	investment activity	investment activity

Name of the company	TOB Finasta	AS IPS Finasta Asset Management
Enterprise code	34762675	50003840061
Address of the registered office	Kominternu str. 5, 01032 Kiev, Ukraine	Tirgonu iela 8, LV-1050 Riga, Latvia
Telephone	+38 044 234 04 47	+371 750 3100
Fax	+38 044 238 23 09	+371 750 3099
E-mail	office@finasta.com.ua	info@finasta.lv
Website	www.finasta.com.ua	www.finasta.lv
Legal form	limited liability company	public limited liability company, investment management company
Date of registration	22.11.2006	11.07.2006
Main activity	financial services	investment fund and personal investment portfolios management

Name of the company	Invetex AB
Enterprise code	133190113
Address of the registered office	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 210 2478
Fax	+370 5 210 2474
E-mail	-
Website	-
Legal form	public limited liability company
Date of registration	31.01.1992
Main activity	investment activity

2.2.2. Real estate sector



Name of the company	Inred UAB	Inreal UAB
Enterprise code	222894170	300576166
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	A. Juozapaviciaus str. 7, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0000
Fax	+370 5 273 3065	+370 5 273 0858
E-mail	info@inred.lt	info@inreal.lt
Website	www.inred.lt	www.inreal.lt
Legal form	private limited liability company	private limited liability company
Date of registration	22.12.1994	14.06.2006
Main activity	real estate management and administration, development of investment projects	intermediation purchasing or selling real estate, real estate rent and valuation

Name of the company	Invalda Service UAB	Invalda Construction Management UAB
Enterprise code	126180446	186139653
Address of the registered office	Seimyniskiu str. 3, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 6565	+370 5 272 55 65
Fax	+370 5 273 6667	+370 5 213 9073
E-mail	info@inservice.lt	info@incm.lt
Website	www.inservice.lt	www.incm.lt
Legal form	private limited liability company	private limited liability company
Date of registration	25.03.2003	17.02.1994
Main activity	management of building economy	management of construction objects, General Contracting

Name of the company	SIA Inreal	SIA DOMMO
Enterprise code	40003690957	40003787271
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Riga, Latvia	Mūkusalas iela 45/47, LV-1004 Riga, Latvia
Telephone	+371 740 8676	+371 762 7417
Fax	+371 740 8687	+ 371 762 7793
E-mail	info@inreal.lv	info@dommo.lv
Website	www.inreal.lv	www.dommo.lv
Legal form	private limited liability company	private limited liability company
Date of registration	22.07.2004	05.12.2005
Main activity	intermediation purchasing or selling real estate, real estate rent and valuation	real estate management and administration, development of investment projects

Name of the company	TOB Inreal	TOB Inreal – Ocinka
Enterprise code	34001410	35332251
Address of the registered office	Verchnij Val str. 30-A, Kiev 04071, Ukraine	Verchnij Val str. 30-A, Kiev 04071, Ukraine
Telephone	+38 044 390 5252	+38 044 390 5252
Fax	+38 044 390 5252	+38 044 390 5252
E-mail	info@inreal.com.ua	inreal-ocenka@inreal.com.ua
Website	www.inreal.com.ua	www.inreal.com.ua
Legal form	limited liability company	limited liability company
Date of registration	17.01.2006	13.08.2007
Main activity	intermediation purchasing or selling real estate, real estate rent	real estate valuation

Name of the company	Invalidos Nekilnojamojo Turto Fondas AB	INTF Investicija AB
Enterprise code	152105644	300643227
Address of the registered office	A. Juozapaviciaus str. 6/2, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 279 0614	+370 5 275 5093
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	intf@intf.lt	-
Website	-	-
Legal form	public limited liability company	private limited liability company
Date of registration	28.01.1997	02.02.2007
Main activity	investments into real estate	real estate operations

Name of the company	Nerijos Bustas UAB	Naujoji Svara UAB
Enterprise code	300512402	125235345
Address of the registered office	Misko str. 3, Neringa, Lithuania	registered: Seimyniskiu str. 3, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 46 314 313	+370 5 273 0944
Fax	+370 46 314 316	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	05.12.2005	12.04.2000
Main activity	real estate operations	real estate operations

Name of the company	DOMMO Nerija UAB	PVP Nida UAB
Enterprise code	300516742	126366340
Address of the registered office	registered: Smiltynes str. 25, Klaipeda, Lithuania; actual: S. Simkaus str. 8, Klaipeda, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 46 310 696	+370 5 273 0944
Fax	+370 46 314 316	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	21.12.2005	07.11.2003
Main activity	real estate operations	real estate operations

Name of the company	VIPC Klaipeda UAB	Ineturas UAB
Enterprise code	300007510	126075527
Address of the registered office	Laisves ave. 3, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 246 0766	+370 5 273 0944
Fax	+370 5 246 0767	+370 5 273 3065
E-mail	info@vipcentras.lt	-
Website	www.vipcentras.lt	-
Legal form	private limited liability company	private limited liability company
Date of registration	02.03.2004	30.10.2002-
Main activity	real estate operations	real estate operations

Name of the company	Traku Kelias UAB	IBC Logistika UAB
Enterprise code	124928371	300016395
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	31.05.1999	07.04.2004
Main activity	real estate operations	real estate operations

Name of the company	Rieses Investicija UAB	Vilniaus Senamiescio Restauravimo Direkcija UAB
Enterprise code	300606428	120135024
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	A. Juozapaviciaus str. 7, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	11.10.2006	28.12.1990
Main activity	real estate operations	real estate operations

Name of the company	Ekotra UAB	Saules Investicija UAB
Enterprise code	300040019	300545039
Address of the registered office	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Vytauto ave. 3, Kaunas, Lithuania	registered: Fiziku str. 33, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 37 202 120	+370 5 273 0944
Fax	+370 37 321 132	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	12.07.2007	06.03.2006
Main activity	purchase, sale and rent of land	real estate operations

Name of the company	Laikinosios Sostines Projektai UAB	MBGK UAB
Enterprise code	300543732	300083611
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	Konstitucijos ave. 23, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 278 6833
Fax	+370 5 273 3065	+370 5 278 6838
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	01.03.2006	27.01.2005
Main activity	real estate operations	investment activity

Name of the company	Verpsto NT AB	Dizaino Institutas UAB
Enterprise code	300519788	122288385
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: A. Juozapaviciaus str. 11, Vilnius, Lithuania, actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	public limited liability company	private limited liability company
Date of registration	29.12.2005	29.12.1993
Main activity	real estate operations	real estate operations

Name of the company	Designing Firm Saistas UAB	Simtamargis UAB
Enterprise code	133689632	300593984
Address of the registered office	A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Vytauto ave. 3, Kaunas, Lithuania
Telephone	+370 5 273 0944	+370 37 202 120
Fax	+370 5 273 3065	+370 37 321 132
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	26.05.1993	29.08.2006
Main activity	real estate operations	purchase, sale and rent of land

Name of the company	Aikstentis UAB	Broner UAB
Enterprise code	126412617	110006173
Address of the registered office	registered: Seimyniskiu str. 1A, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: Bukciu str. 64, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 279 0614	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	23.12.2003	25.04.1991
Main activity	real estate operations	real estate operations

Name of the company	Wembley – Neringa UAB	Traku Rekreacijos Centras UAB
Enterprise code	110013029	300667160
Address of the registered office	registered: Bukciu str. 64, Vilnius, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania	registered: Zemaites str. 2, Trakai, Lithuania; actual: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania
Telephone	+370 5 273 0944	+370 5 273 0944
Fax	+370 5 273 3065	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	28.05.1991	04.04.2007
Main activity	real estate operations	real estate operations

Name of the company	Zemvesta UAB	Sago UAB
Enterprise code	300955547	301206878
Address of the registered office	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Vytauto ave. 3, Kaunas, Lithuania	Seimyniskiu str. 3, Vilnius, Lithuania
Telephone	+370 37 202 120	+370 5 273 0944
Fax	+370 37 321 132	+370 5 273 3065
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	26.07.2007-07-26	31.10.2007
Main activity	purchase, sale and rent of land	real estate operations

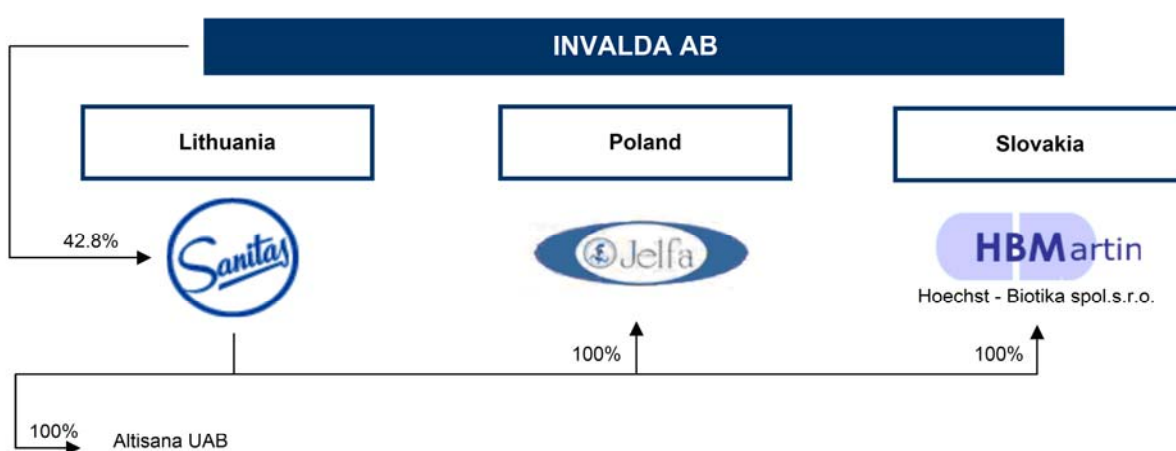
Name of the company	SIA AMMO	SIA DOMMO GRUPA
Enterprise code	40003718049	40003733866
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia
Telephone	+371 762 7417	+371 762 7417
Fax	+371 762 7793	+371 762 7793
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	22.12.2004	17.03.2005
Main activity	real estate operations	real estate operations

Name of the company	SIA DOMMO biznesa parks	SIA Burusala
Enterprise code	40003865398	40003161313
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia
Telephone	+371 762 7417	+371 762 7417
Fax	+371 762 7793	+371 762 7793
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	13.10.2006	08.11.1993
Main activity	real estate operations	real estate operations

Name of the company	SIA Sidateks	SIA DB 120
Enterprise code	40003732930	40003864462
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia
Telephone	+371 762 7417	+371 762 7417
Fax	+371 762 7793	+371 762 7793
E-mail	-	-
Website	-	-
Legal form	private limited liability company	private limited liability company
Date of registration	11.03.2005	11.10.2006
Main activity	real estate operations	real estate operations

Name of the company	SIA Gravity (in liquidation)	TOB Incredo
Enterprise code	40003737622	34355283
Address of the registered office	Mūkusalas iela 45/47, LV-1004 Rīga, Latvia	Kominternā str. 5, 01032 Kiev, Ukraine
Telephone	+371 762 7417	+38 044 234 0417
Fax	+371 762 7793	+38 044 234 0417
E-mail	-	-
Website	-	-
Legal form	private limited liability company	limited liability company
Date of registration	08.04.2004	17.05.2006
Main activity	real estate operations	real estate operations

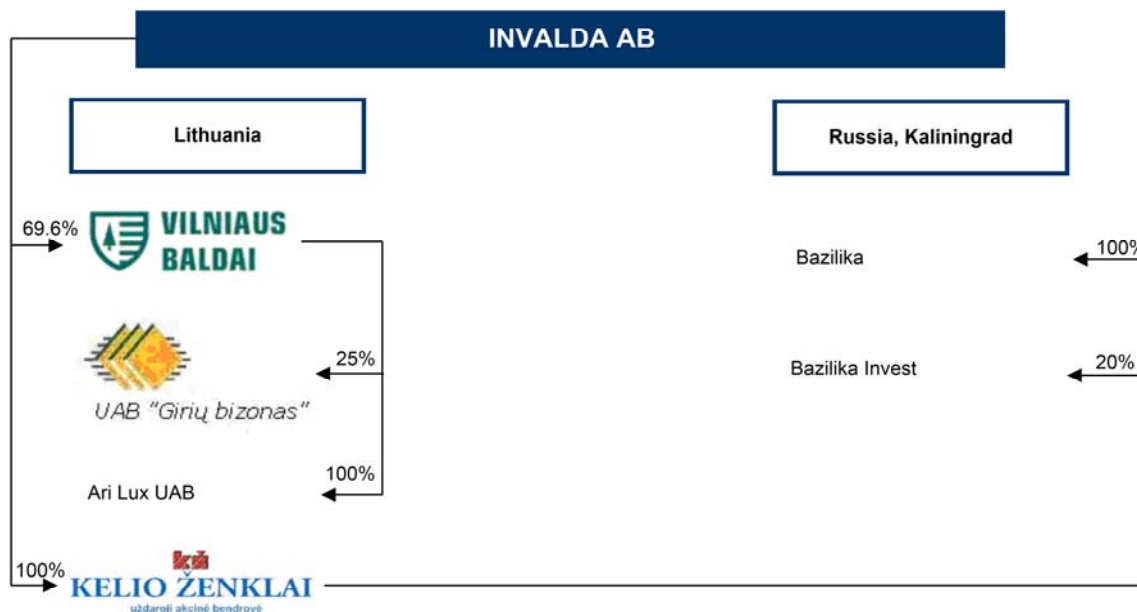
2.2.3. Pharmacy sector



Name of the company	Sanitas AB	Hoechst – Biotika spol. s. r. o.
Enterprise code	134136296	31 560 784
Address of the registered office	Vytauto ave. 3, Kaunas, Lithuania	Sklabinska 30, 036 80 Martin, Slovakia
Telephone	+370 37 226 725	+421 43 420 2111
Fax	+370 37 223 696	+421 43 422 1004
E-mail	sanitas@sanitas.lt	hb@hoechst-biotika.sk
Website	www.sanitas.lt	www.hoechst-biotika.sk
Legal form	public limited liability company	limited liability company
Date of registration	30.06.1994	02.03.1992
Main activity	manufacturing of pharmaceutical preparations	manufacturing of pharmaceutical preparations

