VILNIUS FURNITURE
ANNO 1883
... Better Faster Stronger ...

RESPONSIBLE PERSONS CONFIRMATION

16.08.2010

Following the Article 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we hereby confirm that, Vilniaus Baldai AB Interim Condensed Consolidated Financial Statement for the six months of 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS). We consider that the accounting policies used are appropriate and Financial Statement thus gives a true and fair view in equity, cash flow, assets, liabilities and income statement, and also that Interim Consolidated Report shows fair bussines inveronment as well as description of the Company‘s performance.

APPENDIX:

1. Interim Condensed Consolidated Financial Statement for the six months of 2010.
2. Interim Consolidated Report for the six months of 2010.

Chief Executive Officer Aidas Mackevicius

Chief Financial Officer Ausra Kibirkstiene

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Vilniaus Baldai AB

INTERIM CONSOLIDATED REPORT FOR THE SIX MONTHS OF 2010

CONTENTS

COMPANIES COMPOSING THE GROUP

Vilniaus Baldai AB (hereinafter – the Company) consists of Vilniaus Baldai AB and subsidiary ARI - LUX UAB in which the Company directly controls 100% of shares.

GENERAL INFORMATION ABOUT THE COMPANY:

Name	Joint stock company Vilniaus Baldai AB
Legal form	Joint stock company
Code	121922783
VAT payer's code	LT219227811
Authorised capital	LTL 15 545 068, divided into 3 886 267 ordinary registered shares with the par value of LTL 4 each
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(8~5) 252 57 00
Fax	(8~5) 231 11 30
E-mail	info@vilniausbaldai.lt
Internet website	www.vilniausbaldai.lt
Registration date and place	9 February 1993, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Main type of the activity	Design, production and selling of the office, bedroom, living-room and hall furniture

GENERAL INFORMATION ABOUT THE SUBSIDIARY:

Name	Limited liability company ARI-LUX UAB
Legal form	Limited liability company
Code	120989619
VAT payer's code	LT209896113
Authorised capital	LTL 10 000
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(8~5) 252 57 44
Fax	(8~5) 252 57 44
E-mail	saxela@takas.lt
Internet website	-
Registration date and place	28 October 1991, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Main type of the activity	Packaging

1. REVIEW OF THE COMPANIES GROUP'S POSITION, ACTIVITY AND DEVELOPMENT, CHARACTERISATION OF THE MAIN TYPES OF RISKS AND UNCERTAINTIES, FACED BY THE COMPANY

Vilniaus Baldai AB is a leading manufacturer of flat-pack furniture. The public company Vilniaus Baldai is the Company that cherishes time-honoured traditions, applies modern technologies and enjoys a stable and continuous business growth.

During the first half 2010 the Company further implemented the reorganisations started earlier. They are aimed at the reduction of costs, increase in labour productivity and competitive ability. We expect that the rational use of the resources of the Company, increase of productivity aiming for the European standards and strict control of the quality will ensure better operating results of the Company in the future.

Main risks faced by the Group:

Economic risk factors. The sales of Vilniaus Baldai AB to the main customer Swedish concern IKEA made about 99 % of all the sales of the Company during the first half 2010 (in 2009 – 99 %, in 2008 – 99 %, 2007 – 95 %).

The Company competes with the world furniture producers, including the Eastern European and Chinese producers. The advantages of the Company compared to the Chinese producers is the logistics advantage (the shorter period of product delivery due to the good geographic location), high quality of production.

Political risk factors. Critical changes in the business environment are related to the national taxation reform and complicated situation in the business. The Value-added tax according to the Law on Value-added Tax of the Republic of Lithuania is levied by 21 % since 1 September 2009. This has a direct impact on the cash flows of the Company. There are no requirements and restrictions established by the State to the issuer's activity.

Social risk factors. The complicated situation of business in Lithuania effects the Company as well, and this results in the need for changes to be introduced in the Company's organisational structure, the need for higher labour productivity, introduction of an effective system of the purchase of raw materials and services, a continuous enhancement of business and accounting systems. The Company pays great attention to the improvement of operating conditions and training and qualification improvement of the employees. Trade Union, representing the interests of the employees, operates actively in the Company.

Supply. Vilniaus Baldai has introduced an effective system of the purchase of raw materials and services. The Company maintains strong strategic relations with suppliers and constantly searches for new opportunities in the markets of raw materials and services. Vilniaus Baldai AB signs long-term contracts with the suppliers of the raw materials.

Technical and technological risk factors. The modern production equipment is introduced in the Company. The manufacturing processes should be further modernised. The physical and moral condition of the main facilities is good and does not cause any risk to the activity of the Company. Vilniaus Baldai AB focuses on maintenance of production facilities, optimisation of technological processes, increase in labour productivity. The Company regularly invests in renovation of facilities and introduction of the latest technologies.

Ecological risk factors. There is an environment protection management system introduced in the Company, corresponding to the ISO 14001 requirements. The core of this system is the management and permanent improvement of the environment protection. The Company works purposefully seeking to make the production ecological, to control the impact that the materials and raw materials have on the environment, to ensure that the suppliers of the products and services correspond to the environment protection management requirements. During the first half 2010 Vilniaus Baldai AB paid LTL 13 thousand of the environment pollution taxes, as well as LTL 81 thousand for the waste utilisation services. There were no manufacturing restrictions because of the environment pollution.

Repayment of the loans. The repayment of the loans is made according upon the contractual schedules. All the payments to the bank are made on time. Information on terms and conditions of repayment of financial liabilities, credit of the Group is provided in the Notes to the interim condensed consolidated financial statements for the six months of 2010 (16 Note).

Characteristics of the main types of risks and uncertainties, faced by the Company. Risk and uncertainties faced by the Company, from the previous financial year end have not changed. During the second half of 2010 the Company's principal risks and uncertainties will remain the same.

Characteristics of internal control and risk management systems related to the preparation of consolidated financial statement of the Company and the Group. Invalda AB Audit committee supervises the preparation of the consolidated financial statement, internal control and risk management systems, compliance with the legal acts, which regulate the preparation of the consolidated financial statement. The Company is a public interest company that is a subsidiary of the public limited company Invalda and its financial statements are consolidated. The issue of the demand for such committee at the Company itself may be discussed in the future with regard to the situation, the financial costs and other factors and by taking advantage of the market's best practices.

The Company's Chief Accountant is responsible for the preparation of the consolidated financial statement, ensures the collection of information from Group companies, its' timely and fair processing and preparation for the financial statement.

2. THE ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS, INFORMATION RELATED TO THE ENVIRONMENTAL AND PERSONNEL MATTERS

Turnover of the Group during period 2010 January – March was 43 193 thousand LTL (12 510 thousand EUR), same period year 2009 – 34 827 thousand LTL (10 087 thousand EUR).
Net profit of the Group during period 2010 January – March was 6 972 thousand LTL (2 019 thousand EUR), same period year 2009 net profit was 89 thousand LTL (26 thousand EUR). EBITDA was 9 754 thousand LTL (2 825 thousand EUR). Year ago it was 1 955 thousand LTL (566 thousand EUR).

Turnover of the Group during period 2010 April – June was 43 505 thousand LTL (12 600 thousand EUR), same period year 2009 – 28 830 thousand LTL (8 350 thousand EUR).
Net profit of the Group during period 2010 April – June was 5 587 thousand LTL (1 618 thousand EUR), same period year 2009 – 1 267 thousand LTL (367 thousand EUR). EBITDA was 8 009 thousand LTL (2 320 thousand EUR). Year ago it was 3 409 thousand LTL (987 thousand EUR).

