

RESPONSIBLE PERSONS CONFIRMATION

18.08.2011

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 2011 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:

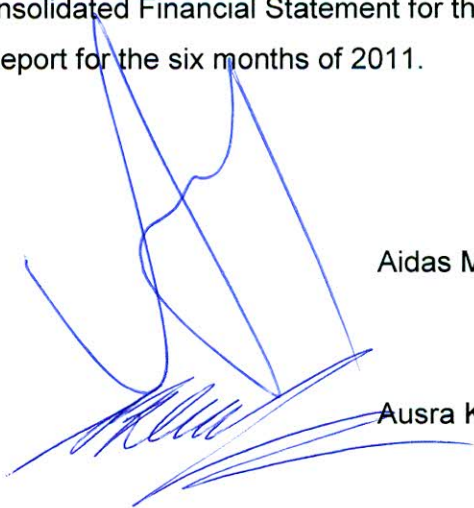
1. Interim Condensed Consolidated Financial Statement for the six months of 2011.
2. Interim Consolidated Report for the six months of 2011.

Chief Executive Officer

Aidas Mackevicius

Chief Financial Officer

Ausra Kibirkstiene





**VILNIUS
FURNITURE**
ANNO 1883

*... Better
Faster
Stronger ...*

Vilniaus Baldai AB

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENT FOR
THE SIX MONTHS OF 2011**

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COMPANY INFORMATION

1. Reporting period covered by this Financial Statement

The Financial Statement has been drawn up for the six months of 2011.

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,
Dalius Kaziunas.

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:

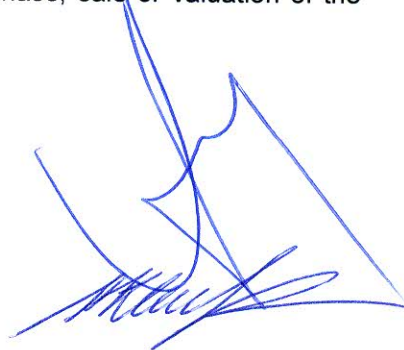
Aidas Mackevicius, Chief Executive Officer, tel. (+370~5) 252 57 00, fax. (+370~5) 231 11 30,
Ausra Kibirkstiene, Chief Financial Officer, tel. (+370~5) 252 57 20.

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 – 18 August 2011.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS OF 2011

The auditors reviewed the Financial Statement of 31.12.2010, while those of 30.06.2011 and of 30.06.2010 are unaudited.

1. STATEMENT OF FINANCIAL POSITION

LTL thousand

	30.06.2011	31.12.2010	30.06.2010
Assets			
Non - current assets			
Non - current tangible assets	29 886	29 897	31 737
Intangible assets	253	323	296
Investment	2	2	2
Total non - current assets	30 141	30 222	32 035
Current assets			
Inventories	15 874	19 379	15 170
Trade debtors	22 690	15 131	13 901
Loans to related parties	26 587	41 396	33 326
Other accounts receivable	3 400	2 244	3 006
Cash and cash equivalents	402	345	63
Total current assets	68 953	78 495	65 466
Total assets	99 094	108 717	97 501
Shareholders' equity and liabilities			
Capital and reserves			
Share capital	15 545	15 545	15 545
Legal reserve	1 554	1 554	1 554
Reserve for acquisition of own shares	25 000	25 000	25 000
Retained earnings	28 511	30 671	15 373
Total capital and reserves	70 610	72 770	57 472
Non - current liabilities			
Grants	-	-	2
Provision for employee benefits	771	771	-
Deferred tax liabilities	36	36	188
Loans and other interest bearing payables	1 414	3 469	3 843
Total non - current liabilities	2 221	4 276	4 033
Current liabilities			
Loans and other interest bearing payables	1 288	2 540	10 615
Debts to suppliers	18 477	22 288	17 387
Current income tax payable	1 402	527	4 820
Other liabilities	5 096	6 316	3 174
Total current liabilities	26 263	31 671	35 996
Total liabilities	28 484	35 947	40 029
Total equity and liabilities	99 094	108 717	97 501

2. STATEMENT OF COMPREHENSIVE INCOME

LTL thousand

	2011 I half, ended 30 June	2010 I half, ended 30 June	2011 II quarter, ended 30 June	2010 II quarter, ended 30 June
Turnover	114 825	86 698	58 258	43 505
Production costs	(93 565)	(67 915)	(47 411)	(34 697)
Gross profit	21 260	18 783	10 847	8 808
Distribution costs	(2 194)	(1 386)	(1 075)	(907)
Administrative costs	(4 511)	(3 061)	(2 618)	(1 582)
Other operating income, net	298	221	115	87
Profit from operating activities	14 853	14 557	7 269	6 406
Financial income	978	761	471	438
Financial costs	(202)	(531)	(105)	(250)
Financial income, net	776	230	366	188
Profit before taxes	15 629	14 787	7 635	6 594
Income tax	(2 244)	(2 228)	(1 120)	(1 007)
Net annual profit	13 385	12 559	6 515	5 587
Earnings per share (in LTL)	3.44	3.23	1.68	1.44

