RESPONSIBLE PERSONS CONFIRMATION

30-05-2008

Confirm that by LR Law on Securities article 22, part 1 AB "Vilniaus baldai" Financial statement for the first quarter 2008 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.

APPENDIX:

1. Financial statement for the first quarter 2008

General Director	Nerijus Pacevičius
Chief Financial	Jelena Makmak

Public company “Vilniaus baldai”
Financial Statement
For the First Quarter 2008

CONTENTS

COMPANY INFORMATION

1. Reporting period covered by this Report

The Report has been drawn up for the period of first quarter 2008.

2. Main data about the issuer

Name of the issuer	Public company (AB) “Vilniaus baldai”
Code	1219 22783
Authorized capital	15 545 068 Lt
Office address	Savanorių 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 and organizational form	Legal person of limited liability; public company
Date and place of registration	9 February 1993; Vilnius municipality
Register, in which data about the company are accumulated and stored	Register of legal entities

Main areas of the Company’s activities: design, manufacturing and sale of office, bedroom, sitting room and hall furniture.

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

The Report and supporting documents, on the basis of which it has been drawn up, can be accessed at the Company’s registered office at Savanorių Ave. 178, Vilnius, and in the financial brokerage firm AB “Finasta”, Konstitucijos Ave. 23, Vilnius.

The means of mass media for AB “Vilniaus baldai” announcements: the daily “Verslo žinios”, the Lithuanian news agency ELTA and the news agency BNS.

4. Board

Board prezident:	Vytautas Bučas
Board members:	Darius Šulnis
	Raimondas Rajeckas

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

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

Nerijus Pacevičius, General Director, tel. +370 5 252 57 00, fax. +370 5 231 11 30

Jelena Makmak, Chief Financier, 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 Report is in accordance with the facts and that the Report makes no omission likely to have an effect on the investors’ decision concerning purchase, sale or valuation of the issuer’s securities or on the market price of these securities.

AB “Vilniaus baldai”, represented by Nerijus Pacevičius, Director General, and Jelena Makmak, Chief Financier, hereby confirm that the information contained in the Report is in accordance with the facts and that the Report makes no omission likely to have an effect on the investors’ decision concerning purchase, sale or valuation of the issuer’s securities or on the market price of these securities.

Nerijus Pacevičius, Director General of AB “Vilniaus baldai”

Jelena Makmak, Chief Financier of AB “Vilniaus baldai”

Date of signing the Report: 30 May 2008.

INTERMEDIATE FINANCIAL STATEMENT FOR THE FIRST QUARTER 2008

The financial statements of AB "Vilniaus baldai" presented in this section of the Report are drawn up in accordance with the International Financial Reporting Standards (IFRS).

The auditors reviewed the financial statements of 31 December 2007, while those of 31 March 2008 and 31 March 2007 are unaudited.

Balance Sheet

LTL thousand

	31-03-2008	31-12 2007	31-03-2007
Assets			
Non-current assets:			
Non-current tangible assets	50 164	51 866	59 117
Intangible assets	394	306	326
Investment	21 511	22 697	25 073
Total non-current assets	72 069	74 869	84 516
Current assets			
Inventories	12 269	11 587	13 429
Trade debtors	9 860	11 162	8 820
Other accounts receivable	2 223	2 530	2 817
Cash and Cash Equivalents	40	61	14
Total current assets	24 392	25 340	25 080
Total assets	96 461	100 209	109 596
Shareholders' equity and liabilities			
Capital and reserves			
Share capital	15 545	15 545	15 545
Revaluation reserve	8 356	8 356	8 554
Legal reserve	1 222	1 222	1 049
Retained earnings	1 002	2 917	1 047
Total capital and reserves	26 125	28 040	26 368
Non-current liabilities			
Grants	28	31	0
Deferred tax liabilities	1 769	1 769	1 744
Loans and other interest bearing payables	23 358	23 358	44 427
Total non-current liabilities	25 155	25 158	46 171
Total current liabilities			
Loans and other interest bearing payables	26 844	30 105	19 012
Debts to Suppliers	14 370	13 874	14 660
Other liabilities	3 967	3 032	3 385
Total current liabilities	45 181	47 011	37 057
Total liabilities	70 336	72 169	83 228
Total equity and liabilities	96 461	100 209	109 596