Turnover of the Group during period 2010 January – June was 86 698 thousand LTL (25 109 thousand EUR), same period year 2009 – 63 657 thousand LTL (18 436 thousand EUR).
Net profit of the Group during period 2010 January – June was 12 559 thousand LTL (3 637 thousand EUR), same period year 2009 – 1 356 thousand LTL (393 thousand EUR). EBITDA was 17 763 thousand LTL (5 145 thousand EUR). Year ago it was 5 364 thousand LTL (1 554 thousand EUR).

The main items of the Group of financial position, LTL thousand:

	30.06.2010	31.12.2009
Non - current assets	32 035	34 329
Current assets	65 466	43 661
Total assets	**97 501**	**77 990**
Capital and reserves	**57 472**	**44 913**
Total liabilities	**40 029**	**33 077**
Non - current liabilities	4 033	4 062
Financial debts	*3 843*	*3 843*
Current liabilities	35 996	29 015
Financial debts	*10 615*	*7 750*

The main items of the Group of comprehensive income, LTL thousand:

	2010 first half	2009 first half
Sales income, LTL thousand	**86 698**	**63 657**
- in Lithuania	*1 078*	*200*
- in EU countries	*66 988*	*45 819*
- other countries	*18 632*	*17 638*
Gross profit, LTL thousand	**18 783**	**7 108**
Gross profit margin, %	21.66	11.17
Operating profit, LTL thousand	**14 557**	**2 242**
Operating profit margin, %	16.79	3.52
Profit before taxes, LTL thousand	**14 787**	**1 818**
Profit before taxes margin, %	17.06	2.86
Net profit, LTL thousand	**12 559**	**1 356**
Net profit margin, %	14.49	2.13
EBITDA, LTL thousand	**17 763**	**5 364**
EBITDA margin. %	20.49	8.43

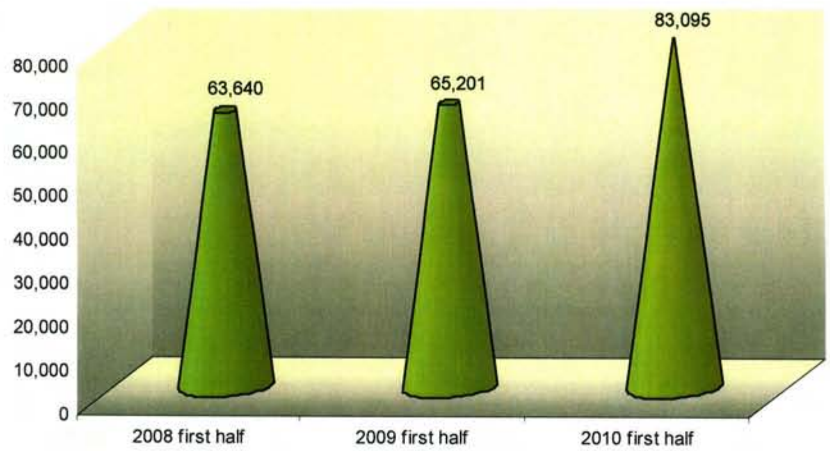
Production and sales

Vilniaus Baldai AB designs, produces flat-pack furniture. The production of the Company is produced from wood particle boards, the most modern technology of board on frame is used, according to which the produced furniture is lighter, however massively looking. When employing this technology less raw materials can be used, and stable quality of the production is attained. Each year new products are developed and production technologies of the existing ones are improved taking into consideration the needs of consumers and prevailing tendencies. The new planning system is implemented in the Company.

Modern equipment, purchased from such world-renowned manufacturers as Holzma, Homag, Burkle, Weeke, Wikoma, Ima, Biesse, Wemhoner etc., enables to manufacture different types of the furniture, coated with planed plywood and enamel.

The Company producing flat-pack furniture aims at the mass production, and the production is sold via the trading partners, to whom the main requirement is to ensure large sales, retaining not wide assortment.

The volumes of Company's production in terms of value in the period of 2008 – 2010 first half, LTL thousand:

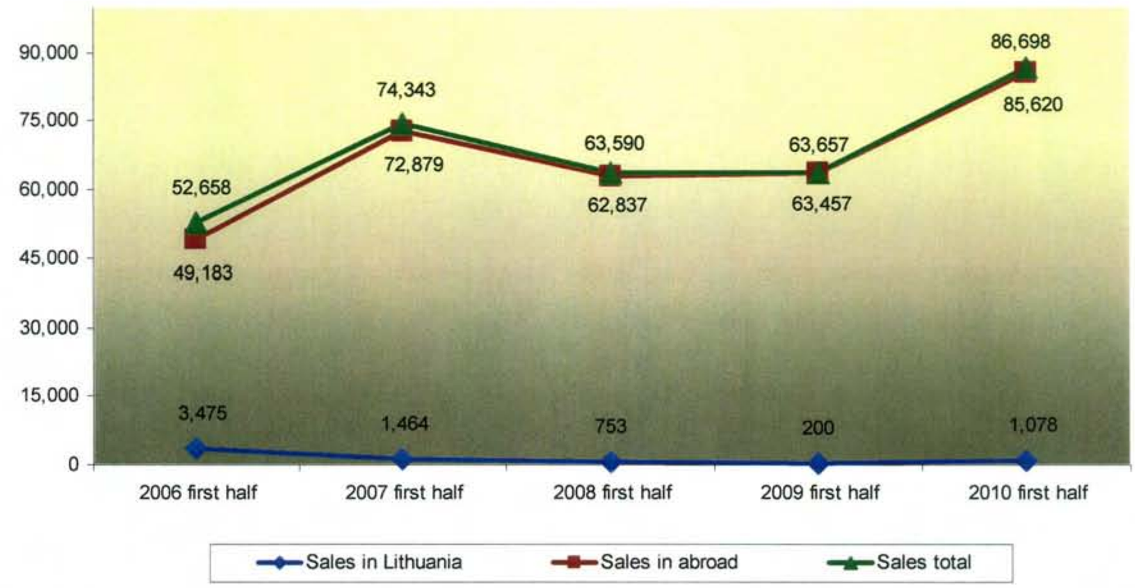


Production sales according to the markets in the period of 2008 – 2010 first half:

	2010 first half		2009 first half		2008 first half	
	thousand LTL	%	thousand LTL	%	thousand LTL	%
Sales in Lithuania	1 078	1.2	200	0.3	753	1.2
Sales in abroad	85 620	98.8	63 457	99.7	62 837	98.8
Sales total	**86 698**	**100.00**	**63 657**	**100.00**	**63 590**	**100.00**

Sales in Lithuania include: raw materials sales, waste sales and other sales.

Sales of the Company in the period of 2006 – 2010 first half, in LTL thousand:



Supply

Vilniaus Baldai AB has introduced an effective system of the purchase of raw materials and services. The Company maintains strong strategic relations with suppliers and constantly searches for a new opportunities in the markets of raw materials and services. The purchase process is distinguished into strategic and operational purchases. The Company aims to manage the supply risk, therefore main raw materials may be supplied by a principal or alternative suppliers. The Company has implemented and continuously improves the assessment system of suppliers, audits of suppliers are carried out.

Vilniaus Baldai AB establishes the long-term contracts with the suppliers. The Company acquires the main raw materials from the local, Czech, Polish and Swedish producers. The main suppliers are Swedspan Giriu Bizonas UAB, Drevozpracujici Družstvo, Pfleiderer Grajewo S. A., Becker Acroma UAB, Pfleiderer MDF SP.Z.O.O, Rehau UAB, SCA Packaging UAB. The local supply of the raw materials is pre-conditioned by the cheap transportation costs and good relations with the major suppliers.