Name of the company	Jelfa SA	Altisana UAB
Enterprise code	66687	134544045
Address of the registered office	21 Wincentego Pola Str., 58-500 Jelenia Góra, Poland	Vytauto ave. 3, Kaunas, Lithuania
Telephone	+48 75 64 33 240	+370 37 226 725
Fax	+48 75 75 24 455	+370 37 223 696
E-mail	jelfa@jelfa.com.pl	-
Website	www.jelfa.pl	-
Legal form	limited liability company	private limited liability company
Date of registration	02.12.1991	16.08.1995
Main activity	manufacturing of pharmaceutical preparations	carry no activity

2.2.4. Furniture manufacturing sector

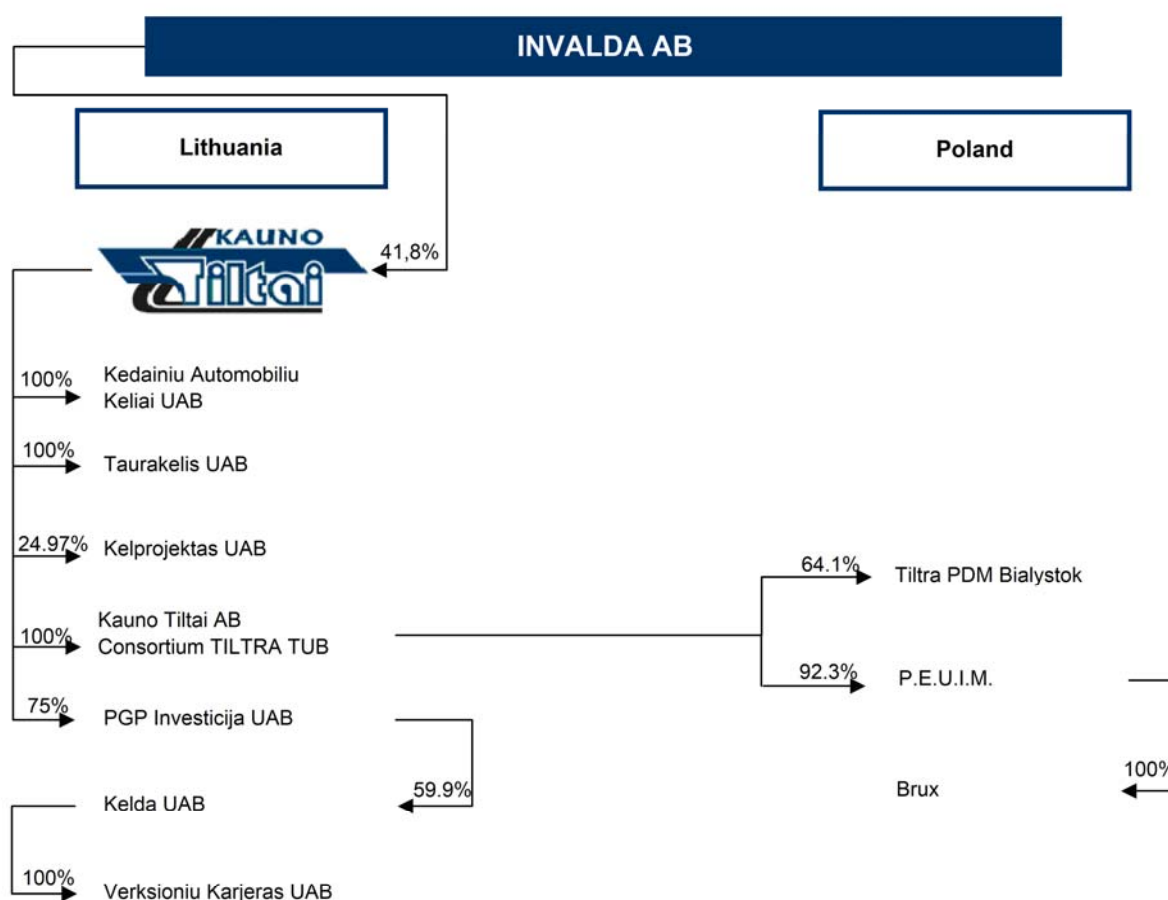


Name of the company	Vilniaus Baldai AB	Girių Bizonas UAB
Enterprise code	121922783	165746963
Address of the registered office	Savanoriu ave. 178, Vilnius, Lithuania	Gedimino str. 1, Kazlu Ruda, Lithuania
Telephone	+370 5 252 5700	+370 343 68 680
Fax	+370 5 231 1130	+370 343 68 681
E-mail	info@vilniausbaldai.lt	giriu@bizonas.lt
Website	www.vilniausbaldai.lt	www.mediena.lt
Legal form	public limited liability company	private limited liability company
Date of registration	09.02.1993	30.12.1994
Main activity	furniture design and manufacturing	fibreboards and furniture from finished fibreboards manufacturing

Name of the company	Ari-Lux UAB	Kelio Zenklai UAB
Enterprise code	120989619	185274242
Address of the registered office	Savanoriu ave. 178, Vilnius, Lithuania	Gelezinkelio str. 28, Pilviskiai, Vilkaviškio district, Lithuania
Telephone	+370 5 252 5744	+370 342 67 756
Fax	+370 5 252 5744	+370 342 67 644
E-mail	-	info@keliozenklai.lt
Website	-	www.keliozenklai.lt
Legal form	private limited liability company	private limited liability company
Date of registration	28.10.1991	06.09.1994
Main activity	fitting packing	metal and wood processing, wholesale of different materials

Name of the company	OOO Bazilika Invest	OOO Bazilika
Enterprise code	3905064366	39050296369
Address of the registered office	Zukovskio str. 7-4, Kaliningrad, Russia	Gostinnaja str. 5, Kaliningrad, Russia
Telephone	+74015 932 373	+74015 932 373
Fax	+74015 932 373	+74015 932 373
E-mail	-	-
Website	-	-
Legal form	limited liability company	limited liability company
Date of registration	31.03.2005	27.02.1998
Main activity	wood cutting	carry no activity

2.2.5. Roads and bridges construction sector



Name of the company	Kauno Tiltai AB	Kedainiu Automobiliu Keliai UAB
Enterprise code	133729589	161111895
Address of the registered office	Ateities road 46, Kaunas, Lithuania	Biochemiku str. 3, Kedainiai, Lithuania
Telephone	+370 37 473 935	+370 347 67 766
Fax	+370 37 473 787	+370 347 67 669
E-mail	kaunotiltai@kaunotiltai.lt	kedainiu_keliai@is.lt
Website	www.kaunotiltai.lt	-
Legal form	public limited liability company	private limited liability company
Date of registration	01.07.1993	14.12.1990
Main activity	road and bridges construction	road construction and maintenance

Name of the company	Taurakelis UAB	Kelprojektas UAB
Enterprise code	179861712	234004210
Address of the registered office	Svyturio str. 5, Taurage, Lithuania	I. Kanto str. 25, Kaunas, Lithuania
Telephone	+370 446 61 256	+370 37 223 186
Fax	+370 446 61 256	+370 37 205 227
E-mail	taurakelis@taurakelis.lt	info@kelprojektas.lt
Website	www.taurakelis.lt	www.kelprojektas.lt
Legal form	private limited liability company	private limited liability company
Date of registration	15.03.2000	21.03.1994
Main activity	road construction and maintenance, production of asphalt concrete	road, bridges and other objects desinging

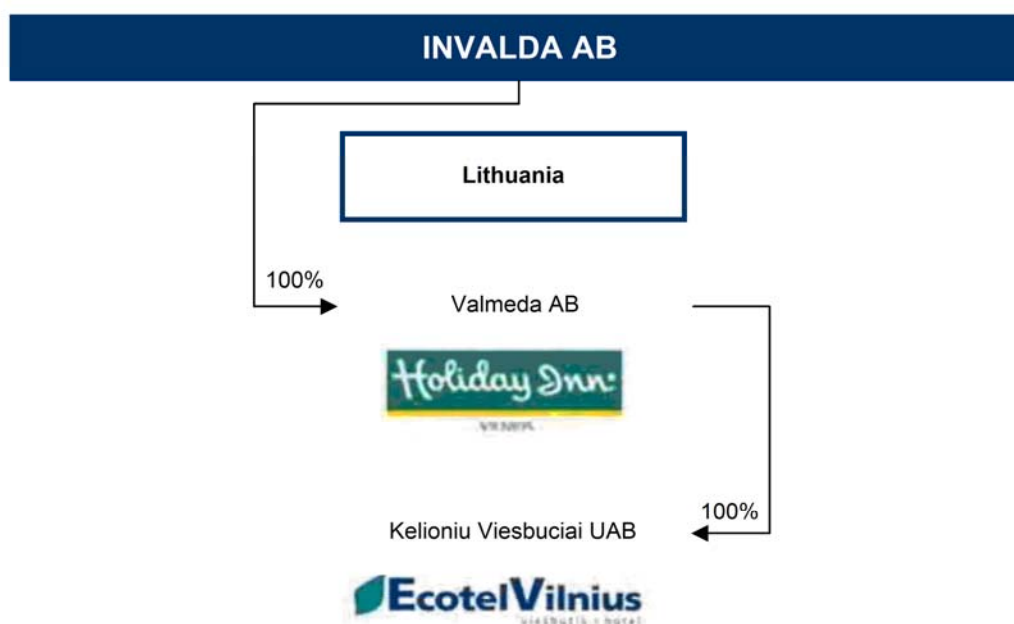
Name of the company	PGP Investicija UAB	Kelda UAB
Enterprise code	300621145	181259645
Address of the registered office	Ateities road 46, Kaunas, Lithuania	Kauno str. 14, Vievis, Lithuania
Telephone	+370 37 473 935	+370 528 26 192
Fax	+370 37 473 787	+370 528 26 192
E-mail	kaunotiltai@kaunotiltai.lt	kelda@omni.lt
Website	-	www.kelda.lt
Legal form	private limited liability company	private limited liability company
Date of registration	30.11.2006	17.02.1993
Main activity	real esate rent	road and bridges construction and maintenance

Name of the company	Verksioniu Karjeras UAB	Kauno Tiltai AB Consortium TILTRA TŪB
Enterprise code	186000365	135774782
Address of the registered office	Bagoteliu village., Vilniaus district	Ateities road 46, Kaunas, Lithuania
Telephone	+370 686 98 492	+370 37 473 935
Fax	-	+370 37 473 787
E-mail	-	kaunotiltai@kaunotiltai.lt
Website	-	-
Legal form	private limited company	general partnership
Date of registration	29.11.1990	08.06.2001
Main activity	gravel production and sale	road construction and maintenance

Name of the company	Tiltra PDM Bialystok	P.E.U.I.M.
Enterprise code	0000206982	0000046002
Address of the registered office	Ciołkowskiego str. 90, 15-516 Białystok, Poland	Produkcyjna str. 102, 15-680 Białystok, Poland
Telephone	+48 85 74 33 549	+48 85 65 30 773
Fax	+48 85 74 33 549	+48 85 65 30 761
E-mail	pdmbialystok@tiltra.pl	peuim@peuim.com.pl
Website	-	www.peuim.com.pl
Legal form	public limited liability company	private limited liability company
Date of registration	25.05.2004	24.09.2001
Main activity	road and bridges consturction	road construction

Name of the company	BruX
Enterprise code	0000195201
Address of the registered office	Produkcyjna str. 102, 15-680 Białystok, Poland
Telephone	+48 85 65 42 454
Fax	+48 85 65 42 454
E-mail	brux@brux.pl
Website	-
Legal form	private limited liability company
Date of registration	27.12.1994
Main activity	skid production

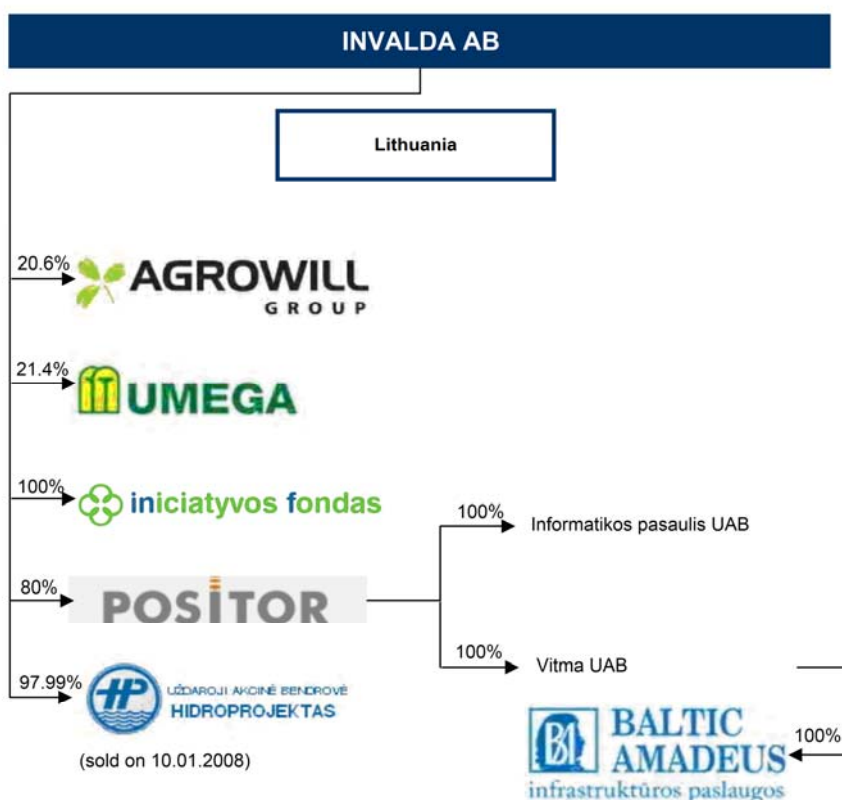
2.2.6. Hotel management sector



On 04.01.2008 Invalda AB signed an agreement regarding the sale of 100% Valmeda AB shares. The deal was completed on 13.03.2008.