3. STATEMENT OF CHANGES IN EQUITY

LTL thousand

	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
Capital and reserves as of 31 December 2009	15 545	1 554	-	27 814	44 913
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
Net profit	-	-	-	15 298	15 298
Capital and reserves as of 31 December 2010	15 545	1 554	25 000	30 671	72 770
Dividends	-	-	-	(15 545)	(15 545)
Net profit	-	-	-	13 385	13 385
Capital and reserves as of 30 June 2011	15 545	1 554	25 000	28 511	70 610

4. STATEMENT OF CASH FLOWS

LTL thousand

	30.06.2011	30.06.2010
Net profit (loss)	13 385	12 559
Adjustments:		
Depreciation and amortisation	3 317	3 206
Result on disposal, writing off, etc. of non - current	(1)	(3)
Interest expenses (income)	(806)	(291)
Changes in provisions	(86)	-
Deferred income tax expenses (income)	1	(26)
Income tax expenses	2 243	2 254
Other financial expenses (income)	(135)	(10)
Cash flows from ordinary activities before changes	17 918	17 689
Changes in trade receivables and other amounts	(8 714)	(3 306)
Changes in inventories	3 592	(1 165)
Changes in debts to suppliers and other liabilities	(5 507)	2 262
Income tax paid	(1 412)	(391)
Cash flows from operating activities	5 877	15 089
(Acquisition) of tangible non - current assets	(3 105)	(936)
Sale / writing of non - current tangible assets	3	25
Cash flows from investing activities	(3 102)	(911)
Loans (granted) / repaid	3 759	(16 623)
Loans received / (repaid)	(3 307)	2 865
Interest (paid) / received	734	(413)
Dividends (paid) / received	(3 904)	-
Cash flows from financing activities, net	(2 718)	(14 171)
Cash flows from operating, investing and financing	57	7
Cash and cash equivalents as of 1 January	345	56
Cash and cash equivalents as of 30 June	402	63

5. EXPLANATORY NOTES

1 SUMMARY 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 2011 the Group employed 461 people, the Company employed 428 people (on 30 June 2010 the Group employed 440 employees, the Company - 420).

The Company's shares are traded on the Official List of the NASDAQ OMX Vilnius AB Stock Exchange.

Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU). The financial statements have been prepared under the historical cost convention.

(a) Relevant new or amended standards and interpretations effective in 2011

IAS 24, 'Related party disclosures' (amended in November 2009, effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition; and by (b) providing a partial exemption from the disclosure requirements for government-related entities.

The IASB issued Improvements to IFRS, an omnibus of amendments to its IFRS standards. The amendments are generally applicable for annual periods beginning on or after 1 January 2011 unless otherwise stated:

IAS 1, 'Presentation of financial statements'. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It applied retrospectively.

IAS 27, 'Consolidated and separate financial statements' - applicable to annual periods beginning on or after 1 July 2010 and applied retrospectively.

AS 34, 'Interim financial reporting'. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around: (a) the circumstances likely to affect fair values of financial instruments and their classification; (b) transfers of financial instruments between different levels of the fair value hierarchy; (c) changes in classification of financial assets; and (d) changes in contingent liabilities and assets. It applied retrospectively.

IFRIC 13, 'Customer loyalty programmes'. The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes.

IFRS 3, 'Business combinations' - applicable to annual periods beginning on or after 1 July 2010 and applied retrospectively.

IFRS 7, 'Financial instruments: Disclosures'. The amendment clarify certain disclosure requirements, in particular: (a) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks; (b) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired; (c) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect; and (d) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period. It applied retrospectively.

(b) New and amended standards and interpretations effective in 2011 but not relevant to the Group and the Company

Classification of rights issues – Amendment to IAS 32, 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010).

Prepayments of a minimum funding requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This interpretation will not have any impact on the Group's and Company's financial statements.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective for annual periods beginning on or after 1 July 2010). This interpretation will not have any impact on the Group's and Company's financial statements.

Limited exemption from comparative IFRS 7 disclosures for first-time adopters – Amendments to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). This interpretation will not have any impact on the Group's and Company's financial statements.

Basis for drawing up of the interim condensed consolidated statement

The interim condensed consolidated financial statements for the six months ended 30 June 2011 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 2010.

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.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in a local currency, the litas (LTL), which is the Company's functional and presentation currency.

Starting from 2 February 2002, Lithuanian litas is pegged to euro at the rate of 3.4528 litas for 1 euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

Principles of consolidation

The consolidated financial statements of the Group include Vilniaus Baldai AB and its subsidiary. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50 percent of the voting rights of a company's share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. All intercompany transactions, balances and unrealized gains and losses on transactions among the Group companies have been eliminated.

Consolidated financial statements are prepared on the basis of the same accounting principles applied to similar transactions and other events under similar circumstances. Financial statements of Subsidiary were prepared for the same period as that of the Company.

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.

Software

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.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

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.