Employees

The Company pays great attention and allocates funds for the improvement of working conditions, trainings and qualification improvement of the personnel. Vilniaus Baldai AB makes regular investments in its production facilities, automation of technological processes in order to improve working conditions, reduce physical workload of employees. Investments in occupational safety and wellbeing of the employees serve as a basis for establishing a different working environment, which encourages to aim for a better performance and achieve higher competitiveness in the international markets.

During 2010 the number of work places at the Group and the Company was reduced, this was caused by the increase in labour productivity. 440 employees worked in the Group and 420 employees in the Company at the end the first half of 2010 (463 in the Group and 435 in the Company at the end the first half of 2009). The average age of the employees is 42 years.

The average number of the recorded employees in the period of 2007 – 2009 and during the first half 2010:

	2010 first half	2009	2008	2007
Executive personnel	5	5	4	5
Specialists	38	40	68	85
Workers	364	397	489	731
Total	**407**	**442**	**561**	**821**

The increasing production capacity of the Company and the stable sales allow to increase the wages, which in 2010 first half increased by 3 % on the average. Remuneration comprises a basic and variable component. A variable component of remuneration depends on the Company's results of operations. The Company is proud of its highly experienced and qualified employees.

The average wages of the employees in the period of 2007 – 2009 and during the first half 2010:

	2010 first half	2009	2008	2007
Executive personnel	14 472	12 746	13 340	11 559
Specialists	3 931	3 615	2 932	2 994
Workers	2 455	2 429	2 266	1 793
Total	**2 742**	**2 662**	**2 429**	**1 952**

The collective agreement is concluded in the Company. The agreement is mandatory for all the employees of the Company. The purpose of this agreement is to ensure the harmonious work of the staff, high level of working conditions of different categories of employees, salary and other working conditions also to ensure additional social guarantees which are not stated according to the regulations of Lithuanian legislations for the employees of the Company. The collective agreement includes the working contract formation, change, termination, work and rest time, payment for work done, improvement of the qualification of the employees, safety at work and medical assistance, social care, trade - union activity and guarantees of the elected employees.

3. REFERENCES AND ADDITIONAL EXPLANATIONS ABOUT THE INFORMATION PRESENTED IN THE INTERIM FINANCIAL STATEMENTS

The information presented in the interim condensed consolidated financial statements and the explanatory notes.

4. INFORMATION ABOUT THE OWN SHARES

The Company did not have any own shares, did not acquire or transfer any in the reporting period.

5. INFORMATION ABOUT THE BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY

The Company does not have any branches or representative offices.

6. IMPORTANT EVENTS, WHICH HAVE OCCURRED SINCE THE END OF THE LAST FISCAL YEARS

In 2010 the Company directed its efforts towards improving its business and accounting systems. Organisation of the business activities and sales operations are improved seeking to deliver products ordered in a flexible and efficient manner. Purchase processes are also enhanced seeking to ensure a timely delivery of raw materials. Production processes are improved to ensure effective management of the production activity.

In 2010 new products were introduced to the range of the Company's products – a wall mirror, a shoe cab and a shelving.

As of 29 April 2010, the Annual General Meeting of Vilniaus Baldai AB shareholders was held. The meeting resolved to:

- take into consideration the auditor's report, listened the Company's consolidated annual report for 2009 and approve the Company's and consolidated financial statements for the year 2009,
- approve the Company's profit distribution for the year 2009 as follows:

Undistributed retained earnings, brought forward	9 910 162 LTL	2 870 181 EUR
Renewable reserve funds	2 272 379 LTL	658 127 EUR
Net result for the current year	15 587 022 LTL	4 514 313 EUR
Distributable result	27 769 563 LTL	8 042 621 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	25 000 000 LTL	7 240 500 EUR
Transfers to other reserves	-	-
To be paid as dividends	-	-
To be paid as annual payments (bonus) to board of	-	-
Undistributed retained earnings, carried forward	2 769 563 LTL	802 121 EUR
Dividends for the year 2009 not to allocate.		

- decided: to withdraw Raimondas Rajeckas from the Company's Board. To elect Dalius Kaziunas as the Board member of the Company.

From July 1, 2010 Aidas Mackevicius is leading Vilniaus Baldai AB. He has a long term leadership experience in a large companies. Aidas Mackevicius replaced the previous CEO Nerijus Pacevicius, who led the Company since 2006.

Since the end of the reporting fiscal year till the interim consolidated report confirmation there were no important events at the Company.

7. OPERATING PLANS AND FORECASTS OF THE GROUP'S ACTIVITY

As the assumptions for calculating forecasts are uncertain and the results may fluctuate significantly it was decided to review the forecasts once per quarter and to confirm the forecasts of 2010 when the situation will be more concrete.

8. INFORMATION ABOUT THE RESEARCH AND DEVELOPMENT ACTIVITY OF THE COMPANY

The Group did not carry out any research or development activity. The Company used the results of the customers' research.

9. WHEN THE GROUP EMPLOYS THE FINANCIAL INSTRUMENTS AND WHEN IT IS IMPORTANT FOR VALUATION OF THE COMPANY'S ASSETS, EQUITY, LIABILITIES, FINANCIAL POSITION AND ACTIVITY RESULTS OF THE COMPANY, THE COMPANY DISCLOSES THE OBJECTIVES OF THE FINANCIAL RISK MANAGEMENT, ITS POLICY FOR HEDGING MAJOR TYPES OF FORECASTED TRANSACTIONS FOR WHICH HEDGE ACCOUNTING IS USED, AND COMPANY'S EXPOSURE TO PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK

The Group did not use any financial instruments, which are important for the evaluation of the company's assets, liabilities and operation results.

10. INFORMATION ON THE CONTRACTS WITH THE INTERMEDIARIES OF THE PUBLIC TURNOVER OF THE SECURITIES

The Company has signed the contract with the AB FMĮ Finasta (Maironio Str. 11, Vilnius) on the accounting management of the securities issued by the Company and the dividends paid to the shareholders for the fiscal years of 2002 – 2005.

11. STRUCTURE OF THE ISSUER'S AUTHORIZED CAPITAL

Structure of the authorized capital of Vilniaus Baldai AB:

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL	Share in the authorised capital, %
Ordinary registered shares	3 886 267	4	15 545 068	100.00

All shares are fully paid up and no restrictions are applied to their transfer.

Rights and obligations carried by the shares

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 to the Company any dividend paid out in violation of the mandatory norms of the Law on Stock Companies of the Republic of Lithuania, if the Company proves that the shareholder knew or should have known thereof.