Income Statement

LTL thousand

	3 months 2008	3 months 2007
Turnover	30 292	33 958
Production costs	(28 213)	(31 214)
GROSS PROFIT	2 079	2 744
Distribution costs	(309)	(251)
Administrative costs	(1 791)	(1 476)
Other operating income, net	234	(19)
Profit from operating actitivities	213	998
Financial income, net	(942)	(843)
Operating result of the associated firm	(1 186)	
Profit before taxes	(1 915)	155
Income tax	0	(28)
Net annual profit	(1 915)	127
Earnings per share	(0,49)	0,003

Statement of Changes in Equity

LTL thousand

	Share Capital	Legal reserve	revaluation reserve	Accrued earnings	Total
Capital and reserves as of 31 December 2005	15 545	1 049	8 773	10 064	35 431
Replacement of the revaluation reserve			(201)	201	0
Change in the deferred tax liability			(18)	18	0
Dividend				(3 886)	(3 886)
Allocation to the legal reserve		173		(173)	0
Net profit 31.12.2006				(5 304)	(5 304)
Capital and reserves as of 31 December 2006	15 545	1 222	8 554	920	26 241
Replacement of the revaluation reserve			(198)	198	0
Dividend					
Allocation to the legal reserve					0
Net profit (Loss) 31.12.2007				1 799	1 799
Capital and reserves as of 31 December 2007	15 545	1 222	8 356	2 917	28 040
Replacement of the revaluation reserve					
Dividend					
Allocation to the legal reserve					
Net profit (Loss) 31.03.2008				(1 915)	(1 915)
Capital and reserves as of 31 March 2008	15 545	1 222	8 356	1 002	26 125

Cash Flow Statement

LTL thousand

	3 months 2008	3 months 2007
Result after taxes	(1 915)	127
Adjustments:		
Depreciation and amortisation	1 808	2 110
Result from investing activities		0
Sale, writing off, etc. of non-current tangible assets	(68)	0
Deferred taxes		0
Provisions for outdated inventories		0
Provisions for problematic amounts receivable		0
Amounts accrued to cover tax liabilities		0
Holiday pay reserve		0
Financial income and costs	2 128	1592
Cash flow from ordinary activities before changes in working capital	1 953	3 829
Changes in trade receivables and other amounts receivable	1 610	(1 999)
Changes in inventories	(682)	(981)
Changes in debts to suppliers and other liabilities	356	2257
Cash flow from operating activities	1 284	(723)
Income tax paid		
Cash flow from operating activities	3 237	3106
Acquisition of non-current assets	(264)	0
Acquisition of investments		(1 000)
Result from investing activities		0
Capitalisation of non-current intangible assets		0
Sale/writing off of non-current tangible assets	27	40
Dividend and interest received		0
Cash flows from investing activities	(237)	(960)
Dividend paid		0
Loans received/repaid	(2 063)	(1 542)
Interest paid	(958)	(605)
Cash flows from financing activities, net	(3 021)	(2 147)
Cash flows from operating, investing and financing activities	(21)	(1)
Cash and cash equivalents as of 1 January 2008	61	15
Cash and cash equivalents as of 31 March 2008	40	14

Explanatory Notes

1 Summary of the basic accounting principles and practices

The public company AB “Vilniaus baldai” is a listed company in Lithuania.

The company manufactures furniture. As of 31 March 2008, the Company employed 625 people (on 31 March 2007, there were 812 employees).

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

Compliance of the statements with established standards

Financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Standards Board (IFRSB) and with the interpretations of the Standard Interpretation Committee of the IFRSB.

Basis for drawing up of the statements

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 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 balance sheet day. The differences in the currency exchange rates that occur after the transactions are recorded in the Income Statement.

Balance Sheet

Non-current tangible assets

Non-current tangible assets, except buildings, are disclosed at acquisition or production cost, less accrued depreciation and impairment losses. The costs of internally developed assets include the costs of materials, direct labour costs and respective indirect production costs.

