

## RESPONSIBLE PERSONS' CONFIRMATION

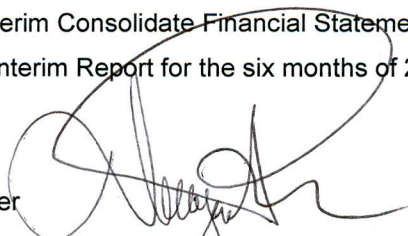
14.08.2009

Pursuing part 1 of Article 22 of the Law of Securities of the Republic of Lithuania and rules on preparation and submission of periodic and additional information of the Lithuanian Securities Commission, hereby we confirm that the Condensed Interim Consolidated Financial Statement for the six months of 2009 of AB Vilniaus baldai, have been prepared in accordance with International Financial Reporting Standards (IFRS), gives a true and fair view of assets, liabilities, financial position, profit or loss, and also that Interim Consolidated Report shows fair business environment as well as description of the company's performance.

## APPENDIX:

1. Condensed Interim Consolidated Financial Statement for the six months of 2009.
2. Consolidated Interim Report for the six months of 2009.

Chief Executive Officer



Nerijus Pacevicius

Chief Financial Officer



Ausra Kibirkstiene



## **AB VILNIAUS BALDAI**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS OF 2009**

## COMPANIES COMPOSING THE GROUP

### GENERAL INFORMATION ABOUT THE COMPANY:

Name	Joint stock company AB Vilniaus Baldai
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	Savanorių Av. 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
Legal form	Limited liability company
Code	120989619
VAT payer's code	LT209896113
Authorised capital	LTL 10,000
Office address	Savanorių Av. 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

The condition of the Company is improving, labour productivity increases steadily and the scope of production stabilizes. During the first half 2009 the Company further implements the reorganisations started in 2006. The reorganisations are aimed at the reduction of costs, increase in labour productivity. We expect that the new organisational structure will help to implement the strategy of the Company while 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 AB Vilniaus Baldai to the main customer Swedish concern IKEA made about 99 % of all the sales of the Company during the first half 2009 (in 2008 – 99 %, in 2007 – 95 %, in 2006 – 81.5 %).

The Company competes with the world furniture producers, including the Chinese producers. The advantages of the Company compared to the Chinese producers are a good geographic location, the logistics advantage (the shorter period of product delivery), high quality of the product.

**Political risk factors.** The essential changes in the business environment are related to the national taxation reform and complicated situation in the business. The profit of the national companies according to the Law on Profit Tax of the Republic of Lithuania is levied by 20 % and Value-added tax according to the Law on Value-added Tax of the Republic of Lithuania is levied by 19 % since 1 January 2009 and 21 % since 1 September 2009. This has a direct impact on the net profit and cash flows of the Company. There are no requirements and restrictions established by the State to the issuer's activity.

Complicated situation in the environment of business influences the Company. The sales orders from Swedish concern IKEA decreased, but remains stable. The Company, aiming to remain profitable and competitive in the market, implements reorganizations that are concentrated to increase in labour productivity, automation of the labour processes and reduction of costs. The Company performs the strategy set perfectly. The condition of the Company is improving.

**Social risk factors.** The complicated situation of business in Lithuania effects the Company as well, and this results the need to increase the labour productivity. New motivating salary system was created and started to be implemented in the Company. During the first half 2009 the wages in the Company were increased by 2.5 % on the average, and specialists – 15.2 %. 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.

**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. AB Vilniaus Baldai permanently invests into the renewal of the equipment and introduction of the most modern technologies.

**Ecological risk factors.** There is the 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 of the used materials and raw materials on the environment, to ensure that the suppliers of the products and services correspond to the environment protection management requirements. During the first half 2009 AB Vilniaus Baldai paid LTL 14 thousand of the environment pollution taxes, as well as LTL 99 thousand for the waste utilisation services. There was no manufacturing restriction because of the environment pollution.

Recertification audit for quality management system and environmental management system according EN ISO 9001:2008 and EN ISO 14001:2004 was performed on 9 - 10th July 2009. There aren't identified any non - conformances.

**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 2009 (15 Notes).



**Characteristics of the main types of risks and uncertainties, faced by the Company.** Risk and uncertainties faced by the Company, from the previous financial year end have not changed. During the second half of 2009 the Company's principal risks and uncertainties will remain the same.

**Characteristics of internal control and risk management systems related to the preparation of consolidated financial statement of the Company and the Group.** AB Invalda 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 Group during period 2009 January – March was 34 827 thousand LTL (10 086 thousand EUR), same period year 2008 – 30 292 thousand LTL (8 773 thousand EUR).

Net profit of Group during period 2009 January – March was 22 thousand LTL (6.22 thousand EUR), same period year 2008 net loss was 1 915 thousand LTL (555 thousand EUR). EBITDA was 1 955 thousand LTL (566 thousand EUR). Year ago it was 2 017 thousand LTL (584 thousand EUR).

Turnover of Group during period 2009 April – June was 28 830 thousand LTL (8 350 thousand EUR), same period year 2008 – 33 298 thousand LTL (9 644 thousand EUR).

Net profit of Group during period 2009 April – June was 1 200 thousand LTL (348 thousand EUR), same period year 2008 net loss was 1 805 thousand LTL (523 thousand EUR). EBITDA was 3 409 thousand LTL (987 thousand EUR). Year ago it was 1 835 thousand LTL (531 thousand EUR).