The shareholders have the following property and moral rights:

1. to receive a part of Company's profit (dividend);
2. to receive Company's funds when the authorized capital of the Company is decreased in order to pay the Company's funds to the shareholders;
3. to receive shares without payment if the authorized capital is increased out of the Company's 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;

The shareholders have the following property and moral rights (cont'd):

5. to lend the Company in the manner prescribed by laws, but the Company, borrowing from its shareholders has no right to mortgage its property to shareholders. The interest shall not exceed the average interest rate of commercial banks in the lender's place of residence or business in force at the time of the loan contract when the Company is borrowing from the shareholder. In this case it is prohibited to the Company and its shareholders to agree on a higher interest rate;
6. to receive a part of assets of the Company in liquidation;
7. other statutory property rights;
8. the rights, indicated in statutes 1 - 4 have persons who were Company's shareholders at the tenth day after the decision that was accepted at the end of general shareholders' meeting (hereinafter – at the end of right record day);
9. to participate in general shareholders' meetings;
10. to submit the questions related to the agenda of general shareholders' meetings to the Company in advance;
11. to vote at general shareholders' meetings according to voting rights carried by their shares. Each registered ordinary share carries one vote at the general shareholders' meeting except the exceptions indicated in the Company Law of the Republic of Lithuania. The right to vote at the general shareholders' meetings may be prohibited or restricted by the Company Law of the Republic of Lithuania and other cases established by law, as well as, when the ownership of the share is being disputed;
12. to receive information on the Company as indicated in the Company Law of the Republic of Lithuania;
13. to file a claim with the court for reparation of Company's damage resulting from nonfeasance or malfeasance by the Company's executive and board members of their obligations prescribed by the Company Law of the Republic of Lithuania and other laws as well as Company's regulations;
14. to authorize natural or legal person to represent him in relations with the Company and other persons;
15. other non-property rights established by the Company Law of the Republic of Lithuania or Company's regulations.

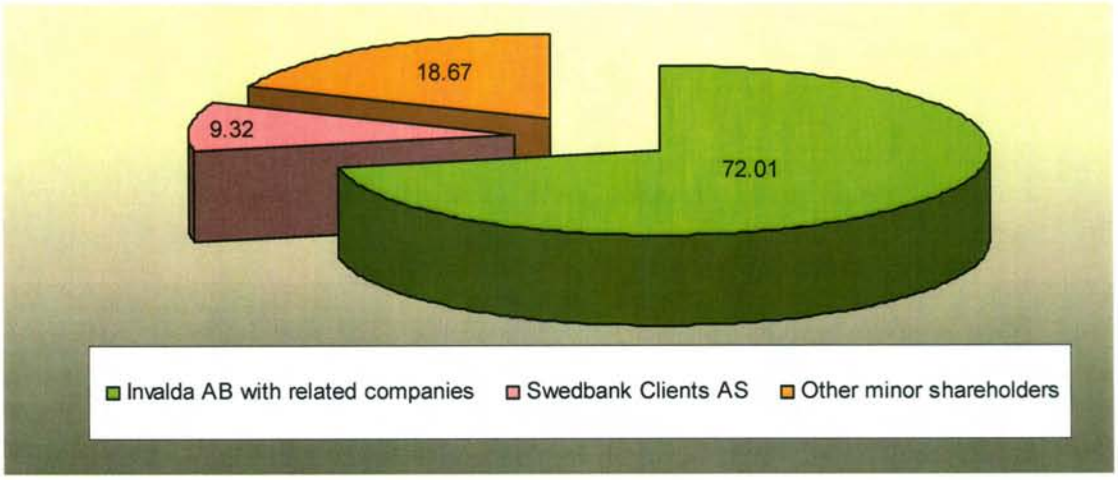
12. SHAREHOLDERS

Total number of the shareholders as of 30 June 2010 was 1 099.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2010:

Names of the companies, office addresses, codes	Number of shares owned under the property rights, units	Part of the authorised capital, %	Part of the votes, %
Invalda AB with related companies, company code 121304349, Seimyniskiu Str. 1 A, Vilnius	2 798 395	72.01	72.01
Swedbank Clients, company code 10060701 Liivalaia 8, 15040 Tallinn, Estonia	362 313	9.32	9.32

Part of the authorized capital, %



The are no shareholders, having any special rights of control.

The are no voting rights restrictions.

The issuer is not aware of any agreements between the shareholders, because of which the transfer of the securities and (or) the voting right could be limited.

13. INFORMATION ABOUT THE ISSUER'S STOCK EXCHANGE TRADING ON THE REGULATED MARKETS

The Company's ordinary registered shares are on the Main list of the Nasdaq OMX Vilnius AB.

The main characteristics of the shares:

Type of shares	VP ISIN code	Abbreviation	Number of shares, units.	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000104267	VBL1L	3 886 267	4	15 545 068

The trade of the shares of the Company:

	2010 first half	2009 first half
Price of the shares, LTL:		
- opening	8.99	12.00
- highest	18.80	11.00
- lowest	8.50	7.83
- closing	18.80	7.83
Turnover of shares, units	118 640	11 829
Turnover of shares, LTL	1 733 682	110 127
Total number of transactions, units	350	39
Capitalization, million LTL	73.06	30.43

Vilniaus Baldai AB turnover and price since the first half 2001:

Comparison of the price of shares of Vilniaus Baldai AB with the OMXBB index since the first half 2008:

Index/Equity	30.06.2008	30.06.2010	+/-%
OMX Baltic Benchmark GI	533.20	404.54	-24.13
VBL1L	19.00 LTL	18.80 LTL	-1.05

14. ORDER OF CHANGING OF THE ISSUER'S ARTICLES OF ASSOCIATION

The Articles of Company are changed by the resolution of the General Meeting of shareholders, adopted by the majority of more than 2/3 of all the votes.

15. ISSUER'S BODIES

The Company has the General Meeting of shareholders, a one-man management body – chief executive officer (General Director) and the collegial management body – the Board. The Company does not have a Supervisory Board.

The Board of the Company consists of 3 members. It is elected for the period of four years by the General Meeting. The Board of the Company elects and withdraws and dismisses from the position the Chief Executive Officer, determines his salary, confirms the job descriptions, appoints him and imposes penalties.

The Board and Administration of the Company:

Mr. Vytautas Bucas

Position

Chairman of the Board, elected to the Board on 12.04.2007, re-elected on 29.04.2008, end of the term – 2012.

Work experience

Since 2006 Adviser of Invalda AB (since May, 2007 Chairman of the Board)
2006 – 2007 Director of Invaldos Nekilnojamojo Tutro Fondas AB
2000 – 2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department
1992 – 2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen

Participation in the activities of other companies	Number of shares and of voting rights
Chairman of the Board of Invalda AB	18.56 % of shares and of voting rights; together with related parties 26.85 % of voting rights
Chairman of the Board of Invaldos Nekilnojamojo Turto Fondas AB	-
Member of the Supervisory Board of Tiltra Group AB	-
Board member of Invalda Sevice UAB	-
Board member of Positor UAB	-

Mr. Darius Sulnis

Position

Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008, end of the term – 2012.

Work experience

Since 2006 President and Board member of Invalda AB
2002 – 2006 Director of Invalda Nekilnojamojo Turto Valdymas UAB
1994 – 2002 Director of FMI Finasta AB

Participation in the activities of other companies	Number of shares and of voting rights
President, Board member of Invalda AB	5.70 % of shares, 7.88 % of voting rights; together with related parties 26.85 % of voting rights
Board member of Invaldos Nekilnojamojo Turto Fondas AB	-
Board member of Umega AB	-
Chairman of the Supervisory Board at Dommo SIA (Latvia)	-
Chairman of the Supervisory Board at Burusala SIA (Latvia)	-
Lucrum Investicija UAB	100 % (all voting rights are disposed)
Golfas UAB	31 %
Member of the Supervisory Board of Tiltra Group AB	-
Board member of Sanitas AB	-
Participation in Vilniaus Baldai AB authorised capital	**0.28 %**

The Board and Administration of the Company (cont'd):

Mr. Raimondas Rajeckas

Position

Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008, withdrawn – 29.04.2010

Work experience

Since November 2006 Chief Accountant of Invalda AB
2001 – 2006 Chief Accountant of Valmeda AB
2000 – 2001 Chief Accountant Galincius AB
2000 – 2001 Chief Accountant Invaldos Marketingas UAB (now Invalda Nekilnojamojo Turto Valdymas UAB)
2000 – 2002 Accountant Gildeta AB
1998 – 2000 Accountant Invalda AB

Participation in the activities of other companies	**Number of shares and of voting rights**
Chief Accountant of Invalda AB	-
Director of Aktyvo UAB	-
Director of Investiciju Tinklas UAB	-
Director of Volo UAB	-
Director of Fortina UAB	-
Director of Aktyvus Valdymas UAB	-
Director of Ente UAB	-
Director of Finansu Rizikos Valdymas UAB	-
Director of Iniciatyvos valdymas Vsl	-

Mr. Dalius Kaziunas

Position

Board member, elected to the Board on 29.04.2010, end of the term – 2012.