The value of buildings is disclosed at revaluation cost less accrued depreciation and impairment losses. Revaluation of buildings is performed every five years.

The costs suffered in an attempt to replace an element of tangible assets that is recorded separately, including costs of major repairs, undergo capitalisation. Other costs are capitalized only if they increase the expected economic benefit receivable from those assets. All other costs related to these assets are recorded in the Income Statement when incurred. Depreciation (amortization) of the non-current tangible assets is calculated on a straight – line basis over the estimated useful life of the assets and disclosed in the Income Statement, while its major elements are recorded separately. The projected useful economic life of the assets is as follows:

– buildings	40 years
– non-current tangible assets	6 – 10 years
– vehicles	5 – 10 years
– other assets	2 – 6 years

Non-current intangible assets

Non-current intangible assets that consist of the acquired software are recorded at actual acquisition or production cost, less accrued amortisation. Amortization is calculated on a straight – line basis over a period of 3 years.

Trade debtors and other accounts receivable

Trade debtors and other accounts receivable are disclosed at costs after the deduction of the provisions for potential losses.

Inventories

Raw materials are recorded at the acquisition cost or at net realizable value, whichever are lower, less provisions for slow-turnover and outdated inventory items.

Construction in progress is disclosed at costs that include the purchase price of raw materials and assembling units, direct labour costs and related indirect production costs.

Completed products are disclosed at the standard sales price adjusted by an estimated average margin.

When calculating the costs the FIFO method is applied.

Cash and cash equivalents

For the purposes of this Cash Flow Statement, cash and cash equivalents include cash on hand and demand deposits.

Impairment

The carrying amount of the Company's assets, excluding inventories and the deferred tax assets is tested at each balance sheet date for impairment when changes in circumstances indicate that the carrying amount may not be recoverable.

If any such indication exists, the recoverable amount of the assets is tested. The recoverable amount of the intangible assets not yet used is tested at each balance sheet date. Where the carrying amount of the asset exceeds the estimated recoverable amount, the impairment losses are recognized in the Income statement.

Calculation of the recoverable amount

The recoverable amount is its fair value less costs to sell or its value in use, whichever is higher. The asset value in use is calculated by discounting future cash flows to their present value applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Dividend

Dividends are recorded as a liability in the period they are announced.

Amounts carrying interest

The amounts carrying interest are disclosed at nominal value, less the costs of related transactions. After the initial recognition, the amounts carrying interest are recorded at amortized value, showing the difference between the nominal and amortized value in the Income Statement during the lifetime of the liability in accordance with the effective interest rates.

Income Statement

Income

Income from sales is recognised in the Income Statement when the material risk and benefit in relation to title has been accepted by the customer. Income from services is recognised in the Income Statement if they were rendered before the balance sheet date. Income is not recognized if there are doubts concerning recovery of the transaction amounts or related costs or there is a probability that the goods will be returned.

Production costs

Production costs cover direct and indirect costs related to income from the sales of the year, including depreciation and remuneration. The costs of imported products include acquisition costs and transportation costs related to the sales of the year.

Income tax for the reporting year

The income tax includes current and deferred taxes. Income tax is recorded in the Income Statement, except those instances when it is related to items directly recorded in shareholders' equity, in which case it is recorded in shareholders' equity.

The current income tax is the actual tax calculated on the annual taxable income, applying tax rates effective and applicable at the balance sheet date, including adjustments to tax amounts in the previous year, if any.

The deferred tax is calculated using the liability method of net positive timing differences between accounting and taxation balance sheet values of assets and liabilities. The deferred tax amount depends on the projected use of the assets and coverage of the liabilities in the future and projected tax rates at the balance sheet date.

Deferred tax allowances are recognized as an asset in the balance sheet to the extent that they are considered capable of being realized in the future. The deferred tax asset is discounted to the amount to be realized.

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.

Cash Flow Statement

The cash flow statement 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 Cash Flow Statement the operating cash flows are recorded using the indirect method, i.e. on the basis of income and costs as recorded in the Income Statement.