The assets' residual values and useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

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.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalized as part of the costs of those assets, if the commencement date for capitalization is on or after 1 January 2009.

Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalizes borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalized are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalized.

Financial assets

According to IAS 39 "Financial Instruments: Recognition and Measurement" financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets based on its nature and purpose at initial recognition.

Financial assets are recognized on a trade date basis where the purchase or sale process is under a contract, which terms require delivery of the financial assets within the timeframe established by the market concerned. Financial assets are recognized initially at fair value, plus, in the case of investments are not carried at fair value through profit or loss, directly attributable transaction costs.

The Group's/ Company's financial assets include cash, trade receivables and other receivables and loans are classified in the category of loans and receivables.

The subsequent measurement of financial assets depends on their classification as follows:

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.

Effective interest rate method

Effective interest rate method is used to calculate amortized cost of financial assets and allocate interest income over the relevant period. The effective interest rate exactly discounts estimated future cash flows through the expected life of the financial asset.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group/ Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group/ Company has transferred their rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Investments into subsidiaries

Investments in subsidiaries and associated companies are accounted at cost in the Company's separate financial statements. Cost of investment is decreased by impairment losses. An assessment of recoverable amount of investment is performed for each investment individually.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

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 receivables

Trade receivables are amounts due from customers for merchandise sold or services 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 noncurrent 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 recognized in the statement of financial position as current borrowings, then they term does not exceed one year.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

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 recognized 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.

Leases

The Company and the Group are the lessees

(a) Finance lease

Leases of property, plant and equipment where the Company and the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

(b) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Company and the Group are the lessors

(c) Operating lease

Payments received under operating leases (net of any incentives given to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Employee benefits

(a) Social security contributions

The Company and the Group pay social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution is a plan under which the Company/ Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognized as expenses on an accrual basis and are included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group or the Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

(c) Bonus plans

The Company recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions

Provisions are recognized when the Group and the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each statement of financial position date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Provisions for pensions and jubilee payments

According to the terms of the collective agreement effective at the Company, each employee is entitled to a jubilee payment and 2–3 months salary payment when retiring after reaching the pension age. Actuarial calculations are made to determine liability for such payments. The liability is recognized at present value discounted using market interest rate.

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.

The income tax rate in Lithuania was 15 % in 2011 (15 % in 2010).

Since 2008 tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Starting from 2010, tax losses can be transferred at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

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.

Deferred tax assets and liabilities are offset when they are related to profit taxes levied by the same tax authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Income tax and deferred tax for the accounting period

Income tax and deferred income tax are charged or credited to profit or loss, except when they relate to items included directly to equity, in which case the deferred income tax is also accounted for in equity.

Revenue recognition

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 recognized using the effective interest method. When a loan and receivable is impaired, the Group and the Company 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 recognized 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.

Impairment of assets

Financial assets

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 reorganization, 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.

Non-financial assets

Non-financial 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 information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

Related parties

Related parties are defined as shareholders, employees, members of the Board, their close relatives and companies that directly or indirectly (through the intermediary) control or are controlled by, or are under common control with, the Group and the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

Subsequent events

Post-statement of financial position events that provide additional information about the Group's and the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-statement of financial position events that are not adjusting events are disclosed in the notes when material.

2 SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The board of directors considers the business from both a geographic and product perspective to certain extent. Geographically, management considers sales volume to Lithuania, the European Union countries and the rest of the world depending on where the production is delivered. From product perspective management considers only the product quantities delivered by product type. All financial information, including the measure of profit and total assets, is analyzed as single reportable segment – furniture production and trade, therefore is not further disclosed in these financial statements.

Breakdown of revenue by the location where production is delivered:

Sales		
	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
European Union countries	99 494	66 988
Other than European Union countries	12 374	18 632
Lithuania	2 957	1 078
	114 825	86 698

3 DISTRIBUTION COSTS

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Transportation and storage costs	1 807	1 087
Remuneration and social insurance	200	162
Depreciation and amortization	32	39
Other	155	98
	2 194	1 386

4 ADMINISTRATIVE COSTS

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Remuneration and social insurance	1 711	1 835
Bonus	795	-
Depreciation and amortization	222	255
Operation taxes expenses	166	157
Employee training and consultation	150	126
Business trips	86	36
Utilities and communication	70	82
Insurance	67	87
Bank services	24	75
Other	1 220	408
	4 511	3 061

5 OTHER OPERATING INCOME, NET

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Rent income	270	202
Other income and (costs)	28	19
	298	221

6 FINANCIAL INCOME, NET

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Interest income	941	711
Interest (costs)	(135)	(420)
Currency exchange (loss), less profit	(30)	(68)
Other income and (costs)	-	7
	776	230

7 PERSONNEL COSTS

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Production and product development costs	8 451	7 340
Sales, administrative and other costs	1 911	1 997
	10 362	9 337

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.