	Valmeda AB	Kelioniu Viesbuciai UAB
Name of the company	Valmeda AB	Kelioniu Viesbuciai UAB
Enterprise code	123280092	110591855
Address of the registered office	Seimyniskiu str. 1, Vilnius, Lithuania	Slucko str. 8, Vilnius, Lithuania
Telephone	+370 5 210 3002	+370 5 210 2700
Fax	+370 5 210 3001	+370 5 210 2707
E-mail	holiday-inn@ibc.lt	hotel@ecotel.lt
Website	www.holidayinnvilnius.lt	www.ecotel.lt
Legal form	public limited liability company	private limited liability company
Date of registration	06.11.1995-11	21.01.1994
Main activity	hotel management	hotel management

2.2.7. Production and services sector



Name of the company	Agrowill Group AB	Umega AB
Enterprise code	126264360	126334727
Address of the registered office	Smolensko str. 10, Vilnius, Lithuania	Metalo str. 5, Utena, Lithuania
Telephone	+370 5 233 5340	+370 389 53 542
Fax	+370 5 233 5345	+370 389 69 646
E-mail	info@agrowill.lt	info@umega.lt
Website	www.agrowill.lt	www.umega.lt
Legal form	public limited liability company	public limited liability company
Date of registration	25.06.2003	25.09.2003
Main activity	management of agricultural companies	production of electric stoves, other metal items

Name of the company	Iniciatyvos Fondas Vsl	Hidroprojektas UAB ¹
Enterprise code	300657209	132118698
Address of the registered office	Seimyniskiu str. 3, Vilnius, Lithuania	A. Strazdo str. 22, Kaunas, Lithuania
Telephone	+370 5 231 6010	+370 37 221 056
Fax	+370 5 273 0858	+370 37 321 501
E-mail	info@iniciatyvosfondas.lt	info@hidroprojektas.lt
Website	www.iniciatyvosfondas.lt	www.hidroprojektas.lt
Legal form	public institution	private limited liability company
Date of registration	08.03.2007	30.11.1990
Main activity	organising of social initiative programmes	investigation and designing of various water management objects

¹Sold on 10.01.2008

Name of the company	Positor UAB	Informatikos Pasaulis UAB
Enterprise code	300893533	126396718
Address of the registered office	registered: A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania; actual: Seimyniskiu str. 3, Vilnius, Lithuania	registered: Galvydzio g. 5/96, Vilnius, Lithuania; actual: Kareiviu str. 6-511, Vilnius, Lithuania
Telephone	+370 5 278 0400	+370 5 277 9700
Fax	+370 5 278 0409	+370 5 277 9725
E-mail	ktonkunas@invalida.lt	info@infopasaulis.lt
Website	www.positor.lt	www.infopasaulis.lt
Legal form	private limited liability company	private limited liability company
Date of registration	27.06.2007	11.12.2003
Main activity	investments into IT companies	IT infrastructure solutions

Name of the company	Vitma UAB	Baltic Amadeus Infrastruktūros Paslaugos UAB
Enterprise code	121998756	301318539
Address of the registered office	Akademijos str. 4, Vilnius, Lithuania	Akademijos str. 4, Vilnius, Lithuania
Telephone	+370 5 272 9421	+370 5 278 0400
Fax	-	+370 5 278 0409
E-mail	-	info@baltic-amadeus.lt
Website	-	www.baip.lt
Legal form	private limited liability company	private limited liability company
Date of registration	25.06.1993	03.12.2007
Main activity	carry no activity	IT infrastructure solutions, IT security consultations, technological solutions, IT infrastructure maintenance

3. Agreements with intermediaries of public trading in securities

Invalda AB has signed agreements with these intermediaries:

- FBC Finasta AB (Konstitucijos ave. 23, Vilnius, Lithuania, tel. +370 5 278 6833) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- Siauliu Bankas AB (Tilzes str. 149, Siauliai, Lithuania, tel. +370 41 595 607) – the agreement on management of securities account and intermediation;
- Bankas Snoras AB (A. Vivulskio str. 7, Vilnius, Lithuania, tel. +370 5 232 7224) – the agreement on customer services (for professional investor);
- DnB NORD Bankas AB (J. Basanaviciaus str. 26, Vilnius, Lithuania, tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas AB (Gedimino ave. 12, Vilnius, Lithuania, tel. +370 5 268 2370) – the agreement on securities accounting.

4. Information on Issuer's branches and representative offices

Invalda AB has no branches or representative offices.

5. The order of changing Issuer's Articles of Association

The Articles of Association of Invalda AB may be changed by the resolution of the General Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

II. INFORMATION ABOUT SECURITIES

6. Information about Issuer's authorised capital

6.1. Structure of the authorised capital

Table 6.1.1. Structure of Invalda AB authorised capital

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %
Ordinary registered shares	42,568,849	1	42,568,849	100,00

All shares are fully paid and no restrictions apply on their transfer.

6.2. Adjustments of authorised capital

Information concerning adjustments of Invalda AB authorised capital during past 10 years is presented.

On 01.01.1997 the authorised capital of Invalda AB amounted to LTL 38,000,000, it was divided into 38,000,000 ordinary registered shares of nominal value of LTL 1.

On 01.10.2004 the increased authorised capital of LTL 40,417,339 was registered, it was divided into 40,417,339 ordinary registered shares of nominal value of LTL 1. The emission of 2,417,339 shares was issued during the process of reorganisation changing Kreimi AB shares into Invalda AB ones.

Invalda AB General Meeting held on 21.11.2005 passed the resolution to increase the authorised capital of the Company by LTL 1,317,323 from LTL 40,417,339 up to LTL 41,734,662, by issuing 1,317,323 shares of nominal value LTL 1. The amended Articles of Association were registered in Register of Legal Entities on 24.11.2005. The increased authorised capital amounted to LTL 41,734,662 and was divided into 41,734,662 ordinary registered shares of LTL 1 nominal value at par.

On 30.06.2006 Invalda AB and Pozityvios Investicijos AB reorganization was completed – Pozityvios Investicijos AB was merged to Invalda AB. During reorganisation shares of Pozityvios Investicijos AB were changed into Invalda AB shares – the emission of 3,273,714 Invalda AB shares was issued. After the reorganisation the authorised capital of Invalda AB amounted to LTL 45,008,376 and was divided into 45,006,376 shares of nominal value of LTL 1.

On 28.09.2007 the reorganisation of Invalda AB and one of the major shareholders Nenuorama AB was finished – Nenuorama AB was merged to Invalda AB. Changing Nenuorama AB shares into Invalda AB ones, the emission of 19,866,060 shares was issued. Following the terms of the reorganisation 22,305,587 Invalda AB shares held by Nenuorama AB were annulled. After reorganisation the authorised capital of Invalda AB amounts to LTL 42,568,849 and is divided into 42,568,849 shares of nominal value of LTL 1.

6.3. Rights and obligations carried by the shares

6.3.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive part of the Company's funds, when the Company's authorised capital is decreased, in order to pay the shareholders from the Company's funds;
- 3) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided for by the laws of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
- 5) to lend to the Company in the manner prescribed by laws; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders;
- 6) to receive a part of assets of the Company in liquidation;
- 7) other property rights established by law;
- 8) to attend the General Meetings;
- 9) to vote at General Meetings according to voting rights carried by their shares;

10) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;

11) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;

12) other non-property rights established by law and the Company's Articles of Association.

6.3.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

The shareholder shall be responsible for the notification of changes in the following data: personal number, address, phone number, and bank account number. If the shareholder fails to communicate the aforementioned details, provision of information by the known address or payment of money to the account indicated by the shareholder on the part of Invalda AB will be considered as proper execution by Invalda AB of its relevant obligation towards the shareholder.

7. Shareholders

There are no shareholders entitled to special rights of control.

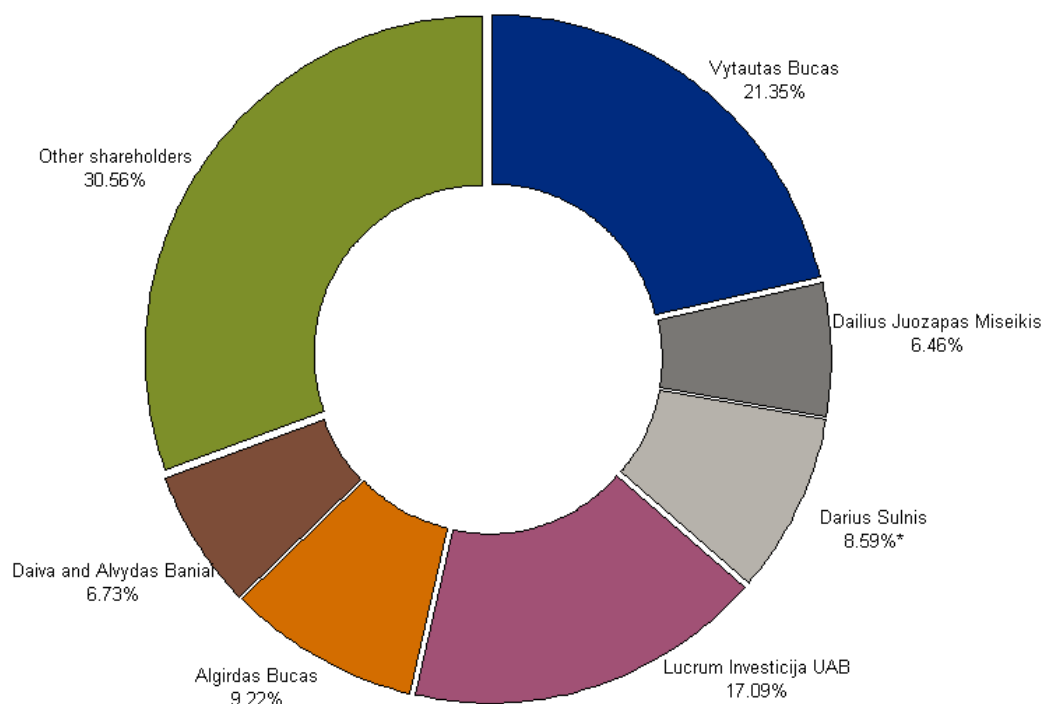
Invalda AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders that might result in the restriction of transfer of the shares and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect, be amended or terminated in case of change in the Issuer's control.

As of 31.12.2007 the total number of shareholders was 6,413 (on 31.12.2006 it equalled to 6 055).

Table 7.1. Shareholders who held title to more than 5% of Invalda AB authorised capital and / or votes

Names of the shareholders	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %	
			Share of votes given by the shares held by the right of ownership	Total (together with the persons acting in concert)
Vytautas Bucas	9,086,325	21.35	21.35	36.40
Dailius Juozapas Miseikis	2,748,238	6.46	6.46	
Darius Sulnis	3,658,538 ²	8.59	8.59	
Lucrum Investicija UAB, ent. code 300806471, Seimyniskiu str. 3, Vilnius, Lithuania	7,276,865	17.09	17.09	17.09
Algirdas Bucas	3,923,597	9.22	9.22	9.22
Daiva Baniene	1,836,234	4.31	4.31	6.73
Alvydas Banyas	1,029,624	2.42	2.42	

² Additionally under repo agreement 413,224 (0.97 %) of Invalda AB shares are sold



*Additionally under repo agreement 413,224 (0.97 %) of Invalda AB shares are sold

Fig. 7.1. Structure of shareholder as of 31.12.2007

7.2. table. Distribution of shareholders by owned number of shares

Number of owned shares	Shareholders		Owned shares	
	number	%	number	%
1-100 units	876	13.66	50,333	0.12
101-500 units	1,903	29.67	560,660	1.32
501-1,000 units	1,466	22.86	1,104,054	2.59
1,001-2,000 units	1,300	20.27	1,930,189	4.53
2,001-5,000 units	678	10.57	2,008,852	4.72
5,001-10,000 units	89	1.39	603,459	1.42
10,001-100,000 units	80	1.25	2,173,225	5.11
100,001-500,000 units	10	0.16	2,058,954	4.84
500,001-1,000,000 units	4	0.06	2,519,702	5.92
over 1 000 000 units	7	0.11	29,559,421	69.44
Total	6,413	100.00	42,568,849	100.00

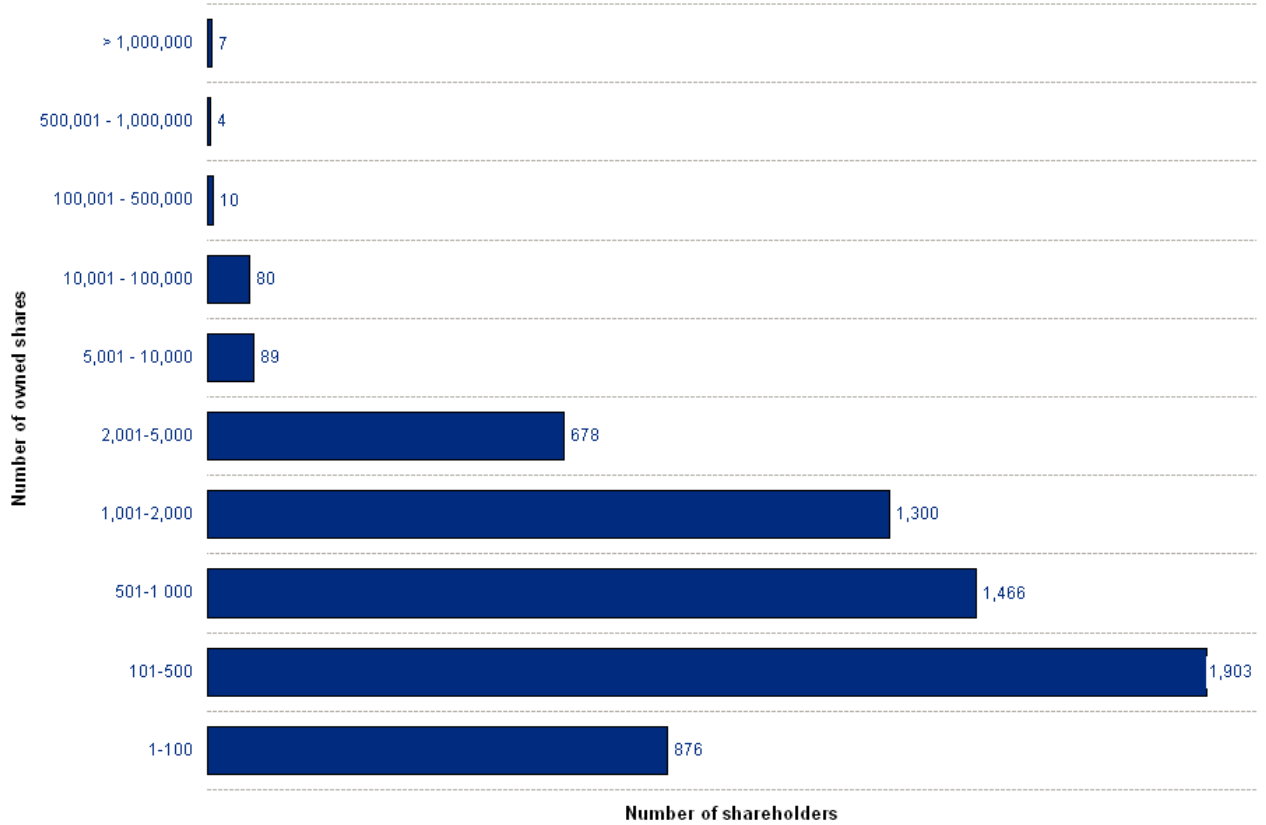


Fig. 7.2. Distribution of shareholders by owned number of shares

Table 7.3. Distribution of shareholders by the investor group

Investor group	Shareholders		Owned shares	
	number	%	number	%
Households	6,325	98.63	31,193,776	73.28
Private companies	47	0.73	7,623,318	17.91
Financial institutions and insurance companies	41	0.64	3,751,755	8.81
Total	6,413	100.00	42,568,849	100.00