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:

LTL thousand	Sales: 3 months 2008	Sales: 3 months 2007	Total assets: 3 months 2008	Total assets: 3 months 2007
Lithuania	274	539	96 461	109 596
Other European countries	18 006	23 822	0	0
Other countries	12 012	9 597		
	30 292	33 958	96 461	109 596

3 Distribution costs

	3 months 2008	3 months 2007
	LTL thousand	LTL thousand
Remuneration and social insurance	234	173
Export costs (transportation)	18	11
Depreciation	37	33
Business trips	0	4
Advertising	2	4
Other	18	26
	309	251

4 Administrative costs

	3 months 2008	3 months 2007
	LTL thousand	LTL thousand
Remuneration and social insurance	748	687
Depreciation	94	114
Employee training and other	3	206
Utilities and communication	153	95
Amortization	52	63
Insurance	31	23
Business trips	19	39
Bank services	14	18
Repairs and maintenance costs	160	13
Professional services	7	3
Other	510	215
	1 791	1 476

5 Income from ancillary activities, net

	3 months 2008	3 months 2007
	LTL thousand	LTL thousand
Lease income	273	79
Sale of waste materials	0	12
Written off problematic debts	0	0
Other income and losses	(39)	(110)
	234	(19)

6 Financial income, net

	3 months 2008	3 months 2007
	LTL thousand	LTL thousand
Bank loan interest costs	(915)	(891)
Amortisation of future income		0
Currency exchange profit, less loss	(21)	46
Other income and losses	(6)	2
	(942)	(843)

7 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.

LTL thousand	31.03.2008	31.03.2007
Net annual profit	(1 915)	127
Weighted average number of the shares (thou)	3 886	3 886
Earnings per share (LTL)	(0,49)	0.03

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.

8 Non-current tangible assets

LTL thousand	Buildings	Machinery and equipment	Vehicles	Other non-current assets	Construction in progress	Total
Costs as of 1 January	33 093	59 596	374	2 912	0	95 975
Increase	0	85	0	28	0	113
Sales		(5)	(146)	0	0	(151)
Writing off	0	(2)	0	0	0	(2)
Regrouping	0	134	0	(134)	0	0
Costs as of 31 March	33 093	59 808	228	2 806	0	95 935
Depreciation as of 1 January	10 585	31 373	189	1 962	0	44 109
Depreciation during first quarter of the year	252	1 424	6	67	0	1 749
Sales		(5)	(80)	0	0	(85)
Writing off	0	(2)	0	0	0	(2)
Regrouping	0	0	0	0	0	0
Depreciation as of 31 March	10 837	32 790	115	2 029	0	45 771
Net carrying value as OF 31 March	22 256	27 018	113	777	0	50 164
Net carrying value as OF 1 January	22 508	28 223	185	950	0	51 866
Depreciation period	40 years	6-10 years	5 - 10 years	2 - 6 years		

Depreciation was broken down as follows:

LTL thousand	31.03.2008	31.03.2007
Production and product development costs	1 618	2 039
Sales, administrative and other costs	131	147
Total	1 749	2 186

9 Investments

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Shares of UAB “Girių Bizonas”	26 250	26 250
Shares of UAB “Ari-Lux”	16	16
Other	2	2
Net carrying value as of 31 March	26 268	26 268

10 Inventories

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Raw materials	7 795	8 585
Production in progress	3 062	2 728
Finished products	1 391	2 064
Goods for resale	21	52
Net carrying value as of 31 March	12 269	13 429

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

11 Other accounts receivable

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Advance income tax	0	1 707
Loan to supplier		0
Amounts receivable from the state (VAT recoverable)	1 508	1 021
Other amounts receivable and future costs	715	89
Net carrying value as of 31 March	2 223	2 817

12 Cash and cash equivalents

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Cash in banks	26	8
Cash on hand	14	6
Cash and cash equivalents at the end of the period	40	14

13 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 LTL 1 222 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.