Work experience

Since February 2008 Adviser Invalda AB
2008 – 2009 Director of Bankas Finasta AB
1996 – February 2008 Director, financial broker, assistant of financial broker FMI Finasta AB

Participation in the activities of other companies	**Akcijų ir balsų skaičius**
Board member of Invalda AB	0.41 % of shares and of voting rights; together with related parties 26.85 % of voting rights
Board member of Ineturas UAB	-
Board member of Invalda Service UAB	-
Board member of Kelio Zenklai UAB	-
Board member of Positor UAB	-

The Board and Administration of the Company (cont'd):

Mr. Nerijus Pacevicius

Position

General director since 08.09.2006 till 30.06.2010

Work experience

2004 – 2005 Chairman of the Board of Krasta Auto UAB and Autobrava UAB
1999 – 2004 Director of Krasta Auto UAB
1998 – 1999 Director of Autokompleksas UAB
1995 – 1998 Head of sales of the vehicles of Krasta Auto UAB

Participation in the activities of other companies	Number of shares and of voting rights
Dalinera UAB	50 %

Mr. Aidas Mackevicius

Position

General director since 01.07.2010

Work experience

2008 – 2009 General director of AG group UAB
2004 – 2008 General director of Palink UAB
1999 – 2004 Finance director Palink UAB

Participation in the activities of other companies	Number of shares and of voting rights
Board member of Topo Grupe UAB	-

Mrs. Ausra Kibirkstiene

Position

Chief accountant since 18.08.2008

Work experience

2001 – 2008 Manager of accounting system Navision of Litesko UAB
2005 – 2008 Chief accountant of Druskininku dujos UAB
1996 – 2001 Accountant of Bite Lietuva UAB

Participation in the activities of other companies	Number of shares and of voting rights
-	-

The Company's management's (General director and Chief accountant) remuneration amounted to LTL 623 thousand during the first half 2010. The average monthly remuneration to the management member of the Company amounted to LTL 52 thousand. The remuneration is not paid to the Board members of the Company.

During the first half of 2010 the Company did not transfer any assets for the Board members, Head of the Company, Chief accountant. Also any guarantees or warranties, by which the performance of their liabilities would be secured, were not made.

16. SIGNIFICANT AGREEMENTS IN WHICH THE COMPANY IS INVOLVED AND WHICH WOULD BECOME EFFECTIVE, WOULD CHANGE OR WOULD BE TERMINATED IF THE CONTROL OF ISSUER WILL CHANGE

During the first half of 2010 no material agreements were signed which would become effective, would change or would be terminated if the control of issuer will change. Furthermore, there were no agreements signed during the first half of 2010 between the Company and its body, employees which allow compensations if they would resign or would be fired without the justified reason or their work would be finished due to the issuer control change.

17. RELATED PARTY TRANSACTIONS

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Company during the first half of 2010 were Invalda AB (ultimate shareholder) and all companies controlled by Invalda AB. Transactions with related parties during the first half of 2009 and during the first half of 2010 and the balances as of 30 June 2009 and 2010 are provided in the Notes (Note 18) to the interim condensed consolidated financial statements for the six months of 2010.

18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2010 is presented on the Company's website www.vilniausbaldai.lt.

Summary of publicly disclosed information:

Date of disclosure	Brief description of disclosed information
05.01.2010	Investor's calendar for year 2010
19.02.2010	Sales and Result for activity during period of January - December 2009
19.02.2010	Non audited interim condensed consolidated financial statement for the twelve months of 2009
22.02.2010	Revised Sales and Result for activity during period of January - December 2009
06.04.2010	Annual audited information for the year 2009
06.04.2010	Convocation of Vilniaus Baldai AB Ordinary General Shareholders Meeting
06.04.2010	Draft resolutions for the General Shareholders Meeting
29.04.2010	Resolutions of the Annual General Shareholders Meeting of Vilniaus Baldai AB on 29.04.2009
17.05.2010	Sales and result for activity during period of January - March 2010
17.05.2010	Non audited condensed interim consolidated financial statement for the three months of 2010
07.06.2010	CEO of Vilniaus Baldai AB will change

Summary of the notifications on transactions in Vilniaus Baldai AB shares concluded by Managers of the Company during the first half of 2010:

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
01.02.2010	Invalda AB	159 534	9.34	1 490 048	Acquisition	Securities lending	XOFF

Explanations:
AUTO – automatically matched trade concluded in the regulated market;
XOFF – OTC trade.

General Director Aidas Mackevicius

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Aušra Kibirkštienė

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www.vilniausbaldai.lt

VILNIUS FURNITURE
ANNO 1883

... Better Faster Stronger ...

Vilniaus Baldai AB

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX MONTHS OF 2010

VILNIUS FURNITURE
ANNO 1883

CONTENTS

GROUP INFORMATION

1. Reporting period covered by this Financial Statement

The Financial Statement has been drawn up for the six months of 2010.

2. Main data about the issuer

Name of the issuer	Joint stock company (AB) Vilniaus Baldai
Code	121922783
Authorized capital	15 545 068 LTL
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(+370~5) 252 57 00
Fax	(+370~5) 231 11 30
E-mail	info@vilniausbaldai.lt
Website	www.vilniausbaldai.lt
Legal form	Joint stock company
Registration date and place	9 February 1993, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Type of activity	Design, production and selling of the office, bedroom, living-room and hall furniture

Information about the subsidiary company of the issuer one

Name of the issuer	Limited liability company (UAB) Ari - Lux
Code	120989616
Authorized capital	10 000 LTL
Share of (AB) Vilniaus Baldai in the company	100 %
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(+370~5) 252 57 44
Fax	(+370~5) 252 57 44
E-mail	saxela@takas.lt
Website	-
Legal form	Limited liability company
Registration date and place	28 October 1991, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Type of activity	Packaging

3. Information about where and how to access the Financial Statement and the documents, on the basis of which it has been drawn up, and the designation of the means of mass media for announcements

The Financial Statement and supporting documents, on the basis of which it has been drawn up, can be accessed at the Company's registered office at Savanoriu Ave. 178, Vilnius.
The means of mass media for Vilniaus Baldai AB announcements: NASDAQ OMX Vilnius AB, Central Storage Facility – Search for information.

4. Board

Prezident of Board:	Vytautas Bucas.
Members of Board:	Darius Sulnis, Raimondas Rajeckas (till 29-04-2010), Dalius Kaziunas (since 29-04-2010).

5. Persons responsible for the accuracy of the information in the Financial Statement

Members of the managing bodies, employees and the Head of the Administration of the issuer are responsible for the accuracy of the information:
Aidas Mackevicius, Chief Executive Officer, tel. (+370~5) 252 57 00, fax. (+370~5) 231 11 30,
Ausra Kibirkstiene, Chief Financial Officer, tel. (+370~5) 252 57 20.