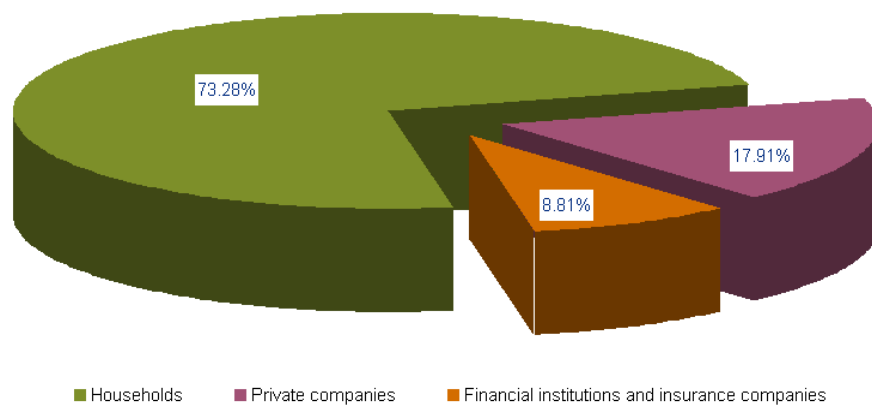


Fig. 7.3. Distribution of shares by investor groups

Table 7.4. Distribution by the residence country

Residence country	Shareholders		Owned shares	
	number	%	number	%
Lithuania	6,353	99.06	40,697,525	95.62
Europe	44	0.69	1,753,737	4.12
Other countries	16	0.25	117,587	0.28
Total	6,413	100.00	42,568,849	100.00

8. Information about the Issuer's own shares

Invalda AB, subsidiary companies and persons acting under their direction but on their behalf do not own Invalda AB shares.

9. Data on trading in securities of the Issuer and its group companies in the regulated markets

9.1. Trading in securities of the Issuer

Table 9.1.1. Main characteristics of Invalda AB shares admitted to trading

ISIN code	LT0000102279
Name	IVL1L
Exchange	Vilnius Stock Exchange
List	Baltic Main List (from 01.01.2008)
Listing date	19.12.1995
Share issue, units	42,568,849
Nominal value, LTL	1
Total nominal value, LTL	42,568,849

Company uses no services of liquidity providers.

Table 9.1.2. Trading in Invalda AB shares

	2007	2006	2005
Share price, LTL			
- open	12.40	13.85	7.7
- high	20.29	15.00	14.19
- low	12.00	8.90	7.51
- last	17.15	12.48	13.85
- average	15.80	12.07	10.99
Turnover, units	5,085,097	3,279,888	3,326,395
Turnover, LTL	80,362,022	39,596,023	36,562,664
Traded volume, units	11,508	8,808	8,010

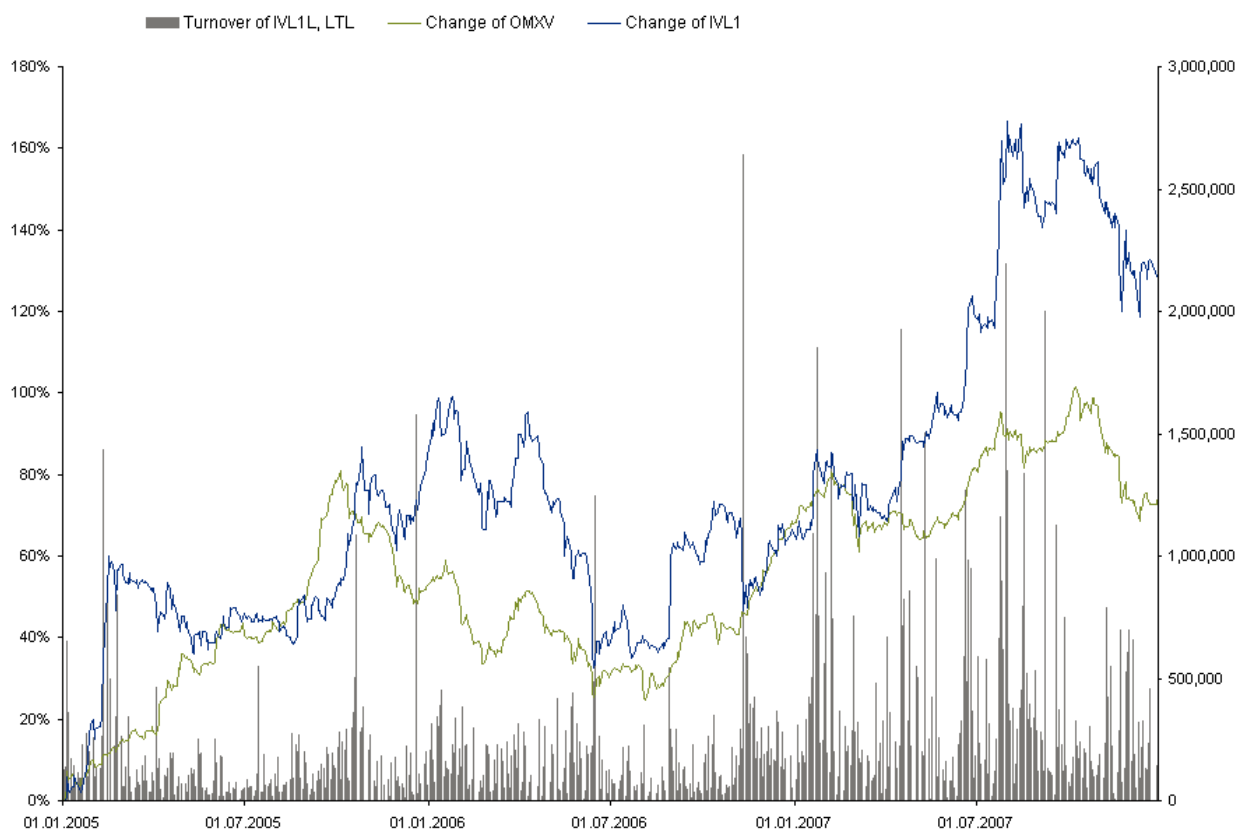


Fig. 9.1.1. Turnover of Invalda AB shares, change of share price and OMXV benchmark, 2005-2007

Table 9.1.3. Trading in the Company's shares, 2005–2007 (quarterly)

Reporting period	Price, LTL			Turnover, LTL			Last trading date	Total turnover	
	high	low	last	high	low	last		units	LTL
2005, 1 st Q	12.30	7.51	11.40	1,434,211	30,048	115,650	31.03.2005	1,346,213	13,401,267
2005, 2 nd Q	11.55	10.10	10.94	461,704	2,180	44,274	20.06.2005	532,851	5,717,557
2005, 3 rd Q	11.20	10.30	11.40	546,755	0	134,157	30.09.2005	599,304	6,535,790
2005, 4 th Q	14.19	11.43	13.85	1,575,401	0	65,272	30.12.2005	848,027	10,908,050
2006, 1 st Q	15.00	12.40	14.25	453,135	0	316,825	31.03.2006	705,443	9,738,850
2006, 2 nd Q	14.70	8.90	10.40	1,245,070	0	49,853	30.06.2006	845,884	9,758,891
2006, 3 rd Q	12.69	10.01	11.90	544,232	0	27,138	29.09.2006	506,497	5,679,665
2006, 4 th Q	13.13	10.90	12.48	2,642,193	0	53,439	29.12.2006	1,222,064	14,418,617
2007, 1 st Q	14.05	12.00	12.75	1,849,966	22,014	325,859	30.03.2007	1,551,078	20,587,158
2007, 2 nd Q	16.85	12.65	16.40	1,924,814	0	180,404	29.06.2007	1,384,470	20,085,926
2007, 3 rd Q	20.29	16.00	19.67	2,192,376	19,810	142,384	28.09.2007	1,380,783	25,916,362
2007, 4 th Q	19.70	16.03	17.15	788,329	5,321	143,020	28.12.2007	768,766	13,772,576

Table 9.1.4. Capitalisation

Last trading date	Number of issued shares, units	Last price, LTL	Capitalisation, LTL
31.03.2005	40,417,339	11.40	460,757,665
30.06.2005	40,417,339	10.94	442,165,689
30.09.2005	40,417,339	11.40	460,757,665
30.12.2005	41,734,662	13.85	578,025,069
31.03.2006	41,734,662	14.25	594,718,934
30.06.2006 ³	45,008,376	10.40	468,087,110
29.09.2006	45,008,376	11.90	535,599,674
29.12.2006	45,008,376	12.48	561,704,532
30.03.2007	45,008,376	12.75	573,856,794
29.06.2007	45,008,376	16.40	738,137,366
28.09.2007 ⁴	42,568,849	19.67	837,329,260
28.12.2007	42,568,849	17.15	730,055,760

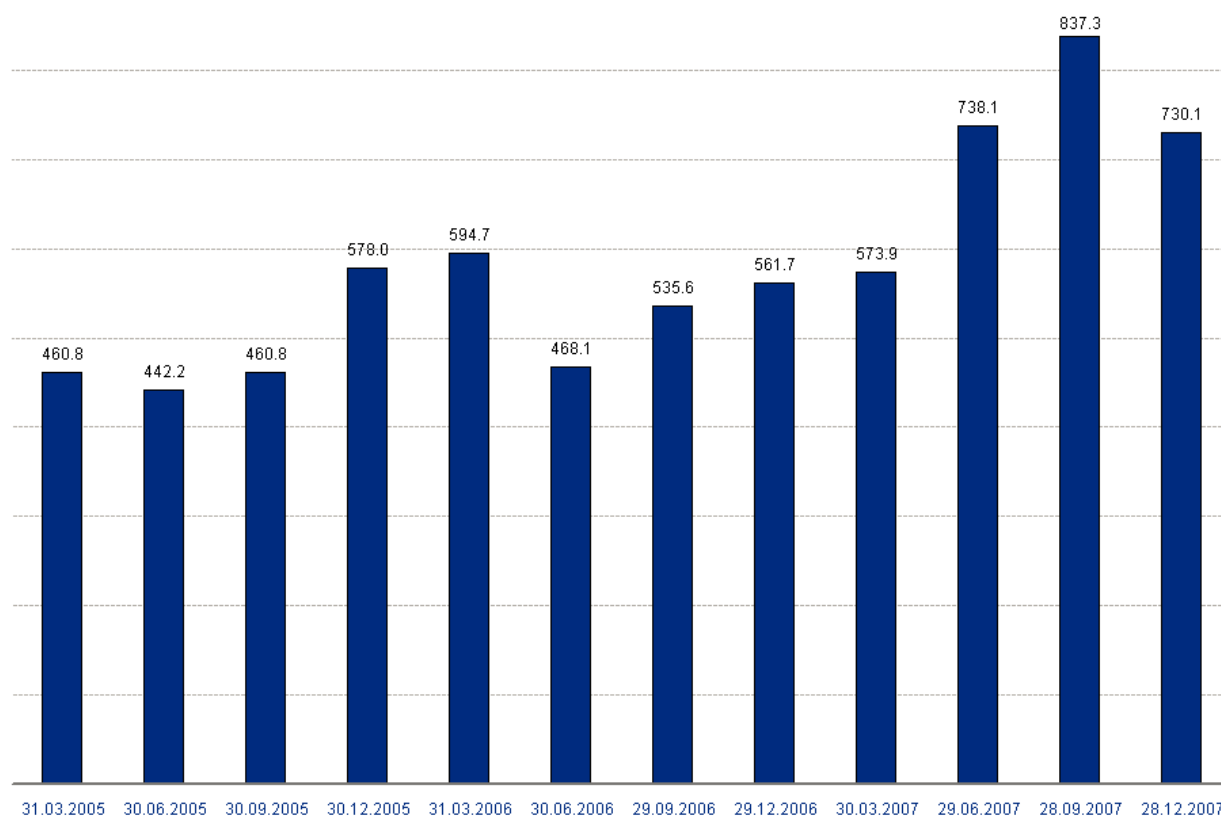


Fig. 9.1.2. Capitalisation of Invalda AB shares, 2005-2007, mLTL

³Regarding the reorganisation of Invalda AB on 30.06.2006 the number of issued shares was increased from 41,734,662 to 45,008,376 shares.

⁴Regarding the reorganisation of Invalda AB on 28.09.2007 the number of issued shares was decreased from 45,008,376 to 42,568,849 shares.

9.2. Trading in securities of the Issuer's group companies

Shares of Invalda AB group companies Sanitas AB and Vilniaus Baldai AB are admitted to trading in Vilnius Stock Exchange Main List.