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Net annual profit	13 385	12 559
Weighted average number of the shares (thousand)	3 886	3 886
Earnings per share (LTL)	3.44	3.23

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 2011	22 647	58 419	371	3 329	84 766
Increase	-	1 676	-	1 419	3 095
Sales	-	-	-	(17)	(17)
Writing off	-	(1 259)	-	(63)	(1 322)
Costs as of 30 June 2011	22 647	58 836	371	4 668	86 522
Depreciation as of 1 January 2011	9 965	42 505	88	2 311	54 869
Depreciation	347	2 565	16	175	3 103
Sales	-	-	-	(16)	(16)
Writing off	-	(1 259)	-	(61)	(1 320)
Depreciation as of 30 June 2011	10 312	43 811	104	2 409	56 636
Net carrying value as of 30 June 2011	12 335	15 025	267	2 259	29 886
Net carrying value as of 1 January 2011	12 682	15 914	283	1 018	29 897
Depreciation period	40 years	6 – 10 years	5 – 10 years	2 – 6 years	-

Depreciation was broken down as follows:

	30.06.2011	30.06.2010
	LTL thousand	LTL thousand
Production and product development costs	3 064	2 912
Sales, administrative and other costs	174	201
Production in progress and finished products inventories	(135)	-
	3 103	3 113

10 INVESTMENT

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Other	2	2
	2	2

11 INVENTORIES

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Raw materials	8 434	9 368
Production in progress	3 026	2 229
Finished products	4 414	7 782
	15 874	19 379

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

12 LOANS TO RELATED PARTIES

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Granted loans (Invalda AB)	26 587	41 396
	26 587	41 396

13 OTHER ACCOUNTS RECEIVABLE

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
VAT recoverable	2 499	1 932
Prepayments and future costs	309	195
Other amounts receivable	592	117
	3 400	2 244

14 CASH AND CASH EQUIVALENTS

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Cash in banks	401	341
Cash on hand	1	4
	402	345

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 thousand.

Legal reserve

The reserve of LTL 1 554 thousand 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.

Reserve for acquisition of own shares

During the ordinary general meeting of shareholders held on 29 April 2010 a decision was passed to make a transfer of LTL 25 000 thousand from the Company's retained earnings to the reserve for the acquisition of own shares. The issue on the acquisition of own shares will be deliberated by shareholders in future in view of the Company's results of operations and the market situation.

16 LOANS AND OTHER BORROWINGS

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Non - current liabilities		
Long - term loan	1 253	1 253
Credit line	-	2 055
Finance lease	161	161
Net carrying value as end of period	1 414	3 469
Short - term liabilities		
Current portion of loan	1 252	2 504
Credit line	25	-
Current portion of finance lease	11	36
Net carrying value as end of period	1 288	2 540
	2 702	6 009

	Maturity term	30.06.2011	31.12.2010
		LTL thousand	LTL thousand
Credit line in Danske Bank A/S Lithuania branch	25.02.2012	25	2 055
Credit in Danske Bank A/S Lithuania branch	01.07.2012	2 505	3 757
Finance lease Danske Bank A/S Lithuania branch	04.08.2015	172	197

Interest risk

Euribor and Vilibor related floating interest rates are applied to the loans extended to the Company.

As of 30 June 2011 the Company used no financial instruments as interest risk hedging.

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

	Total amount payable as of 30 June 2011	2011	2012	2013- 2015
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Credit	2 505	1 252	1 253	-
Credit line	25	-	25	-
Finance lease	172	11	24	137
	2 702	1 263	1 302	137

17 POST – EMPLOYMENT ANT OTHER LONG TERM EMPLOYEE BENEFITS

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Post – employment ant other long term employee benefits	771	771
	771	771

Provision for pension and jubilee benefits comprise amounts calculated according to the collective agreement affective at the Company. Every employee of the Company is entitled to a jubilee benefit and 2 or 3 month salary payment on the leaving the Company after reaching the retiment age.

18 OTHER LIABILITIES

	30.06.2011	31.12.2010
	LTL thousand	LTL thousand
Holiday pay reserve	1 733	1 785
Remuneration and social insurance	1 539	841
Amounts payable for the take-over of tax losses	758	3 205
Dividends	793	274
Operating taxes	73	79
Other accounts payable and accrued taxes	200	132
	5 096	6 316

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 and SEK.

Accounts receivable and payable in foreign currencies as of 30 June 2011 may be broken down as follows:

	EUR	PLN	SEK	Other
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Granted loans	26 587	-	-	-
Trade receivables	4	2	-	-
Prepayments	251	-	-	2
Cash	-	3	-	-
Borrowings	(2 702)	-	-	-
Debts to suppliers	(5 466)	(244)	(44)	(21)
	18 674	(239)	(44)	(19)

19 RELATED PARTY TRANSACTIONS

30.06.2011	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Invalda AB	-	941	26 587	-
Invalda nekilnojamojo turto valdymas UAB	257	502	141	-
Cmanagement UAB	71	-	-	6
Kelio zenklai UAB	4	-	-	-
BAIP UAB (Baltic Amadeus infrastruktūros paslaugos UAB)	19	-	-	-
Informatikos pasaulis UAB	58	-	-	3
Umega AB	821	5	-	142
Acena UAB	39	-	-	-
Kauno tiltai AB	2	-	-	-
	1 271	1 448	26 728	151

As at 31 December 2010, the Company took over tax losses of LTL 21 365 thousand from companies whose parent entity is Invalda AB. The Company assumed obligation to pay 15 per cent (LTL 3 205 thousand) on the amount of tax losses taken over to companies that transferred those tax losses. As at 30 June 2011 therefore liability to related parties amounting to LTL 758 thousand are accounted in other current liabilities.