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

Vilniaus Baldai AB, represented by Aidas Mackevicius, Chief Executive Officer, and Ausra Kibirkstiene, Chief Financial Officer, hereby confirm that the information contained in the Financial Statement is in accordance with the facts and that the Financial Statement makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.

Aidas Mackevicius, Chief Executive Officer of Vilniaus Baldai AB

Ausra Kibirkstiene, Chief Financial Officer of Vilniaus Baldai AB

Date of signing the Report – 16 August 2010.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX MONTHS OF 2010

The auditors reviewed the Financial Statement of 31.12.2009, while those of 30.06.2010 and of 30.06.2009 are unaudited.

1. STATEMENT OF FINANCIAL POSITION

LTL thousand

	30.06.2010	31.12.2009	30.06.2009
Assets			
Non - current assets			
Non - current tangible assets	31 737	34 057	35 981
Intangible assets	296	270	217
Investment	2	2	2
Total non - current assets	**32 035**	**34 329**	**36 200**
Current assets			
Inventories	15 170	14 005	11 543
Trade debtors	13 901	12 201	10 514
Loans to related parties	33 326	15 999	6 797
Other accounts receivable	3 006	1 400	2 125
Cash and cash equivalents	63	56	45
Total current assets	**65 466**	**43 661**	**31 024**
Total assets	**97 501**	**77 990**	**67 224**
Shareholders' equity and liabilities			
Capital and reserves			
Share capital	15 545	15 545	15 545
Legal reserve	1 554	1 554	1 554
Obligatory reserve	25 000	-	-
Retained earnings	15 373	27 814	13 580
Total capital and reserves	**57 472**	**44 913**	**30 679**
Non - current liabilities			
Grants	2	5	13
Deferred tax liabilities	188	214	362
Loans and other interest bearing payables	3 843	3 843	6 261
Total non - current liabilities	**4 033**	**4 062**	**6 636**
Current liabilities			
Loans and other interest bearing payables	10 615	7 750	12 584
Debts to suppliers	17 387	15 876	11 542
Current income tax payable	4 820	2 966	1 224
Provisions	-	-	1 875
Other liabilities	3 174	2 423	2 684
Total current liabilities	**35 996**	**29 015**	**29 909**
Total liabilities	**40 029**	**33 077**	**36 545**
Total equity and liabilities	**97 501**	**77 990**	**67 224**

2. STATEMENT OF COMPREHENSIVE INCOME

LTL thousand

	2010 I half, ended 30 June	2009 I half, ended 30 June	2010 II quarter, ended 30 June	2009 II quarter, ended 30 June
Turnover	86 698	63 657	43 505	28 830
Production costs	(67 915)	(56 549)	(34 697)	(25 447)
Gross profit	**18 783**	**7 108**	**8 808**	**3 383**
Distribution costs	(1 386)	(356)	(907)	(190)
Administrative costs	(3 061)	(4 842)	(1 582)	(1 461)
Other operating income, net	221	332	87	116
Profit from operating activities	**14 557**	**2 242**	**6 406**	**1 848**
Financial income	761	415	438	137
Financial costs	(531)	(839)	(250)	(398)
Financial income, net	230	(424)	188	(261)
Profit before taxes	**14 787**	**1 818**	**6 594**	**1 587**
Income tax	(2 228)	(462)	(1 007)	(320)
Net annual profit	**12 559**	**1 356**	**5 587**	**1 267**
Earnings per share (in LTL)	3.23	0.35	1.44	0.33

3. STATEMENT OF CHANGES IN EQUITY

LTL thousand

	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
Capital and reserves as of 31 December 2008	**15 545**	**1 422**	**-**	**12 356**	**29 323**
Allocation to the legal reserve	-	132	-	(132)	-
Net profit	-	-	-	1 356	1 356
Capital and reserves as of 30 June 2009	**15 545**	**1 554**	**-**	**13 580**	**30 679**
Allocation to the legal reserve	-	-	-	-	-
Net profit	-	-	-	14 234	14 234
Capital and reserves as of 31 December 2009	**15 545**	**1 554**	**-**	**27 814**	**44 913**
Allocation to the legal reserve	-	-	-	-	-
Allocation to other reserves	-	-	25 000	(25 000)	-
Net profit	-	-	-	12 559	12 559
Capital and reserves as of 30 June 2010	**15 545**	**1 554**	**25 000**	**15 373**	**57 472**

4. STATEMENT OF CASH FLOWS

LTL thousand

	30.06.2010	30.06.2009
Net profit (loss)	12 559	1 356
Adjustments:		
Depreciation and amortisation	3 206	3 122
Result on disposal, writing off, etc. of non -current	(3)	25
Interest expenses (income)	(291)	349
Changes in provisions	-	1 875
Deferred income tax expenses (income)	(26)	-
Income tax expenses	2 254	462
Other financial expenses (income)	(10)	47
Cash flows from ordinary activities before changes	**17 689**	**7 236**
Changes in trade receivables and other amounts	(3 306)	(223)
Changes in inventories	(1 165)	915
Changes in debts to suppliers and other liabilities	2 262	(2 959)
Income tax paid	(391)	(160)
Cash flows from operating activities	**15 089**	**4 809**
(Acquisition) of tangible non - current assets	(936)	(957)
Sale / writing of non - current tangible assets	25	7
Cash flows from investing activities	**(911)**	**(950)**
Loans (granted) / repaymented	(16 623)	21 934
Loans received / (repaymented)	2 865	(25 132)
Interest (paid) / received	(413)	(634)
Cash flows from financing activities, net	**(14 171)**	**(3 832)**
Cash flows from operating, investing and financing	**7**	**27**
Cash and cash equivalents as of 1 January	**56**	**18**
Cash and cash equivalents as of 30 June	**63**	**45**

5. EXPLANATORY NOTES

1 SUMARY OF THE BASIC ACCOUNTING PRINCIPLES AND PRACTICES

The public company Vilniaus Baldai (Company) is a listed Company in Lithuania.
The Company manufactures furniture. As of 30 June 2010 the Group employed 440 people, the Company employed 420 people (on 30 June 2009 the Group employed 463 employees, the Company - 435).
The Company's shares are traded on the Official List of the NASDAQ OMX Vilnius AB Stock Exchange.

Significant accounting policies
Financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations of the Standard Interpretation Committee of the IASB, with are those followed in the preparation of the Group's and Company's annual financial statements for the year ended 31 December 2009, with the exception of the new standards become effective, and tailored:

The following standards and amendments to existing standards have been published and are mandatory for the Group's and Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

IFRS 3 'Business Combinations' (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The standard does not have an impact to the Group and the Company.

IFRIC 15 'Agreements for the Construction of Real Estate' (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognize revenue on such transactions. IFRIC 15 does not have an impact to the Group and the Company.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, with early adoption permitted). IFRIC 16 does not have an impact to the Group and the Company.

Eligible Hedged Items - Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The standard does not have an impact to the Group and the Company.

IFRIC 17 'Distribution of Non-Cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognized. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 does not have an impact to the Group and the Company.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The standard does not have an impact to the Group and the Company.

IFRIC 18 'Transfers of Assets from Customers' (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 does not have an impact to the Group and the Company.

Embedded Derivatives - Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. These amendments do not have an impact on the Group's and the Company's financial statements.

Classification of Rights Issues - Amendment to IAS 32 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. This amendment does not have an impact on the Group's and the Company's financial statements.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2 'Share-based Payment' as adopted by EU in March 2010 is effective for annual periods beginning on or after 1 January 2010.

IAS 27 'Consolidated and Separate Financial Statements' (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Company and the Group do not expect the amended standard to have a material impact on the financial statements.

Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1) (effective for annual periods beginning on or after 1 July 2009). This amendment to IFRS 5 is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that an entity committed to a sale plan involving loss of control of a subsidiary would classify the subsidiary's assets and liabilities as held for sale. The revised guidance should be applied prospectively from the date at which the entity first applied IFRS 5.

Improvements to International Financial Reporting Standards, issued in April 2009 (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 as adopted by in March 2010 EU are effective for annual periods beginning on or after 1 January 2010.

Basis for drawing up of the interim condensed consolidated statement
The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting.
The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's and the Company's annual financial statements as at 31 December 2009.

In the financial statements all figures are provided in LTL thousand. The statements are drawn up applying the method of historical costs.

When drawing up the financial statements in accordance with the IFRS, the managers are required to make calculations and estimations to support the assumptions that have an impact on application of the accounting principles and on the amounts of assets and liabilities, income and costs. The calculations and related assumptions are based on historical experience and other factors that correspond to the present situation and on the basis of which conclusions concerning the carrying amount of assets and liabilities are made that cannot be decided on the basis of other sources. The actual amounts may differ from these assumptions.

The Group's and the Company's accounting policies are consistent with those used in the previous years.

Amounts in foreign currencies are shown in the national currency
Transactions in foreign currencies are recorded in litas at the official exchange rate on the day of the transaction. Accounts receivable and payable and cash in foreign currencies are translated into Litas at the exchange rate on the statement of financial position day. The differences in the currency exchange rates that occur after the transactions are recorded in the statement of comprehensive income.

STATEMENT OF FINANCIAL POSITION

Non - current tangible assets
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

The Company disclosed in the interim condensed consolidated financial statements for 2009 and previous years that revaluation model under IAS16 was selected for buildings as subsequent measurement model, but the Company did not follow this policy. The revaluation was performed only once in 1999 for buildings included in the books at that time and no subsequent revaluation was performed on regular bases either for those assets which had been revalued in 1999 or for new acquisitions after 1999. The Company decided to remove this inconsistency between disclosed accounting policy and the accounting treatment followed in practice in 2009. To achieve true and fair presentation of the annual financial statements the Company reversed impact of revaluation performed in 1999 and corrected this prior-period error retrospectively as required by IAS 8 para. 49.

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	10 - 66 years
Machinery and equipment	6 - 10 years
Vehicles	5 - 10 years
Other property, plant and equipment	2 - 6 years.

Construction-in-progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and available for use.

Non - current intangible assets
Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

<u>Software</u>
The costs of acquisition of new software are capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group and the Company expects from the originally assessed standard of performance of existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Receivables are initially recorded at the fair value of the consideration given. Current receivables are subsequently carried at cost less impairment, and non - current receivables and loans granted - at amortized cost, less impairment.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non - current assets.

Inventories
Inventories are valued at the lower of cost or net realizable value, after impairment evaluation for obsolete and slow - moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion and applicable variable marketing and distribution costs. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory is fully written-off.

Trade debtors and other accounts receivable
Trade receivables are amounts due from customers for merchandise sold or servines performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non - current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
Cash includes cash on hand and cash with banks and bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Share capital
Ordinary shares are classified as equity. Ordinary shares are stated at their par value.

Dividends distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Borrowings
Borrowing costs are expensed as incurred, unless they are directly attributable to acquisition, construction or production of a qualifying asset.

Borrowings are initially recognized at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortized cost, the difference between net proceeds and redemption value being recognized in the net profit or loss over the period of the borrowings using the effective interest method.

Interest paid is classified as financing cash flows in the statement of cash flows.

Grants

Grants received in the form of non - current assets or intended for the purchase, construction or other acquisition of non - current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognized as deferred income and released to income in equal annual amounts over the expected useful life of related asset. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortization.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognized as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

The balance of unutilized grants is shown in the caption "Grants" in the statement of financial position.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

Employee benefits

Wages, salaries, contributions to the State Social Security Fund paid, annual leave and sick leave, bonuses, and non - monetary benefits are accrued in the year in which the associated services have been rendered by the employees of the Company and the Group.

STATEMENT OF COMPREHENSIVE INCOME

Income

a) Sales of goods

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of VAT and discounts.

Revenue from sales of goods is recognized when delivery has taken place and transfer of risks and rewards has been completed.

b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Expense recognition

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

Foreign currencies
Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are recognized in the statement of comprehensive income. Such balances are translated at period-end exchange rates.

Income tax
Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

Deferred taxes are calculated using the statement of financial position liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax asset has been recognized in statement of financial position to the extent the management believes it will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements.

Impairment of assets

<u>Financial assets</u>
Financial assets are reviewed for impairment at each statement of financial position date.

For financial assets carried at amortized cost, whenever it is probable that the Group and the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognized in the statement of comprehensive income. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The reversal of impairment losses previously recognized is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognized to the extent it does not exceed the amortized cost that would have been had the impairment not been recognized.

<u>Fixed assets</u>
Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. Reversal is accounted for in the same caption of the statement of comprehensive income as impairment losses. For evaluation of impairment of assets the entire Group is considered one cash generating unit.

Segment reporting

A segment is a significant part of the enterprise business, based on the products supplied or services rendered (business segment) or on the supply of products/ rendering of services within a particular economic environment that is subject to risks and returns particular for that economic environment.

STATEMENT OF CASH FLOWS

The statement cash flows shows inflow and outflow of cash during the reporting period and the financial status at the end of the year. The cash flows are classified according to three main types of activities, namely, operating, investing and financing activities.

In the statement cash flows the operating cash flows are recorded using the indirect method, i.e. on the basis of income and costs as recorded in the in the statement of comprehensive income.

Cash and cash equivalents comprise cash at bank and on hand together with short-term securities recorded in current assets.

Cash flows from operating activities are recorded as a net profit or loss adjusted for the effects of non - cash transactions, changes in working capital, financial and extraordinary items, less income tax paid.

Working capital includes current assets, except those recorded in cash and cash equivalents, and current liabilities, except loans, taxes and dividends. Cash at bank and on hand together with short - term securities recorded in current assets are not included.

Cash flows from investing comprise increase and decrease in non - current assets. The increase is shown as costs. The decrease is recorded as the sales costs after deduction of the expenses.

Cash flows from financing activities include cash received from and paid to the shareholders, loans received and repaid, and long-term and short-term liabilities, not included into the working capital.

2 SEGMENT REPORTING

The Company's single business segment (the basis for the primary segment report format) pertains to furniture manufacturing. Information about the segments is provided with regard to the Company's geographical segments (the secondary segment report format).