14 Loans and other borrowings, secured with pledged assets

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Non-current liabilities		
Long-term loan	23 358	28 038
Net carrying value as of 31 March	23 358	28 038
Short-term liabilities, secured with pledged assets		
Current portion of loans	14 815	18 729
Net carrying value as of 31 March	14 815	18 729

Terms and maturity

The credit agreement with AB “Sampo bankas” was extended on 3 September 2004. The agreement guaranteed a loan extension in the amount of EUR 2540 thousand to refinance liabilities to UAB “SEB VB lizingas” and the loan issued by AB “Sampo bankas” as well as to finance investment into plant and equipment. The loan matures on 25 February 2010. The annual interest rate on the credit is 6 months’ EURIBOR + 1.3%.

On 8 August 2005, the Company signed a credit agreement with AB “Sampo bankas” concerning extension of EUR 4 650 thousand credit limit to finance investment into production buildings and equipment. The term of maturity is 28 December 2011; the annual interest rate on the credit equals 6 months’ EURIBOR + 1.5%.

On 8 June 2006, the Company extended its credit line agreement with AB “Sampo bankas” concerning financing of the working capital. The maximum credit line amounts to LTL 14 447 thousand and matures on 25 February 2007. The annual interest rate on the credit equals 6 months’ VILIBOR + 1.3%.

On 27 Novenber 2006, the Company signed a credit extension agreement with AS “Sampo pank”. AS “Sampo pank” shall transfer to AB ‘Sampo Bankas” all rights and duties related to the portion of the loan and remaining nonrepaid, amount of EUR 4 719. The loan matures on 1 July 2012; the annual interest rate on the credit amounts to 6 months’ EURIBOR + 1.5%.

On 01 March 2007, the Company extended its credit line agreement with AB “Sampo bankas” concerning financing of the working capital. The maximum credit line amounts to LTL 14 447 thousand and matures on 25 February 2007. The annual interest rate on the credit equals 6 months’ VILIBOR + 1.3%.

On August 10 2007 the Company signed appendix on credit line agreement with AB “Sampo bankas”. The maximum credit line amounts to 12 500 thousand LTL. The annual interest rate on the credit equals 6 months’ VILIBOR + 1.1%.

On August 10 2007 the Company signed appendix on 28 December 2004 loan agreement with AB “Sampo bankas”. The annual interest rate on the credit equals 6 months’ EURIBOR + 1.1%.

On August 10 2007 the Company signed appendix on 25 February 2003 loan agreement with AB “Sampo bankas”. The annual interest rate on the credit equals 6 months’ EURIBOR+ 1.1%.

On February 22 2008 the Company re-form credit line agreement with AB “Sampo bankas”. The maximum credit line amounts to 3 620 thousand EUR. The annual interest rate on the credit equals 6 months’ EURIBOR + 1.1%.

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

LTL thousand	Total amount payable as of 31 March 2008	4 – 12 2008	2009	2010-2012
Loan of EUR 2 540 thousand	3 246	1 217	1 623	406
Loan of EUR 9 369 thousand	24 793	3 463	4 618	16 712
Used credit of EUR 3 620 thousand	10 134	5 000	5 134	0
Total	38 173	9 680	11 375	17 118

15 Other creditors

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Holiday pay reserve	1306	983
Remuneration	981	1 351
Operating taxes	39	123
Social insurance	513	565
Dividend for the previous year	288	298
Income tax liability	690	28
Other accounts payable and accrued taxes	150	37
Net carrying value as of 31 March	3 967	3 385

16 Personnel costs

	31.03.2008	31.03.2007
	LTL thousand	LTL thousand
Production and product development costs	4 590	5 230
Sales, administrative and other costs	1 021	909
	5 611	6 139

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 SEK.

Accounts receivable and payable in foreign currencies as of 31 March 2008 may be broken down as follows:

LTL thousand	EUR	USD	SEK	Other
Trade debtors	7	0	0	0
Cash	0	0	0	2
Borrowings	(38 171)	0	0	0
Debts to suppliers	(2 221)	(43)	(1602)	(12)
	(40 385)	(43)	(1602)	(10)

Interest risk

VILIBOR and EURIBOR related floating interest rates are applied to the loans extended to the Company.

As of 31 March 2008, the Company used no financial instruments as interest risk hedging.