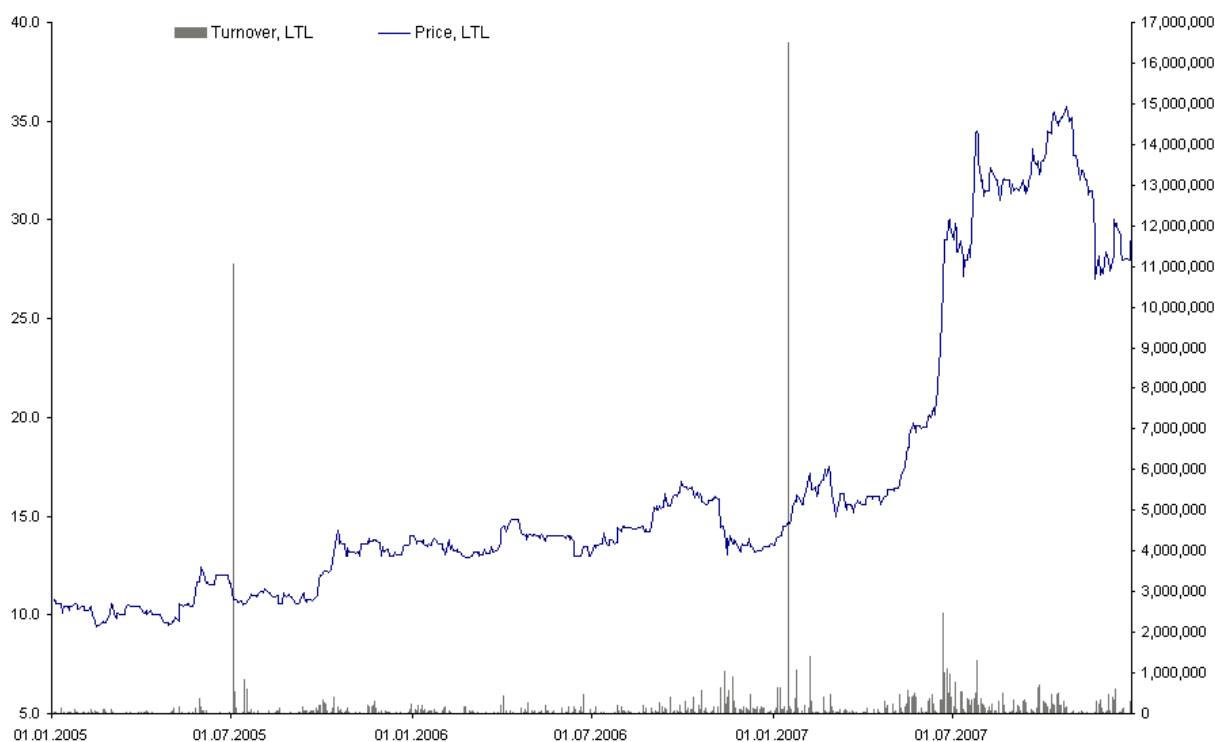
9.2.1. Trading in shares of Sanitas AB

Table 9.2.1.1. Main characteristics of Sanitas AB shares admitted to trading

ISIN code	LT0000106171
Name	SAN1L
Exchange	Vilnius Stock Exchange
List	Baltic Main List
Listing date	13.09.1994
Share issue, units	31,105,920
Nominal value, LTL	1
Total nominal value, LTL	31,105,920

Table 9.2.1.2. Trading in Sanitas AB shares

	2007	2006	2005
Share price, LTL			
- open	13.60	14.00	-
- high	36.40	17.00	72.00
- low	13.00	12.33	13.00
- last	29.90	13.60	14.00
- average	19.89	14.13	43.44
Turnover, units	3,204,531	1,461,782	537,037
Turnover, LTL	63,752,430	20,660,640	23,331,926
Traded volume, units	4,986	3,125	2,035
Capitalisation, LTL	930,067,008	423,040,512	154,000,000



*The share price was adjusted to corporate actions (in November 2005 the nominal value of the share was decreased and accordingly the number of shares was increased without changing the amount of authorised capital)

Fig. 9.2.1. Turnover and share price of Sanitas AB, 2005-2007

9.2.2. Trading in shares of Vilniaus Baldai AB

Table 9.2.2.1. Main characteristics of Vilniaus Baldai AB shares admitted to trading

ISIN code	LT0000104267
Name	VBL1L
Exchange	Vilnius Stock Exchange
List	Baltic Main List
Listing date	05.06.2000
Share issue, units	3,886,267
Nominal value, LTL	4
Total nominal value, LTL	15,545,068

Table 9.2.2.2. Trading in Vilniaus Baldai AB shares

	2007	2006	2005
Share price, LTL			
- open	18.02	36.00	-
- high	25.00	37.02	47.50
- low	17.03	17.00	33.33
- last	22.00	18.10	36.00
- average	19.65	23.87	37.96
Turnover, units	297,985	204,787	218,205
Turnover, LTL	5,855,372	4,887,436	8,282,257
Traded volume, units	645	647	1,253
Capitalisation, LTL	85,497,874	70,341,433	139,905,612



Fig. 9.2.2.1. Turnover and share price of Vilniaus baldai AB, 2005-2007

10. Dividends

The General Meeting of shareholders decides upon dividend payment and sets the amount of dividends. The Company pays out the dividends within 1 month after the day of adoption of the resolution on profit appropriation.

Persons have a right to get dividends if they are shareholders of the Company or were entitled to receive dividends on other legal grounds at the end of the day of the General Meeting that declared dividends.

According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 15% tax is applied to the dividends. The tax is calculated, withdrawn and transferred (to the State) by the Company⁵.

The information about the dividends paid during the last 5 years is presented.

Table 10.1. Dividends

	Financial year					
	2007 ⁶	2006	2005	2004	2003	2002
Record date	30.04.2008	11.05.2007	28.04.2006	28.04.2005	22.03.2004	09.04.2003
Ex-dividend date ⁷	28.04.2008	09.05.2007	26.04.2006	26.04.2005	18.03.2004	07.04.2003
Total sum of dividends, LTL	12,770,655	11,252,094	8,346,932	6,062,601	1,900,000	760,000
Dividends per share, LTL	0.30	0.25	0.20	0.15	0.05	0.02
Net dividends per share (15% of Personal Income tax or Corporate Income tax is withdrawn), LTL	0.225	0.2125	0.17	0.1275	0.0425	0.017
Share of nominal value, %	30	25	20	15	5	2
Dividend yield (dividend per share / share price for the last day of the period), %	1.7	2.0	1.4	2.0	1.8	5.4
Dividend payment rate (total sum of the dividends / net profit)	0.15	0.39	0.87	0.31	0.95	1.03

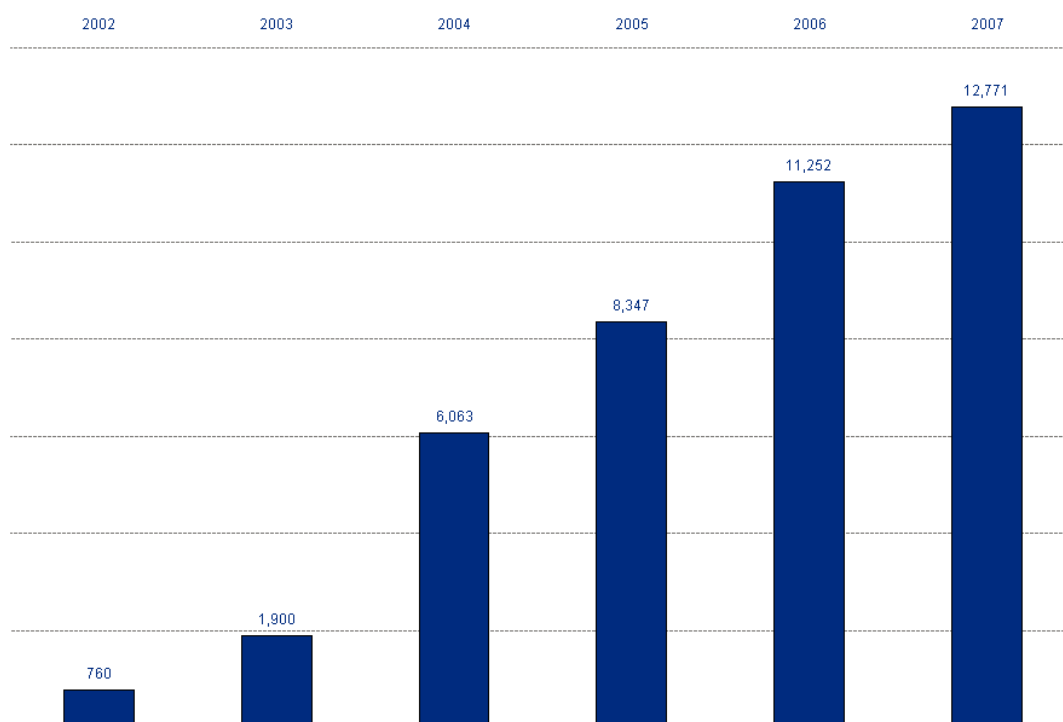


Fig. 10.1. Total sum of dividends, tLTL

⁵This information should not be treated as tax consultation.

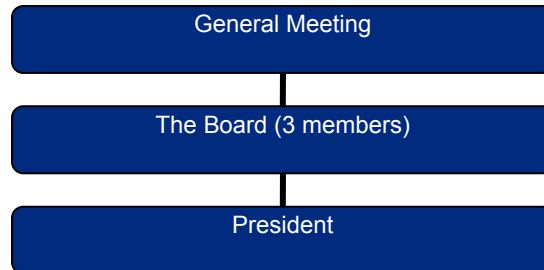
⁶The proposition of the Board for the Annual General Meeting.

⁷The ownership right to the shares acquired through Automatically Matched trades is transferred on the 3rd day after conclusion of the transaction.

III. ISSUER'S MANAGING BODIES

11. Structure, authorities, the procedure for appointment and replacement

Invalda AB is managed through the General Meeting; it has as a single person managing body - President, and a collegial managing body – the Board. The Supervisory Board is not formed.



11.1. General Meeting

Persons who are shareholders of the Company at the end of the record date (the 5th working day before the General Meeting) shall have the right to attend and vote at the General Meeting.

A General Meeting may take decisions and shall be held valid if attended by shareholders who hold shares carrying not less than ½ of all votes. If a quorum is not present, the General Meeting shall be considered invalid and a repeat General Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.

An Annual General Meeting must be held every year at least within 4 months from the end of the financial year.

The General Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- elect the members of the Board;
- remove the Board or its members;
- select and remove the firm of auditors, set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- approve the annual financial statements;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- take a decision to issue convertible debentures;
- take a decision to withdraw for all the shareholders the right of pre-emption in acquiring the shares or convertible debentures of a specific issue of the Company;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital, except where otherwise provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase own shares;
- take a decision on the reorganisation or division of the Company and approve the terms of reorganisation or division;
- take a decision to transform the Company;
- take a decision to restructure the Company;
- take a decision to liquidate the company, cancel the liquidation of the company, except where otherwise provided by the Law on Companies of the Republic of Lithuania;

- elect and remove the liquidator of the Company, except where otherwise provided by the Law on Companies of the Republic of Lithuania.

11.2. The Board

The Board shall continue in office for the 4 year period or until a new Board is elected and assumes the office but for not longer than the Annual General Meeting during the final year of its term of office.

The Board or its members shall start their work after the completion of the General Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence in office only from the date of registration of the amended Articles of Association.

The General Meeting may remove from office the entire Board or its individual members before the expiry of their term of office. A member of the Board may resign from office prior to the expiry of his term of office by giving a written notice thereof to the Company at least 14 days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the Manager of the Company

The Board shall consider and approve:

- the operating strategy of the Company;
- the annual report of the Company;
- the management structure of the Company and the positions of the employees
- the positions to which employees are recruited by holding competitions;
- regulations of branches and representative offices of the Company.

The Board shall elect and remove the Manager of the Company, establish his remuneration, other provisions of the employment agreement, approve the job regulations, provide incentives for him and impose penalties. The Board shall be responsible for the effective supervision of the activities of the Manger of the Company.

The Board shall determine which information shall be considered to be the Company's commercial secret. Any information which must be publicly available under the laws may not be considered to be the commercial secret.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every tape of transaction);
- to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the Company;
- to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the Company;
- to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- other decisions within the powers of the Board as prescribed by the Articles of Association or the decisions of the General Meeting.

Before adopting the decision to invest funds or other assets into another legal entity, the Board must notify thereof the creditors with which the Company failed to settle within the prescribed time limit, if the aggregate debt to these creditors exceeds 1/20 of the authorised capital of the Company.

The Board shall analyse and evaluate the documents submitted by the Manager of the Company on:

- the implementation of the operating strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;

- the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess the Company's and consolidated draft annual financial statements and draft of profit/loss appropriation and shall submit them to the General Meeting together with the annual report.

The Board shall determine the methods used by the Company to calculate the depreciation of tangible assets and the amortisation of intangible assets.

It shall be the duty of the Board to convene and organise General Meetings in due time.

Members of the Board shall be under duty not to divulge any commercial secrets of the Company which they learned working on the Board.

11.3. President

The manager of the Company (the President) shall be elected and removed from office by the Board which shall also establish his remuneration, other provisions of the employment agreement, approve the job regulations, provide incentives for him and impose penalties. The employment agreement shall be concluded with the President. The President shall commence in his office after the election, unless otherwise provided for in the agreement concluded with him. If the Board adopts the decision to remove him from office, his employment agreement shall be terminated.

In his activities, the President shall be comply with laws and other legal acts, the Articles of Association of the Company, decisions of the General Meeting and the Board, his job regulations. The President is accountable to the Board.

The President shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment agreements with them, provide incentives and impose penalties.

The President shall act on behalf of the Company and shall be entitled to enter into the transactions at his own discretion. The President may conclude the transactions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every tape of transaction), to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the Company, to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the Company, provided that there is a decision of the Board to enter into these transactions.

The President shall be responsible for:

- the organisation of activities and the implementation of objects of the Company;
- the drawing up of the annual financial statements and the drafting of the annual report of the Company;
- the conclusion of the agreement with the firm of auditors;
- the submission of information and documents to the General Meeting and the Board;
- the submission of documents and particulars of the Company to the manager of the Register of Legal Entities;
- the submission of the documents to the Securities Commission and the Central Securities Depository of Lithuania;
- the publication of information referred to the legal acts;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in the laws and legal acts as well as in the Articles of Association and the job regulations of the President.

The President shall set the rates used for calculating asset depreciation in the Company.

The President must keep confidential the commercial secrets of the Company which he learned serving in this office.

12. Information about members of the Board and Chief Financier

The Board of Invalda AB was elected on 12.01.2006. The Board started its activity on 01.02.2006 as amended Articles of Associations were registered in Register of Legal Entities. The Board is elected for the term of office of 4 years.