19 RELATED PARTY TRANSACTIONS (CONT'D)

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 infrastruktūros 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

20 IMPORTANT EVENTS, WHICH HAVE OCCURRED SINCE THE END OF THE LAST FISCAL YEARS, AND REVIEW OF ACTIVITIES

In 2011 the Company further implemented the started reorganizations. The reorganizations are aimed at the reduction of costs, increase in labour productivity, improvement of production planning, promotion of the Company's competitiveness, increase in sale orders. In line with the increase in sales of IKEA Supply AG the Company expects its sales to grow as well in 2011, therefore rise in sales volumes is projected. Tendencies in the markets of raw materials are not favourable to the Company, therefore it will be difficult to retain last years profit margins.

On 5 January 2011 Company received a notification from shareholder KJK Fund SICAV-SIF about acquisition of voting rights. The threshold that was crossed - 10 per cent.

As of 28th April 2011 the Annual General Shareholders Meeting of Vilniaus baldai AB shareholders was held. The meeting resolved to:

Item1 of the Agenda: Consolidated annual report.
The Company's consolidated annual report for 2010 was presented.

Item2 of the Agenda: Company's auditor's report.
The report of auditor PricewaterhouseCoopers UAB for 2010 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2010.
Resolution: to approve Company's financial statements for 2010.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2010.
Resolution: to approve Company's consolidated financial statements for 2010.

Item5 of the Agenda: Approval of the Company's profit distribution.

Resolution: to approve the Company's profit distribution:

Undistributed retained earnings, brought forward	2 769 563 LTL	802 121 EUR
Net result for the current year	27 848 058 LTL	8 065 355 EUR
Distributable result	30 617 621 LTL	8 867 476 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends	15 545 068 LTL	4 502 163 EUR
To be paid as annual payments (bonus) to board of	795 000 LTL	230 248 EUR
Undistributed retained earnings, carried forward	14 277 553 LTL	4 135 065 EUR
4 LTL (1.16 EUR) of dividends per one ordinary share.		

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

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INTERIM CONSOLIDATED
REPORT
FOR THE SIX MONTHS
OF 2011

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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 2011 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 97 % of all the sales of the Company during the first half 2011 (in 2010 – 98 %, in 2009 – 99 %). In the first half 2011, the Company's sales revenue comprised sales of furniture which account for 97 % of total sales (in 2010 – 98 %) and sales of raw materials and waste of raw materials.

The Company competes with the world furniture producers.

Political risk factors. Critical changes in the business environment are related to the unstable situation in the business. There are no requirements and restrictions established by the State to the issuer's activity.

Social risk factors. The unstable 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. The Company was granted FSC production line certificate. During the first half 2011 Vilniaus Baldai AB paid LTL 14 thousand of the environment pollution taxes, as well as LTL 155 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 2011 (16 Note).

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 2011 January – March was 56 567 thousand LTL (16 383 thousand EUR), same period year 2010 – 43 193 thousand LTL (12 510 thousand EUR).

Net profit of the Group during period 2011 January – March was 6 870 thousand LTL (1 990 thousand EUR), same period year 2010 net profit was 6 972 thousand LTL (2 019 thousand EUR). EBITDA was 9 166 thousand LTL (2 655 thousand EUR). Year ago it was 9 754 thousand LTL (2 825 thousand EUR).

Turnover of the Group during period 2011 April – June was 58 258 thousand LTL (16 873 thousand EUR), same period year 2010 – 43 505 thousand LTL (12 600 thousand EUR).

Net profit of the Group during period 2011 April – June was 6 515 thousand LTL (1 887 thousand EUR), same period year 2010 – 5 587 thousand LTL (1 618 thousand EUR). EBITDA was 9 004 thousand LTL (2 608 thousand EUR). Year ago it was 8 009 thousand LTL (2 320 thousand EUR).

Turnover of the Group during period 2011 January – June was 114 825 thousand LTL (33 256 thousand EUR), same period year 2010 – 86 698 thousand LTL (25 109 thousand EUR).

Net profit of the Group during period 2011 January – June was 13 385 thousand LTL (3 877 thousand EUR), same period year 2010 – 12 559 thousand LTL (3 637 thousand EUR). EBITDA was 18 170 thousand LTL (5 262 thousand EUR). Year ago it was 17 763 thousand LTL (5 145 thousand EUR).