Income and all assets according to geographical segments:

	Sales		Total assets	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Lithuania	1 078	200	96 325	66 929
European countries	66 988	45 819	1 176	295
Other countries	18 632	17 638	-	-
	86 698	**63 657**	**97 501**	**67 224**

3 DISTRIBUTION COSTS

	30.06.2010	30.06.2009
	LTL thousand	LTL thousand
Transportation and storage costs	1 087	78
Remuneration and social insurance	162	167
Depreciation and amortization	39	62
Other	98	49
	1 386	**356**

4 ADMINISTRATIVE COSTS

	30.06.2010	30.06.2009
	LTL thousand	LTL thousand
Remuneration and social insurance	1 835	1 542
Depreciation and amortization	255	239
Operation taxes expenses	157	158
Employee training and consultation	126	266
Insurance	87	64
Utilities and communication	82	101
Bank services	75	42
Business trips	36	42
Repairs and maintenance costs	32	24
Professional services	5	6
Other	371	483
Provisions	-	1 875
	3 061	**4 842**

5 OTHER OPERATING INCOME, NET

	30.06.2010	30.06.2009
	LTL thousand	**LTL thousand**
Rent income	202	353
Other income and costs	19	(21)
	221	**332**

6 FINANCIAL INCOME, NET

	30.06.2010	30.06.2009
	LTL thousand	**LTL thousand**
Loan interest costs	291	(349)
Currency exchange profit, less loss	(68)	(47)
Other income and costs	7	(28)
	230	**(424)**

7 PERSONNEL COSTS

	30.06.2010	30.06.2009
	LTL thousand	**LTL thousand**
Production and product development costs	7 340	8 902
Sales, administrative and other costs	1 997	1 709
	9 337	**10 611**

8 EARNINGS PER SHARE

The basic portion of earnings per share is computed by dividing net shareholders' earnings by the weighted average number of common shares outstanding during the year.

	30.06.2010	30.06.2009
	LTL thousand	**LTL thousand**
Net annual profit	12 559	1 356
Weighted average number of the shares (thousand)	3 886	3 886
Earnings per share (LTL)	**3.23**	**0.35**

The Company has issued no other securities that could be potentially converted into common shares. The earnings per share and the earnings per potentially convertible share is the same.

9 NON - CURRENT TANGIBLE ASSETS

LTL thousand

	Buildings	Machinery and equipment	Vehicles	Other non - current assets	Total
Costs as of 1 January 2010	22 647	59 288	251	3 110	85 296
Increase	-	582	-	235	817
Sales	-	(180)	(29)	(65)	(274)
Writing off	-	(31)	-	(53)	(84)
Costs as of 30 June 2010	22 647	59 659	222	3 227	85 755
Depreciation as of 1 January 2010	9 261	39 584	87	2 307	51 239
Depreciation	351	2 582	16	164	3 113
Sales	-	(177)	(13)	(62)	(252)
Writing off	-	(30)	-	(52)	(82)
Depreciation as of 30 June 2010	9 612	41 959	90	2 357	54 018
Net carrying value as of 30 June 2010	**13 035**	**17 700**	**132**	**870**	**31 737**
Net carrying value as of 1 January 2010	**13 386**	**19 704**	**164**	**803**	**34 057**
Depreciation period	40 years	6 – 10 years	5 – 10 years	2 – 6 years	-

Depreciation was broken down as follows:

	30.06.2010	30.06.2009
	LTL thousand	**LTL thousand**
Production and product development costs	2 912	2 821
Sales, administrative and other costs	201	231
	3 113	**3 052**

10 INVESTMENT

	30.06.2010	31.12.2009
	LTL thousand	**LTL thousand**
Other	2	2
	2	**2**

11 INVENTORIES

	30.06.2010	31.12.2009
	LTL thousand	LTL thousand
Raw materials	4 704	5 552
Production in progress	4 739	2 102
Finished products	5 727	6 348
Goods for resale	-	3
	15 170	**14 005**

Raw materials include wood, fittings and accessories, plastic elements, chemicals and other materials used in production.

12 LOANS TO RELATED PARTIES

	30.06.2010	31.12.2009
	LTL thousand	LTL thousand
Granted loans (Invalda AB)	33 326	15 999
	33 326	**15 999**

13 OTHER ACCOUNTS RECEIVABLE

	30.06.2010	31.12.2009
	LTL thousand	LTL thousand
VAT recoverable	2 292	1 123
Other amounts receivable and future costs	714	277
	3 006	**1 400**

14 CASH AND CASH EQUIVALENTS

	30.06.2010	31.12.2009
	LTL thousand	LTL thousand
Cash in banks	62	52
Cash on hand	1	4
	63	**56**

15 CAPITAL AND RESERVES

Share capital

The share capital is made up of 3 886 267 common shares of the nominal value of LTL 4, while the total value of the share capital amounts to LTL 15 545 068.

Legal reserve

The reserve of 1 554 thousand LTL is the legal reserve made under the laws of the Republic of Lithuania. An allocation of at least 5% of the net profit must be made into the legal reserve out of the profit to be appropriated every year until the legal reserve reaches 10% of the authorized capital.

16 LOANS AND OTHER BORROWINGS, SECURED WITH PLEDGED ASSETS

	30.06.2010	31.12.2009
	LTL thousand	**LTL thousand**
Non - current liabilities		
Long - term loan	3 757	3 757
Finance lease	86	86
Net carrying value as end of period	**3 843**	**3 843**
Short - term liabilities		
Current portion of loan	1 252	2 504
Current portion of finance lease	6	12
Credit line	9 357	5 234
Net carrying value as end of period	**10 615**	**7 750**
	14 458	**11 593**

	Maturity term	30.06.2010	31.12.2009
		LTL thousand	**LTL thousand**
Current borrowings			
Credit line in Danske Bank A/S Lithuania branch	25.02.2011	9 357	5 234
Non - current borrowings			
Credit in Danske Bank A/S Lithuania branch	01.07.2012	5 009	6 261
Finance lease Danske Bank A/S Lithuania branch	21.10.2013	92	98

Schedule of payment for financial liabilities, secured with pledged assets:

	Total amount payable as of 30 June 2010	2010	2011	2012- 2013
	LTL thousand	**LTL thousand**	**LTL thousand**	**LTL thousand**
Credit	5 009	1 252	2 504	1 253
Finance lease	92	6	12	74
Credit line	9 357	-	9 357	-
	14 458	**1 258**	**11 873**	**1 327**

17 OTHER LIABILITIES

	30.06.2010	31.12.2009
	LTL thousand	**LTL thousand**
Holiday pay reserve	1 465	1 196
Remuneration and social insurance	1 311	749
Operating taxes	82	109
Other accounts payable and accrued taxes	316	369
	3 174	**2 423**

Currency risk
The Company's exposure to the currency risk when selling, purchasing and borrowing in foreign currencies, except EUR is mostly related to the PLN.

Accounts receivable and payable in foreign currencies as of 30 June 2010 may be broken down as follows:

	EUR	PLN	USD	Other
	LTL thousand	**LTL thousand**	**LTL thousand**	**LTL thousand**
Granted loans	32 622	-	-	-
Trade receivables	-	-	-	-
Prepayments	-	-	87	-
Borrowings	(14 458)	-	-	-
Debts to suppliers	(5 593)	(258)	-	-
	12 571	**(258)**	**87**	**-**

Interest risk
Euribor related floating interest rates are applied to the loans extended to the Company.

As of 30 June 2010 the Company used no financial instruments as interest risk hedging.

18 RELATED PARTY TRANSACTIONS

30.06.2010	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Invalda AB	-	704	33 326	-
Invalda nekilnojamojo turto valdymas UAB	58	336	306	-
Invalda service UAB	49	-	-	17
Baltic Amadeus infrastrukturos paslaugos UAB	18	-	-	-
Informatikos pasaulis UAB	77	-	-	1
Umega AB	113	-	-	47
Acena UAB	39	-	-	-
Kelda UAB	55	-	-	66
	409	**1 040**	**33 632**	**131**

30.06.2009	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Invalda AB	65	377	7 065	-
Invalda nekilnojamojo turto valdymas UAB	59	155	124	-
Invalda service UAB	45	-	-	2
Finasta FMI AB	18	-	-	4
Baltic Amadeus infrastrukturos paslaugos UAB	18	-	-	-
Informatikos pasaulis UAB	48	-	-	34
Acena UAB	45	-	-	-
	298	**532**	**7 189**	**40**

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