Information about the management of the Company:



Chairman of the Board
Vytautas Bucas (1968)

Educational background

1993, Vilnius University, Faculty of Economics
1994–2002 member of Association of Chartered Certified Accountants, UK
Since 1996 member of Lithuanian Chamber of Audit

Job experience

Since May 2007 chairman of the Board, Invalda AB
Since 2006 advisor, member of the Board, Invalda AB
2000–2006 member of the Board, executive vice president, CFO, Head of IT department, SEB Vilniaus Bankas AB
1992–2000 senior auditor, senior manager, manager, Arthur Andersen

Owned amount of Invalda AB shares

9,086,325 units (21.35%)

Participation in other companies

Bankas Finasta AB, member of the Supervisory Board, from 01.03.2008 chairman of the Supervisory Board
FBC Finasta AB, member of the Board
Finasta Imoniu Finansai, member of the Board
Invalidos Nekilnojamojo Turto Fondas AB, chairman of the Board
Kauno Tiltai AB, member of the Board
Sanitas AB, member of the Board
Vilniaus Baldai, chairman of the Board
Girių Bizonas UAB, member of the Board
Hidroprojektas UAB, member of the Board till 10.01.2008



Member of the Board
Dailius Juozapas Miseikis
(1943)

Educational background

1968, Vilnius University, Faculty of Economics

Job experience

Since 2002 member of the Board, Invalda AB
Since 2006 advisor, 1998–2006 vice president, 1992–1998 director of real estate, Invalda AB,
1991–1992 manager, Ministry of International Economical Relationship
1967–1991 deputy director, Experimental and Clinical Medical Science Research Institute

Owned amount of Invalda AB shares

2,748,238 (6.46%)

Participation in other companies

Bankas Finasta AB, member of the Supervisory Board
FBC Finasta AB, member of the Board



Member of the Board,
president
Darius Sulnis (1971)

Educational background

1993, Vilnius University, Faculty of Economics

Job experience

Since 2006 president, member of the Board, Invalda AB

2002–2006 director, Invalda Real Estate UAB

1994–2002 director, FBC Finasta AB

Owned amount of Invalda AB shares

3,658,538 (8,59%), additionally 413,224 Invalda AB shares (0.97%) are sold under REPO agreement

Participation in other companies

Bankas Finasta AB, member of the Supervisory Board (till 29.02.2008 chairman)

Finasta Imoniu Finansai AB, chairman of the Board

Invaldos Nekilnojamojo Turto Fondas AB, member of the Board

Sanitas AB, chairman of the Board

Omega AB, member of the Board

Vilniaus Baldai AB, member of the Board

SIA AMMO (Latvia), chairman of the Supervisory Board

SIA DOMMO (Latvia), chairman of the Supervisory Board

SIA DOMMO GRUPA (Latvia), chairman of the Supervisory Board

SIA Burusala (Latvia), chairman of the Supervisory Board

Golfas UAB (30% of shares)

Lucrum investicija UAB (100% of shares, voting rights are transferred)

FBC Finasta AB, chairman of the Board till 14.02.2008

Hidroprojektas UAB, chairman of the Board till 10.01.2008-01



Chief Financier
Raimondas Rajeckas
(1977)

Educational background

2001, Vilnius University, Faculty of Economics

Job experience

2001–2006 Chief Financier, Valmeda AB

2000–2001 Chief Financier, Galincius AB

2000–2001 Chief Financier, Invaldos Marketingas UAB (recent name Inred UAB)

2000–2002 accountant, Gildeta AB

1998–2000 accountant, Invalda AB

Owned amount of Invalda AB shares

Participation in other companies

Invaldos Nekilnojamojo Turto Fondas, member of the Board

Vilniaus Baldai AB, member of the Board

Hidroprojektas UAB, member of the Board till 10.01.2008

13. Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Board members and Chief Financier

All members of the Board are Company's employees, and remuneration to them is paid as for the Companies employees.

During 2007 the Board members received 2,588 tLTL dividends (for the financial year 2006).

During the reporting period there were no assets transferred, no guarantees granted, no bonuses paid, and no special payouts made for the Company's managers.

Table 13.1. Information about calculated remuneration to Invalda AB managers for 2007

	Calculated remuneration, tLTL
For members of the Board	481
For each member of the Board (average per month)	13
For members of administration (President and Chief Financier)	246
For each member of administration (average per month)	10

IV. INFORMATION ABOUT THE ISSUER’S AND ITS GROUP COMPANIES’ ACTIVITY

14. An objective review of the Issuer’s and its group companies’ position, their performance and business development

The main activity of Invalda AB is investment management. Development and growth of businesses constantly increases the income and profits of the group and this allows the Company to be even more active in development of its activities and implement already launched and planned investment projects.

Invalda AB applying in its activities the principles of transparency and openness strives to obtain high long term financial payback for its shareholders and maintain a low grade of risk. While implementing its plans the Company observes ethical standards and traditional values.

In 2007 striving to ensure high efficiency of management of group companies and to obtain more transparent and open management structure the reorganisation of Invalda AB was finished – Nenuorama AB, one of the major shareholders, was merged to Invalda AB. After the reorganisation the structure of the shareholders was clarified, businesses were separated and now are managed by the Company itself.

In 2007 Invalda AB planned to earn 83.5 mLTL consolidated net profit, the part of which attributable to the shareholders of Invalda AB would be equalled to 72.4 mLTL. The forecast was fulfilled – the consolidated net profit of 2007 amounted to 72.4 mLTL, part of it attributable to the shareholders of Invalda AB was 87.56 mLTL. Profit for the year attributable to AB Invalda shareholders equalled to 78.96 mLTL.

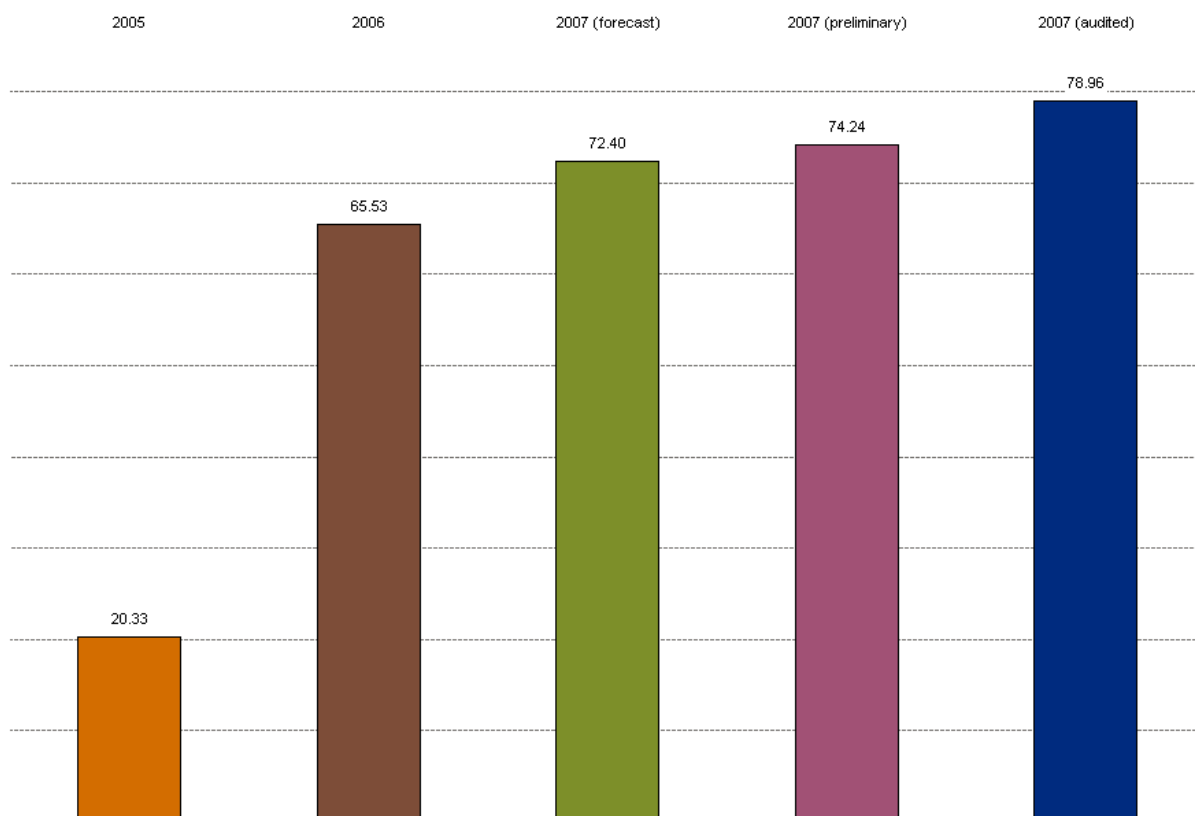


Fig. 14.1. Comparison of net profit attributable to the shareholders of Invalda AB in 2005-2007, the comparison of profit planned and earned in 2007, mLTL

Finance sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	7.9 mLTL	19.9 mLTL	14.1 mLTL	-29.1%
Sector’s net profit	7.7 mLTL	19.9 mLTL	14.1 mLTL	-29.1%

Finance sector of the group did not achieved planned profit goals because of the fall of the securities markets in the last quarter of 2007.

In 2007 Finasta Investiciju Valdymas UAB established 5 investment funds:

- Finasta Infrastructure fund. The fund invests in financial instruments of the companies that work (or have plans to expand) in the field of infrastructure in the region of New Europe. This is a fund of active investment that seeks higher than average stock investment return.
- Finasta Future fund. It is the first fund in Lithuania managed using the Global Freestyle strategy in order to guarantee long life period of the fund, therefore the fund is exceptionally suitable for long-term investments. The aim of the fund is a balanced high return and constant growth.
- Finasta Infinity fund. It is the fund of limited distribution, which aims to achieve the maximum growth.
- Finasta Vitality fund. It is the fund of limited distribution, which aims to achieve the balanced long term growth.
- Finasta Integrity fund, It is the fund of limited distribution, which aims to achieve the balanced long term growth.

In July 2007 TOB Finasta, operating in Ukraine, obtained activity license and started providing investment, brokerage and corporate finance services.

On 21.12.2007 Finasta Investiciju Valdymas UAB completed procedures regarding the take over 4 PZU Gyvybes Draudimas UAB 2nd pillar pension funds. Over 26 thousand members accumulate funds in these pension funds.

On 19.12.2007 the Board of the Bank of Lithuania issued the authorisation to establish Bankas Finasta AB which is going to provide investment and private banking services. The company was registered in the Register of Legal Entities on 02.01.2008. The bank should start its activity in the 2nd quarter of 2008 when the Bank of Lithuania issues the activity license.

Real estate sector

	2006	2007 m.		
		forecast	result	deviation
Net profit attributable to Invalda AB	56.6 mLTL	36.9 mLTL	44.6 mLTL	20.9%
Sector's net profit	67.8 mLTL	46.9 mLTL	52.8 mLTL	12.6%

During 2007 real estate sector companies implemented these projects:

- Block of flats with commercial premises in Vytauto ave. 3, Kaunas (78 flats and 1045 sq.m of commercial premises)
- Settlement with 26 holiday residences in Zemaites str. 2, Trakai;
- 104 Complex of residential houses Ziedondarza Majas with 104 flats in A. Caka str., Riga (Latvia).

Last year acquired objects:

- Complex of buildings and land plot in Visoriu str. 20, Vilnius;
- Office buildings and land plot in Pylimo str. 30, Vilnius.

Five commercial real estate objects were sold during 2007: in Vilnius – IBC logistic centre in Vilkpedes str. and office buildings in Architektu and Zirmunu str., in Kaunas– IBC logistic centre in Ateities str. and office building in A.Strazdas str.

Pharmacy sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	-2.4 mLTL ⁸	12.7 mLTL	13.2 mLTL	3.9%
Sector's net profit	-7.3 mLTL	34.3 mLTL	37.3 mLTL	8.8%

⁸Elimination records are not excluded

At the end of 2006 the reorganisation of Sanitas AB subsidiaries Jelfa SA and Sanitas Polska spol. z.o.o. was finished - Sanitas Polska spol. z.o.o. was merged to Jelfa SA In November, 2007 the subordinated loan for Jelfa SA was converted to Jelfa's SA owned shares, which were transferred to the company after the Sanitas Polska spol. z.o.o. merger.

In 2007 building and equipment of the new factory in Kaunas were proceeded. It is planned that the factory starts working in 2008.

In July 2007 the representative office of Jelfa SA in Debrecen (Hungary) was opened. The company already has representative offices in Moscow (Russia), Prague (Czech Republic), and Kiev (Ukraine).

The consolidated result of Sanitas AB for 2007 is net profit of 37.3 mLTL, EBITDA is 105.4 mLTL.

Furniture manufacturing sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	-5.7 mLTL	1.5 mLTL	-0.3 mLTL	-
Sector's net profit	-7.7 mLTL	2.6 mLTL	0.1 mLTL	-96.2%

The unreached sector's goals were influenced mostly by the loss of Minija AB – 1.4 mLTL (till the sell of the company on 21 June, 2007)

In 2007 the processes of Vilnius Baldai AB structure and management reformation and work automation were continued. Compared to 2006, sales revenue of the company during the 2007 increased by 37%, work efficiency increased by 70%, at that time average employee number lowered from 850 to 667.

Road and bridges construction sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	2.9 mLTL	4.1 mLTL	5.7 mLTL	39.0%
Sector's net profit	7.6 mLTL	9.5 mLTL	13.8 mLTL	45.3%

In 2007 positions in Lithuania and Poland were strengthened through organic growth and purposeful acquisitions. Further implementation of the program of broad investments was continued, investments into the new technologies, expansion of services and quality improvement were made.

Kauno Tiltai AB has implemented quality management system corresponding to quality standard ISO 14001:2004 and work safety and health management system OHSAS 18001:1999.

Significant projects of 2007:

- IX B Transport corridor's – road's Vilnius–Kaunas–Klaipeda reconstruction;
- Kaunas railway tunnel reconstruction;
- construction of the overhead road of Vilnius southern bypass;
- Road's Vilnius–Prienai–Marijampole reconstruction.

Hotel management sector

	2006	2007		
		forecast	result	deviation
Net profit attributable to Invalda AB	1.8 mLTL	1.9 mLTL	2.0 mLTL	5.3%
Sector's net profit	1.8 mLTL	1.9 mLTL	2.0 mLTL	5.3%

Main indicators of the sector were growing constantly – profitability, EBITDA, revenue per room (RevPAR). Occupancy at the end of 2007 was 66.4% at the Ecotel Vilnius hotel and 62.8% at Holiday Inn Vilnius hotel.

At the beginning of 2008 the agreement was signed concerning selling 100% shares of Valmeda AB. The deal was completed on 13.03.2008.