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

	30.06.2011	31.12.2010
Non - current assets	30 141	30 222
Current assets	68 953	78 495
Total assets	99 094	108 717
Capital and reserves	70 610	72 770
Total liabilities	28 484	35 947
Non - current liabilities	2 221	4 276
<i>Financial debts</i>	1 414	3 469
Current liabilities	26 263	31 671
<i>Financial debts</i>	1 288	2 540

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

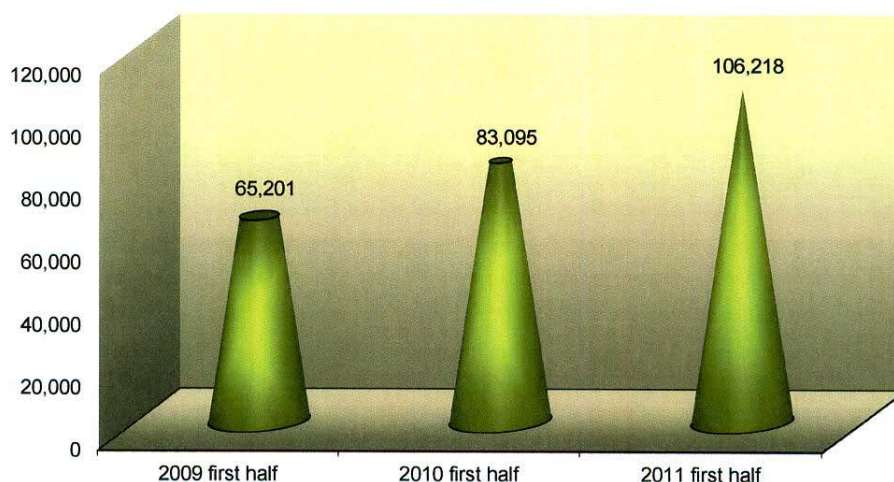
	2011 first half	2010 first half
Sales income, LTL thousand	114 825	86 698
- in Lithuania	2 957	1 078
- in EU countries	99 494	66 988
- other countries	12 374	18 632
Gross profit, LTL thousand	21 260	18 783
Gross profit margin, %	18.52	21.66
Operating profit, LTL thousand	14 853	14 557
Operating profit margin, %	12.94	16.79
Profit before taxes, LTL thousand	15 629	14 787
Profit before taxes margin, %	13.61	17.06
Net profit, LTL thousand	13 385	12 559
Net profit margin, %	11.66	14.49
EBITDA, LTL thousand	18 170	17 763
EBITDA margin, %	15.82	20.49

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 volumes of Company's production in terms of value in the period of 2009 – 2011 first half, LTL thousand:

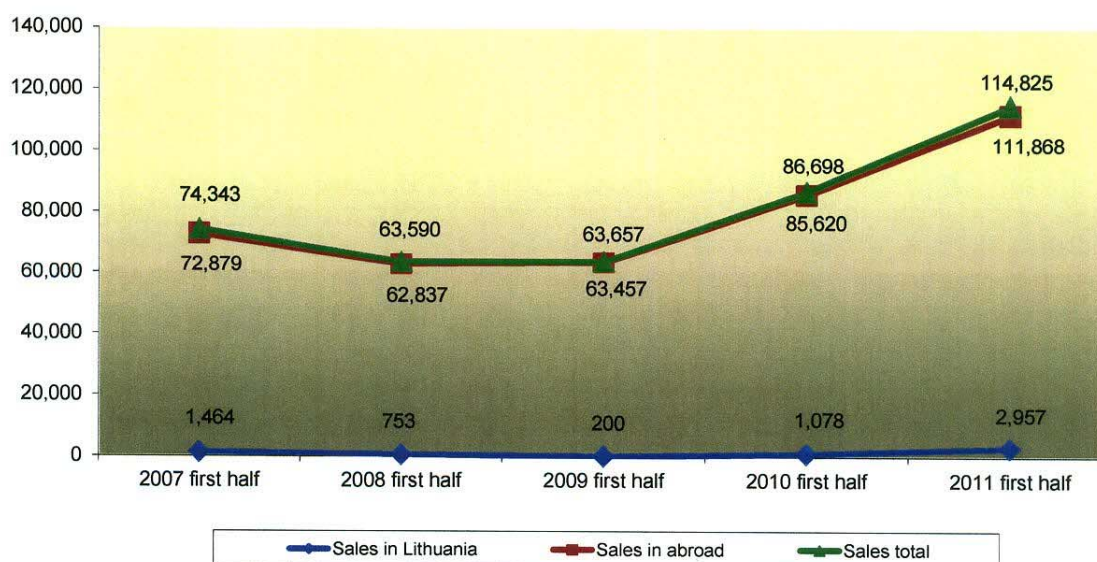


Production sales according to the markets in the period of 2009 – 2011 first half:

	2011 first half		2010 first half		2009 first half	
	thousand LTL	%	thousand LTL	%	thousand LTL	%
Sales in Lithuania	2 957	2.6	1 078	1.2	200	0.3
Sales in abroad	111 868	97.4	85 620	98.8	63 457	99.7
Sales total	114 825	100.00	86 698	100.00	63 657	100.00

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

Sales of the Company in the period of 2007 – 2011 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, Pflleiderer Grajewo S. A., Drevozpracujici Družstvo, Sherwin – Williams Lietuva UAB, Freda AB, SCA Packaging UAB, RVG baldai UAB, Rehau UAB, Shumacher Packaging Zaklad. 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 the first half 2011 the number of work places at the Group and the Company was increase, this was caused by the increase in labour productivity and sales. 461 employees worked in the Group and 428 employees in the Company at the end first half of 2011 (440 in the Group and 420 in the Company at the end first half of 2010). The average age of the employees is 42 years.