Production and services companies

	2006	2007		
		forecast	deviation	deviation
Net profit attributable to Invalda AB	4.7 mLTL	7.5 mLTL	7.5 mLTL	-

In 2007 Invalda AB strived to take part in activities of those companies involved in non-strategic businesses where the high investment return and risk ratio was expected and those which required an adequate management.

On 27.06.2007 Positor UAB was established, with the main activity of investment into IT sector companies. In 2007 Positor UAB acquired 100% shares of Informatikos Pasaulis UAB (official USA concern Hewlett-Packard representative) and also 100% shares of Vitma UAB (the only shareholder of Baltic Amadeus Infrastrukturos Paslaugos UAB).

On 13.12.007 the agreement concerning selling 97.99% shares of Hidroprojektas UAB was signed. The block of shares was sold to SWECO group, a company with strategic business in projecting and consulting. The deal was completed on 10.01.2008.

Last year Agrowill Group AB announced about intentions to list company's shares in the Main list of Vilnius Stock Exchange. In March 2008 during the initial public offering 6,777,777 shares were placed and allotted to subscribing. From 02.04.2008 shares of Agrowill AB are listed in the Main list of Vilnius Stock Exchange.

15. Analysis of financial and non-financial performance and information relating to environmental and employee matters

15.1. Issuer's and its group companies' performance results

Invalda AB actively manages its investments by acquiring and restructuring businesses, applying modern methods of management and funding, by receiving income from managed companies and / or exiting businesses providing high return to shareholders of the company and diversifying risks.

Table 15.1. Income, 2005–2007, tLTL

	Company's			Group's		
	2007	2006	2005	2007	2006	2005
Sales income	-	-	-	253,595	224,348	283,021
- real estate	-	-	-	37,348	37,793	65,104
- financial activities	-	-	-	33,998	30,475	12,713
- pharmacy	-	-	-	-	16,171	62,988
- furniture manufacturing	-	-	-	169,999	133,609	120,117
- production and services sector	-	-	-	14,866	14,221	22,099
- elimination	-	-	-	(2,616)	(7,921)	-
Discontinued operation (hotel management)	-	-	-	14,581	14,114	12,665
Other income	7,726	17,719	182	36,161	24,733	15,197
Finance income	100,114	20,714	11,012	10,237	5,432	16,544
- interest income	7,126	2,412	1,434	8,391	4,928	2,114
- dividend income	92,877	18,302	9,576	-	-	166
- other finance income	111	-	2	1,846	504	14,264
Total	107,840	38,433	11,194	314,574	268,627	327,427

Table 15.2. . Main items of financial statements, tLTL

	Company's			Group's		
	31.12.2007	31.12.2006	31.12.2005	31.12.2007	31.12.2006	31.12.2005
Non current assets	405,376	218,697	83,737	837,394	815,923	607,921
Current assets	110,065	17,067	33,297	279,464	122,083	183,045
Non current assets classified as held for sale	10,079	-	33	87,669	-	20,766
Equity	179,311	146,339	84,153	305,200	368,498	335,290
Equity attributable to equity holders of the parent company	-	-	-	299,144	328,091	241,508
Minority interest	-	-	-	6,056	40,407	93,782
Non-current liabilities	78,589	2,901	-	307,428	289,001	223,709
Current liabilities	267,620	86,524	32,914	536,731	280,507	252,733
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	55,168	-	-
Profit before taxes	86,096	31,257	9,554	97,813	87,051	44,300
Net profit	86,804	28,816	9,620	87,560	75,552	39,122
Net profit attributable to holders of the parent company	-	-	-	78,964	65,533	20,326

Table 15.3. Financial ratios

	Company's			Group's		
	2007	2006	2005	2007	2006	2005
Return on Equity (ROE), %	53.31	25.00	13.03	25.18	23.01	11.85
Debt ratio	0.66	0.38	0.28	0.75	0.61	0.59
Debt – Equity ratio	1.93	0.61	0.39	2.95	1.55	1.42
Liquidity ratio	0.41	0.20	1.01	0.62	0.44	0.81
Earning per share (EPS), LTL	1.96	0.66	0.24	1.78	1.51	0.50
Price Earning ratio (P/E)	8.75	18.91	57.71	9.63	8.26	27.70

15.2. Employees

The main task of Invalda AB personnel management is to ensure the optimal proportion of employees' fulfilment and the result of their performance. Company's employees are encouraged to participate in internal and external trainings. Their motivation system is revised each year.

There are no agreements of the Company and the members of the Board, or the employees agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

The collective agreement is not signed in the Company. There are no special employees' rights and duties described in the employment agreements.

Average number of employees in 2007 was 12. The education of all Company's employees is university education.

Table 15.4. Number of employees and average monthly salary

	Measuring units	2007	2006	2005
Total amount of employees	person	13	11	6
- managers	person	4	5	4
- specialists	person	9	6	2
Average monthly salary (calculated for)	LTL	8,936	9,127	3,950
- managers	LTL	12,228	11,801	4,241
- specialists	LTL	6,895	6,577	3,650

On 31.12.2007 the number of Invalda AB group employees amounted to 1,723 (on 31.12.2006 equalled to 2,066, on 31.12.2005 – 2,795).

15.3. Environment matters

Invalda AB group strives to pay attention towards environment matters. Great attempts are made to ecologise the production processes in manufacturing companies, to monitor the effect of the raw materials on the environment.

16. A description of the principal risks and uncertainties

The activities of Invalda AB group are developed in Lithuania, also in other foreign countries and the economic situation, especially the situation in finance and real estate markets, of those countries influences the performance of the group.

The results of Invalda AB directly depend on the quality of investment portfolio and efficient management of the group companies, since the income from the sale of financial assets and financial income (dividends) constitute the essential part of the Company's income.

Information on risks, which Invalda AB and its group experience, and risk management is disclosed in the consolidated and Company's financial statements explanatory notes

17. Information about activities of the Issuer and companies comprising the Issuer's group in the field of Research and Development

In Invalda AB group the field of Research and Development is covered by Sanitas AB and its subsidiaries (mainly Jelfa SA). During 2007 mainly concentration on the therapeutic areas of dermatology, ophthalmology, diabetology, urology, and hospital injectables was made.

18. Significant events since the end of the last financial year

On 02.01.2008 Bankas Finasta AB was registered in the Register of Legal Entities. The authorisation to establish the bank which is going to provide investment and private banking services was issued by the Board of the Bank of Lithuania on 19.12.2007. The company will start its activity when the Bank of Lithuania issues the activity license.

On 10.01.2008 Invalda AB completed the deal of Hidroprojektas UAB shares sale. The block of 97.99% of Hidroprojektas UAB shares were sold to Swedish company SWECO BKG LSPI for 8.6 mLTL.

13.03.2008 Invalda AB finished the deal of Valmeda AB shares sale. 100% of Valmeda AB shares were sold for the 68.5 mLTL, enterprise value is 86.3 mLTL.

19. Information on the related parties' transactions

Information on the related parties' transactions is disclosed in consolidated and Company's financial statements explanatory notes

20. Activity plans and forecasts

In 2008 Invalda AB group plans to earn 127 mLTL consolidated net profit, the part of it attributable to the shareholders of Invalda AB should equal to 121.8 mLTL.

While making forecasts it was assumed that till 31.12.2008 there will be no significant changes in the structure of the group or investment asset, no significant changes in investment asset value and finance and real estate markets.

Table 20.1. Forecasts of group's sectors

Planned results	Priorities raised for 2008
Finance sector	
Net profit attributable to Invalda AB – 7.6 mLTL Sector's net profit – 7.6 mLTL	<ul style="list-style-type: none"> • Successful start-up of the bank providing investment and private banking services • Ensuring the balance of further development and profitability which would guarantee the increase of value for the long term
Real estate sector	
Net profit attributable to Invalda AB – 45 mLTL Sector's net profit – 48.5 mLTL	<ul style="list-style-type: none"> • Ensuring of high financial return and balanced risk based on investments into real estate • Purposeful selection of priority markets, segments, investments and exits time; • Increase of efficiency by developing RE projects
Pharmacy sector	
Net profit attributable to Invalda AB – 26.6 mLTL Sector's net profit – 62.2 mLTL	<ul style="list-style-type: none"> • To strengthen the status of one of the most efficient and profitable pharmacy companies in Central and Eastern Europe region • To growth further through organic development and acquisitions
Furniture manufacturing sector	
Net profit attributable to Invalda AB – 3.9 mLTL Sector's net profit – 5.7 mLTL	<ul style="list-style-type: none"> • Effective and competitive production • Formation of optimal orders' portfolio • Ensuring of further increase of EBITDA and net profit
Road and bridges construction sector	
Sector's net profit – 32.3 mLTL Net profit attributable to Invalda AB – 13.3 mLTL: <ul style="list-style-type: none"> • Kauno tiltai AB (not consolidated) – 6.7 mLTL • road sector companies in Poland – 2.6 mLTL • other road sector companies – 4.0 mLTL 	<ul style="list-style-type: none"> • To increase efficiency and competitiveness, optimise organisational structure • To strengthen positions in Lithuania and neighbour countries by organic development and purposeful acquisitions • Further increase of EBITDA and net profit
Production and services companies	
Net profit attributable to Invalda AB – 2.5 mLTL Sector's net profit – 10.8 mLTL	<ul style="list-style-type: none"> • 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 • To take part in businesses which due to organic growth or growth through M&A have potential to obtain strategic position in group portfolio

V. OTHER INFORMATION

21. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and Company's financial statements explanatory notes.

22. Information on audit

The audit of annual financial statements and consolidated financial statement of Invalda AB for 2006–2007 was performed by Ernst & Young Baltic UAB.

The audit firm was selected in the General Meeting of 19.06.2006. The General Meeting settled the annual payment for the audit company which should not exceed LTL 109,000 Lt (VAT is not included).

Information about the audit firm:

Address of the registered office	Subaciaus str. 7, LT-01127 Vilnius, Lithuania
Enterprise code	110878442
Telephone	+370 5 274 2200
Fax	+370 5 274 2333
E-mail	vilnius@lt.ey.com
Website	www.ey.com/lt

The audit firm does not provide any other than audit services to the Company.

No internal audit is performed in the Company

23. Data on the publicly disclosed information

The information publicly disclosed of Invalda AB during 2007 is presented in Company's website www.invalda.lt.

Table 23.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
26.01.2007	Resolutions of General Meeting held on 26.01.2007
28.02.2007	Preliminary results for 2006
26.03.2007	Notice about convocation of Annual General Meeting to be held on 27.04.2007
02.04.2007	Notifications on the disposal and acquisition of share blocks
16.04.2007	Draft resolutions of the Annual General Meeting to be held on 27.04.2007
16.04.2007	Notice about audited results for 2006
18.04.2007	Notice about the resignation of chairman of the Board
18.04.2007	Notification on the acquisition of a share block
25.04.2007	Results of Invalda AB group finance sector for the 1 st quarter of 2007
27.04.2007	Notice about the not occurred Annual General Meeting
27.04.2007	Notice about reconvening of Annual General Meeting to be held on 11.05.2007
09.05.2007	Audited results for 2006 Audited consolidated and Company's financial statements for 2006, consolidated annual report
09.05.2007	Notice about the election of chairman of the Board
11.05.2007	Resolutions of reconvened Annual General Meeting held on 11.05.2007
30.05.2007	Results for the 1 st quarter of 2007 Consolidated and Company's financial statements for 1 st quarter of 2007
15.06.2007	Announcement about intentions to invest into IT sector
19.06.2007	Notification on the acquisition of a share block
21.06.2007	Notice about the selling of Minija AB shares

Table 23.1. continued

Date of disclosure	Brief description of disclosed information
28.06.2007	Notice about the establishment of subsidiary company Positor AB
04.07.2007	Notice regarding intentions to sell part of Sanitas AB shares
25.07.2007	Notice about the sale of subsidiary's real estate
31.07.2007	Results of Invalda AB group finance sector for the 1 st half of 2007
17.08.2007	Consolidated and Company's financial statements for 1 st half of 2007, consolidated interim report
17.08.2007	Revised forecast of Invalda AB group for 2007
21.08.2007	Positor UAB acquired 100% shares of Informatikos Pasaulis UAB
24.08.2007	Notification about prepared conditions of Invalda AB and Nenuorama AB reorganisation
24.08.2007	Notice about convocation of General Meeting to be held on 26.09.2007
24.08.2007	Draft resolutions of the General Meeting to be held on 26.09.2007
28.09.2007	The agreement concerning the sale of Voltera UADBB shares
19.09.2007	Announcement about the intention protocol signed by subsidiary Finasta Investiciju Valdymas UAB regarding the take over of PZU Lietuva Gyvybes Draudimas UAB pension funds
26.09.2007	Resolutions of General Meeting held on 26.09.2007
28.09.2007	Amended Articles of Associations of Invalda AB registered in Register of Legal Entities (the conclusion of reorganisation of Invalda AB and Nenuorama AB)
02.10.2007	Notification about the change of Company's authorised capital
02.10.2007	Notifications on the disposal and acquisition of share blocks
03.10.2007	Notice about the application presented to the Central Security Depository of Lithuania regarding the assimilation of share issues
05.10.2007	Notice about the assimilation of share issues
19.10.2007	Notification on acquisition of a share block
30.10.2007	Results of Invalda AB group finance sector for the 9 months of 2007
30.11.2007	Results for the 9 months of 2007 Consolidated and Company's financial statements for the nine months of 2007
12.12.2007	Notice about the application submitted to Vilnius Stock Exchange regarding the admission of Invalda AB shares to the Main List
12.12.2007	Forecasts for Invalda AB group for 2008
13.12.2007	Information about the signed agreement regarding the sale of Hidroprojektas UAB shares
21.12.2007	Finasta Investiciju Valdymas UAB completed procedures regarding the take over of PZU Lietuva Gyvybes Draudimas UAB 2 nd pillar pension funds
29.12.2007	Positor UAB acquired 100% of Vitma UAB shares

Table 23.2. Summary of the notifications on transactions in Invalda AB shares concluded by Managers of the Company during 2007

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
27.03.2007	Dailius Juozapas Miseikis	100	12.82	1,282.00	acquisition	purchase-sale	AUTO
17.04.2007	Nenuorama UAB	12,157,049	15.00	182,355,735.00	acquisition	purchase-sale	XOFF
17.04.2007	Dailius Juozapas Miseikis	6,792,556	15.00	101,888,340.00	disposal	purchase-sale	XOFF
17.04.2007	Alvydas Banys	5,324,493	15.00	79,867,395.00	disposal	purchase-sale	XOFF
17.04.2007	Daiva Baniene	40,000	15.00	600,000.00	disposal	purchase-sale	XOFF
17.04.2007	Nenuorama UAB	91,703	13.89-14.05	1,277,656.58	acquisition	purchase-sale	AUTO
18.04.2007	Nenuorama UAB	35,500	13.98-14.00	496,999.00	acquisition	purchase-sale	AUTO