The average number of the recorded employees in the period of 2008 – 2010 and during the first half 2011:

	2011 first half	2010	2009	2008
Executive personnel	5	5	5	4
Specialists	36	38	40	68
Workers	383	371	397	489
Total	424	414	442	561

The increasing production capacity of the Company and the stable sales allow to increase the wages, which in 2011 first half increased by 4.7 % 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 2008 – 2010 and during the first half 2011:

	2011 first half	2010	2009	2008
Executive personnel	22 491	16 184	12 746	13 340
Specialists	4 422	4 101	3 615	2 932
Workers	2 688	2 637	2 429	2 266
Total	3 060	2 924	2 662	2 429

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.

During the ordinary general meeting of shareholders held on 29 April 2010 a decision was passed to make a transfer of LTL 25,000 thousand from the Company's retained earnings to the reserve for the acquisition of treasury shares. The issue on the acquisition of treasury shares will be deliberated by shareholders in future in view of the Company's results of operations and the market situation.

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 2011 the Company further implemented the started reorganizations. The reorganizations are aimed at the reduction of costs, increase in labour productivity, improvement of production planning, promotion of the Company's competitiveness, increase in sale orders.

On 5 January 2011 Company received a notification from shareholder KJK Fund SICAV-SIF about acquisition of voting rights. The threshold that was crossed - 10 per cent.

As of 28th April 2011 the Annual General Shareholders Meeting of Vilniaus baldai AB shareholders was held. The meeting resolved to:

Item1 of the Agenda: Consolidated annual report.

The Company's consolidated annual report for 2010 was presented.

Item2 of the Agenda: Company's auditor's report.

The report of auditor PricewaterhouseCoopers UAB for 2010 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2010.

Resolution: to approve Company's financial statements for 2010.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2010.

Resolution: to approve Company's consolidated financial statements for 2010.

Item5 of the Agenda: Approval of the Company's profit distribution.

Resolution: to approve the Company's profit distribution:

Undistributed retained earnings, brought forward	2 769 563 LTL	802 121 EUR
Net result for the current year	27 848 058 LTL	8 065 355 EUR
Distributable result	30 617 621 LTL	8 867 476 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends	15 545 068 LTL	4 502 163 EUR
To be paid as annual payments (bonus) to board of	795 000 LTL	230 248 EUR
Undistributed retained earnings, carried forward	14 277 553 LTL	4 135 065 EUR
4 LTL (1.16 EUR) of dividends per one ordinary share.		

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

In line with the increase in sales of IKEA Supply AG the Company expects its sales to grow as well in 2011, therefore rise in sales volumes is projected. Tendencies in the markets of raw materials are not favourable to the Company, therefore it will be difficult to retain current profit margins. The Company will continue improving production processes and labour productivity, increasing quality of products and their range and will aim to retain its position as one of the most competitive companies in the industry sector in which it operates.

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 Finasta FMI AB (Maironio Str. 11, Vilnius) on the accounting management of the securities issued by the Company and the dividends paid to the shareholders.

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;

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

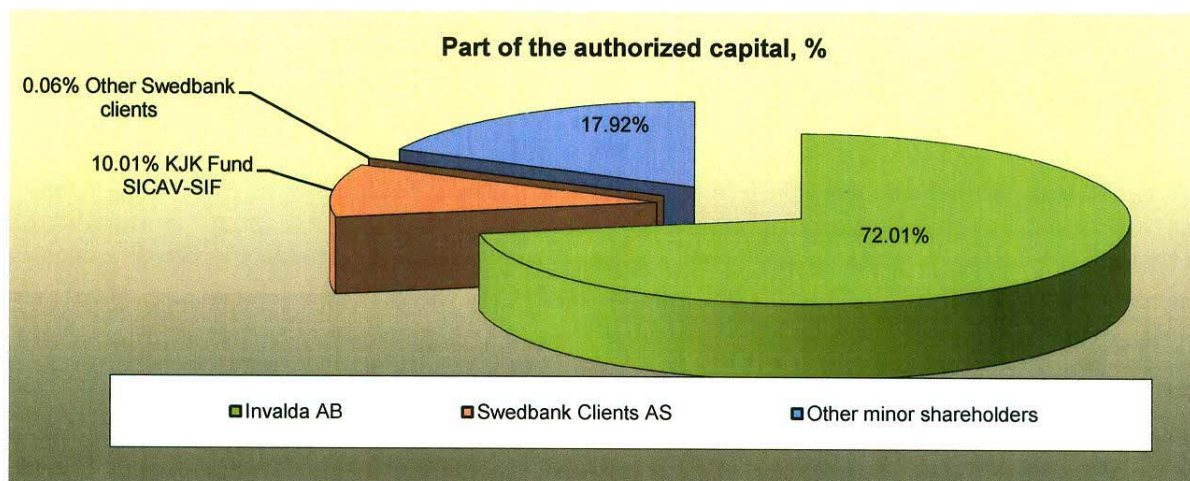
3. to receive shares without payment if the authorized capital is increased out of the Company's funds except in cases provided for by the laws of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the 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;
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 2011 was 1 177.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2011:

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	391 469	10.07	10.07
- of which KJK Fund SICAV-SIF	389 161	10.01	10.01



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:

	2011 first half	2010 first half
Price of the shares, LTL:		
- opening	32.46	8.99
- highest	41.43	18.80
- lowest	26.93	8.50
- closing	40.74	18.80
Turnover of shares, units	68 208	118 640
Turnover of shares, LTL	2 323 734	1 733 682
Total number of transactions, units	724	350
Capitalization, million LTL	156.46	73.06

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



Comparison of the price of shares of Vilniaus Baldai AB with the OMXBB index since the end first half 2009:



Index/Equity	30.06.2009	30.06.2011	+/- %
OMX Baltic Benchmark GI	224.90	519.69	131.08
VBL1L	2.66 EUR	11.80 EUR	342.86

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 Turto 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	-
	Board member of Invalda Sevice UAB	-
	Board member Invalda Lux S.a.r.l.	-
	Chairman of the Board of BAIP Group 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	2.36 % 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 Umeqa 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 %
	Board member of Sanitas AB	-
	Board member of Jurita UAB	-
	Participation in Vilniaus Baldai AB authorised capital	0.28 %

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

	Mr. Dalius Kazianus	
	Position	
	Board member, elected to the Board on 29.04.2010, end of the term – 2012.	
	Work experience	
	Since February 2008 Adviser Invalda AB, since July 2008 Board member 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	-
	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
	-	-
	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 Board and Administration of the Company (cont'd):

The Company's key management personnel includes the Company's General Director and Chief Accountant. In the first half 2011 the average monthly remuneration to the management member of the Company amounted to LTL 35.67 thousand (in the first half 2010 – LTL 51.92 thousand). The remuneration is not paid to the Board members of the Company. During the first half of 2011 the Company paid to the Board members LTL 795 thousand annual payments (bonus).

Remuneration to the management member of the Company:

	2011 first half	2010 first half
Wages, salaries	327	476
Social security	101	147
Total	428	623

During the first half of 2011 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 2011 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 2011 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 2011 were Invalda AB (ultimate shareholder) and all companies controlled by Invalda AB. Transactions with related parties during the first half of 2010 and during the first half of 2011 and the balances as of 30 June 2010 and 2011 are provided in the Notes (Note 19) to the interim condensed consolidated financial statements for the six months of 2011.

18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2011 is presented on the Company's website www.vilniausbaldai.lt.

Summary of publicly disclosed information:

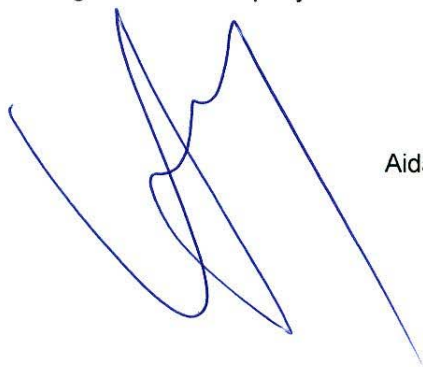
Date of disclosure	Brief description of disclosed information
06.01.2011	Notification about acquisition of voting rights
06.01.2011	Vilniaus baldai AB investor's calendar for year 2011
14.01.2011	Notification about acquisition of voting rights
18.02.2011	Interim information for the 12 months of 2010
18.02.2011	Vilniaus baldai AB sales and result for activity during period of January - December 2010
01.04.2011	Vilniaus baldai AB annual audited information for the year 2010

Summary of publicly disclosed information (cont'd):

06.04.2011	Convocation of Vilniaus baldai AB Ordinary General Shareholders Meeting
06.04.2011	Draft resolutions of the Annual General Shareholders Meeting
28.04.2011	Resolutions of the Annual General Shareholders Meeting of Vilniaus baldai AB on 28.04.2011
28.04.2011	Vilniaus baldai AB annual information for the year 2010
02.05.2011	Vilniaus baldai AB, sales and result for activity during period of January - March 2011
02.05.2011	Vilniaus Baldai AB non audited condensed interim consolidated financial statement for the three months of 2011
17.05.2011	Procedure for the payout of dividends for the year 2010

During the first half of 2011 the Managers of the Company didn't conclude transactions.

General Director



Aidas Mackevicius

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