Table 23.2. continued

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
19.04.2007	Nenuorama UAB	41,106	13.90-13.99	573,120.37	acquisition	purchase-sale	AUTO
20.04.2007	Nenuorama UAB	20,029	13.98-14.10	281,083.49	acquisition	purchase-sale	AUTO
23.04.2007	Nenuorama UAB	5,904	14.05-14.10	83,198.90	acquisition	purchase-sale	AUTO
24.04.2007	Nenuorama UAB	10,000	14.10	141,000.00	acquisition	purchase-sale	AUTO
02.05.2007	Nenuorama UAB	18,769	14.05-14.10	264,501.50	acquisition	purchase-sale	AUTO
03.05.2007	Nenuorama UAB	20,037	14.05-14.10	282,279.20	acquisition	purchase-sale	AUTO
04.05.2007	Nenuorama UAB	11,802	14.08-14.09	166,240.18	acquisition	purchase-sale	AUTO
08.05.2007	Nenuorama UAB	5,645	14.05-14.09	79,424.05	acquisition	purchase-sale	AUTO
09.06.2007	Nenuorama AB	1,130,000	8.85	10,000,500.00	disposal	repo agreement	XOFF
21.06.2007	Nenuorama AB	1,500,000	7.26	10,884,460.27	acquisition	repo agreement	XOFF
21.06.2007	Nenuorama AB	1,000,000	11.65	11,650,000.00	disposal	repo agreement	XOFF
26.06.2007	Nenuorama AB	900,000	11.65	10,485,000.00	disposal	repo agreement	XOFF
27.06.2007	Nenuorama AB	800,000	11.65	9,320,000.00	disposal	repo agreement	XOFF
09.08.2007	Darius Sulnis	400,000	19.66	7,864,000.00	disposal	purchase-sale	XOFF
09.08.2007	Nenuorama AB	400,000	19.66	7,864,000.00	acquisition	purchase-sale	XOFF
24.09.2007	Nenuorama AB	1,600,000	7.45	11,925,077.92	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	900,000	11.85	10,665,973.97	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	100,000	11.86	1,186,225.34	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	800,000	11.85	9,479,078.36	acquisition	repo agreement	XOFF
24.09.2007	Nenuorama AB	1,130,000	9.03	10,207,633.64	acquisition	repo agreement	XOFF
24.09.2007	Darius Sulnis	2,657,860	11.73	31,169,955.40	disposal	repo agreement	XOFF
25.09.2007	Nenuorama AB	900,000	11.86	10,678,038.90	acquisition	repo agreement	XOFF
25.09.2007	Darius Sulnis	359,187	11.65	4,184,528.55	disposal	repo agreement	XOFF
25.09.2007	Vytautas Bucas	540,813	11.65	6,300,471.45	disposal	repo agreement	XOFF
28.09.2007	Dailius Juozapas Miseikis	2,748,138	-	-	acquisition	change of shares on reorganisation	-
28.09.2007	Vytautas Bucas	3,204,322	-	-	acquisition	change of shares on reorganisation	-
28.09.2007	Lucrum investicija UAB	7,276,865	-	-	acquisition	change of shares on reorganisation	-
15.10.2007	Darius Sulnis	1,000,000	11.77	11,772,445.27	acquisition	repo agreement	XOFF
20.12.2007	Vytautas Bucas	540,813	11.65	6,300,471.45	acquisition	repo agreement	XOFF

Table 23.2. continued

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
20.12.2007	Darius Sulnis	359,187	11.66	4,188,750.60	acquisition	repo agreement	XOFF
21.12.2007	Darius Sulnis	1,657,860	11.71	19,407,636.16	acquisition	repo agreement	XOFF

Explanations:

AUTO – automatically matched trade concluded in the regulated market;

XOFF – OTC trade;

Managers of the Company and closely related persons:

- Alvydas Banyas – chairman of the Board (till 02.05.2007);
- Dailius Juozapas Miseikis – member of the Board;
- Vytautas Bucas – member of the Board, from 19.05.2007 chairman of the Board;
- Darius Sulnis – member of the Board, president;
- Daiva Baniene – spouse of Alvydas Banyas;
- Lucrum investicija UAB – legal entity, related to Darius Sulnis (100% of shares, voting rights are transferred);
- Nenuorama UAB, from 24.05.24 Nenuorama AB – legal entity, related to Alvydas Banyas (till 02.05.2007, Dailius Juozapas Miseikis and Vytautas Bucas.

24. Disclosure concerning the compliance with the Governance Code

Invalda AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the Vilnius Stock Exchange for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company constantly discloses information about group's activities and objectives (in notifications on material event, annual information). The objectives and plans of Invalda AB group are also presented in conferences. The information is published in the Company's website and also disclosed via NASDAQ OMX news distribution service, seeking to ensure simultaneous provision of information to everyone.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board and the President activities are concentrated on increasing the shareholders' equity and transparency of the Company by ensuring a high long-term financial rate of return, maintaining a small risk level and abiding by the ethic standards and traditional values.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board is not formed. Nevertheless, the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of the Law on Companies, provided that there is a decision of the

		Board to enter into these transactions.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.
Principle II: The corporate governance framework The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the company is accountable to the Board.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The functions set forth in this recommendation are performed by the collegial management body – the Board.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the President of the Company. The Supervisory Board is not formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The relevant provisions set forth in III and IV principles are applied to the Board's formation and assessment of its activity as long as that does not contradict the essence and purpose of this body.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 independent Board members in the Company who do not have any other mutual interests but only activity within the Board and who act seeking benefit to the Company and its shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	No	The Supervisory Board is not formed in the Company, and there are no non-executive directors either.

<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>Yes</p>	<p>The chairman of the Board is not and has not been the Manager of the company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.</p>
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	<p>The Board operates impartially, objectively and represents the interests of all shareholders equally.</p>
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	<p>According to the Board's procedures and regulations approved by the Board's decision of 01.03.2007 at least 10 days before the General Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information.</p> <p>The Board members obligate to inform the chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports.</p> <p>Information about current members of the Board, their educational background, qualification, professional experience, participation in other companies is disclosed in Company's website.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes</p>	<p>Information about the composition of the Board, members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.</p>
<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's</p>	<p>Yes</p>	<p>The composition of the Board is regularly assessed with consideration to the nature of Company's activity and structure.</p>

<p>structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.</p>		
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>No</p>	<p>Presently, members of the Board do not perform the assessment of their skills and knowledge.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>No</p>	<p>Independency of the elected Board members has not been assessed yet and the content of independent members' sufficiency has not been discussed either.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control 	<p>No</p>	<p>Members of the Board are elected by the General Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders, however fail to meet the recommendation on independency.</p>

<p>as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	<p>No</p>	<p>No Board members' independency assessment and announcement practice has been applicable till now.</p>
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure</p>	<p>No</p>	<p>No Board members' independency assessment and announcement practice has been applicable till now.</p>

<p>accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>		
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.</p>	<p>Not applicable</p>	<p>The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds.</p>
<p>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.</p>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.</p>	<p>Yes</p>	<p>The Board submits Company's annual financial statement and consolidated annual financial statement, profit distribution drafts to the General Meeting, delivers consolidated annual report, also performs all other functions set forth in the legal acts of the Republic of Lithuania.</p>
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	<p>According to the data held with the Company, all Board members act in good will with respect to the Company, are guided by the interests of the Company, not by the personal or third parties' interests, and seek to preserve their independency while adopting the decisions.</p>
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	<p>The Board members perform their functions properly: they actively participate in the Board meetings (in 2006 members participation in the meetings reached 99% on average) and devote sufficient time for the performance of their duties as Board members.</p>
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly</p>	<p>Yes</p>	<p>The Board treats all shareholders honestly and impartially. Essential obligations of the Company to the shareholders are set forth in the Shareholders' Policy approved by the Board (which is published in Company's website).</p>

<p>established role of members of the collegial body when communicating with and committing to shareholders.</p>		
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>Yes</p>	<p>There were no significant transactions between the Company and its shareholders or management bodies. The Board's procedures and regulations establish that if such transactions are concluded, all Board members should be informed thereof.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	<p>Yes</p>	<p>The Board is independent while adopting decisions which are significant for the activity and strategy of the Company.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>No</p>	<p>Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination, Remuneration and Audit committees.</p>

<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>		
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>		
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>		
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the</p>		

<p>collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</p> <p>2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</p> <p>3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</p> <p>4) Properly consider issues related to succession planning;</p> <p>5) Review the policy of the management bodies for selection and appointment of senior management.</p> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <p>1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</p> <p>2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</p> <p>3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p> <p>4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information</p>		

<p>disclosure (in particular the remuneration policy applied and individual remuneration of directors);</p> <p>5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <p>1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <p>1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</p> <p>2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</p> <p>3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</p> <p>4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations</p>		

<p>on required actions in such situations;</p> <p>5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees</p>		
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<p>to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>Yes</p>	<p>Once a year the Board conducts its performance evaluation.</p> <p>On 2007 the Board analysed available information, discussed and adopted decisions concerning essential matters of Invalda AB and its group.</p> <p>The Board assessed the performance of the last year positively cause the main objectives were achieved and planned financial results of Invalda AB exceeded.</p> <p>At the moment the Board concludes not to form Nomination, Remuneration and Audit committees, considering that the Board partially carries these functions. Considering the growth of the Company, changes of business environment and principals of activity, this issue may be discussed during 2008.</p>
<p>Principle V: The working procedure of the company's collegial bodies</p> <p>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	<p>This provision is implemented by the Board (Supervisory Board is not formed in the Company).</p>
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month⁹.</p>	<p>Yes</p>	<p>According to the Board's procedures and regulations, the Board meetings are held at least once per quarter.</p>
<p>5.3. Members of a collegial body should be notified about the meeting being convened in</p>	<p>Yes</p>	<p>The Board meetings are being convened by the chairman. The chairman of the Board informs</p>

⁹-The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

<p>advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>		<p>members about the meeting at least 5 days prior to the meeting. Additional issues may be including into the agenda not later than 3 days prior to the meeting.</p>
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	<p>No</p>	<p>The Company may not implement this recommendation since only the Board is formed.</p>
<p>Principle VI: The equitable treatment of shareholders and shareholder rights The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
<p>6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.</p>	<p>Yes</p>	<p>Shares which compose the authorised capital of the Company grant equal rights to all shareholders.</p>
<p>6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.</p>	<p>Yes</p>	<p>The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy approved by the Board, the Articles of the Association, Company's annual report</p>
<p>6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.</p>	<p>Yes</p>	<p>Shareholders of the Company have equal opportunities to get familiarised and participate in adopting decisions important to the Company. Approval of the General Meeting is also necessary in cases stipulated in Chapter V of the Law on Companies. No other cases when the approval of the General Meeting should be obtained are foreseen, since it would impair Company's business considering the nature of the Company's activity.</p>
<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.</p>	<p>Yes</p>	<p>The procedures of convening and conducting of the General Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarised with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.</p>

<p>6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	<p>The minutes of General Meetings for the last 6 years are disclosed on Company's webiste. At least 10 days prior to the General Meeting, the documents prepared for the General Meeting shall be published on the Company's website.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>Yes</p>	<p>The Company's shareholders are furnished with the opportunity to participate in the General Meeting both personally and via an attorney, if such a person has a proper authorisation or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. Besides, the company provides the shareholders with conditions to vote by completing the general voting ballot.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	<p>Not applicable</p>	<p>Based on current practice of the Company, there has been no need so far to comply with this recommendation. Shareholders shall vote via an attorney or by completing the general voting ballot.</p>

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	<p>The Board members fully comply with these recommendations.</p>
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general</p>		

<p>shareholders' meeting or any other corporate body authorized by the meeting.</p>		
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>		
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>		
<p>Principle VIII: Company's remuneration policy Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</p>		
<p>8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.</p>	<p>No</p>	<p>The Company does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company.</p>
<p>8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.</p>		<p>Information about the benefits and loans for the members of the management bodies is provided in the periodical reports, financial statements.</p>
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ol style="list-style-type: none"> 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors. 		
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice</p>		

<p>periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>		
<p>8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>		
<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>		
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ol style="list-style-type: none"> 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during 		

<p>the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</p> <p>3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</p> <p>4) All changes in the terms and conditions of existing share options occurring during the financial year.</p> <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <p>1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</p> <p>2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</p> <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	<p>Not applicable</p>	<p>In 2007 the schemes, on which basis the managers were remunerated in shares, share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company.</p>
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <p>1) Grant of share-based schemes, including share options, to directors;</p> <p>2) Determination of maximum number of shares and main conditions of share granting;</p> <p>3) The term within which options can be exercised;</p> <p>4) The conditions for any subsequent change in the exercise of the options, if permissible by law;</p> <p>5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual</p>		

<p>directors.</p> <p>8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		
<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>		
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.</p>		

<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		
<p>Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</p>		
<p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>	<p>Yes</p>	<p>Information set forth in this recommendation is disclosed in the notifications on material event, periodical reports. This information is also published on Company's website.</p>
<p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>		
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p>		
<p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>		
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events</p>	<p>Yes</p>	<p>The Company discloses information via NASDAQ OMX news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English simultaneously. The Company publishes its information prior to or</p>

<p>should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>		<p>after the trade sessions on the Vilnius Stock Exchange. The company does not disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via NASDAQ OMX news distribution service.</p>
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	<p>Yes</p>	<p>The information is disclosed in Lithuanian and English simultaneously via NASDAQ OMX news distribution service. It is also published on Company's website.</p>
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	<p>Yes</p>	<p>The Company publishes all information indicated in this recommendation on its website.</p>
<p>Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
<p>11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.</p>	<p>Yes</p>	<p>The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit firm. The interim financial statements are not conducted by the audit firm.</p>
<p>11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.</p>	<p>Yes</p>	<p>The candidate audit firm is suggested to the General Meeting by the Board.</p>
<p>11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>	<p>Not applicable</p>	<p>The audit firm does not provide non-audit services to the Company.</p>

President

Darius Sulnis