Turnover of Group during period 2009 January – June was 63 657 thousand LTL (18 436 thousand EUR), same period year 2008 – 63 590 thousand LTL (18 417 thousand EUR).

Net profit of Group during period 2009 January – June was 1 222 thousand LTL (354 thousand EUR), same period year 2008 net loss was 3 720 thousand LTL (1 077 thousand EUR). EBITDA was 5 364 thousand LTL (1 554 thousand EUR). Year ago it was 3 852 thousand LTL (1 116 thousand EUR).

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

	30.06.2009	30.06.2008
Non - current assets	43 387	45 781
Current assets	31 034	53 475
<b>Total assets</b>	<b>74 421</b>	<b>99 256</b>
<b>Capital and reserves</b>	<b>36 285</b>	<b>35 063</b>
<b>Total liabilities</b>	<b>38 136</b>	<b>64 193</b>
Non - current liabilities	8 261	8 267
<i>Financial debts</i>	6 261	6 261
Current liabilities	29 875	55 926
<i>Financial debts</i>	12 584	37 672



Results of the Group:

	2009 first half	2008 first half
<b>Sales income, LTL thousand</b>	<b>63 657</b>	<b>63 590</b>
- in Lithuania	200	753
- in EU countries	45 819	35 441
- other countries	17 638	27 396
<b>Gross profit, LTL thousand</b>	<b>6 985</b>	<b>4 168</b>
Gross profit margin, %	10.97	6.55
<b>Operating profit, LTL thousand</b>	<b>2 074</b>	<b>224</b>
Operating profit margin, %	3.26	0.35
<b>Profit before taxes, LTL thousand</b>	<b>1 650</b>	<b>(3 720)</b>
Profit before taxes margin, %	2.59	-
<b>Net profit, LTL thousand</b>	<b>1 222</b>	<b>(3 720)</b>
Net profit margin, %	1.92	-
<b>EBITDA, LTL thousand</b>	<b>5 364</b>	<b>3 852</b>
EBITDA margin, %	8.43	6.06

**Production and realisation**

AB Vilniaus Baldai designs, produces the flat-pack furniture. The production of the Company is produced from the wood particle boards, the most modern technology of honeycomb filling is used, according to which the produced furniture is lighter, however massively looking. Employing this technology less raw materials are used, and the stable quality of the production is attained. Each year developing the new collection, the Company takes into consideration the needs of the consumers and the tendencies. The new planning system is implemented in the Company.

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

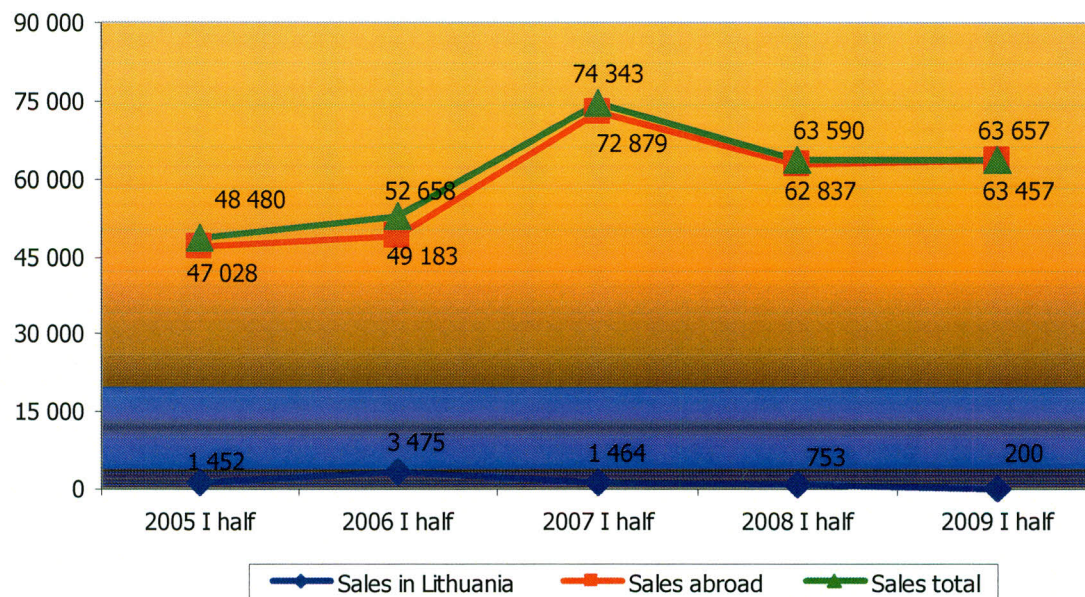
The Company producing flat-pack furniture aims at the large-serial and mass production, and the production is sold through the trading partners, to whom the main requirement is made to ensure large sales, retaining not wide assortment.

Production realisation according to the markets in the period of 2007 – 2009 first half:

	2009 first half		2008 first half		2007 first half	
	thousand LTL	%	thousand LTL	%	thousand LTL	%
Sales in Lithuania	200	0.3	753	1.2	1 464	2.0
Sales abroad	63 457	99.7	62 837	98.8	72 879	98.00
<b>Sales total</b>	<b>63 657</b>	<b>100.00</b>	<b>63 590</b>	<b>100.00</b>	<b>74 343</b>	<b>100.00</b>

## Production and realization (cont'd)

Sales of the Company in the period of 2005 – 2009 first half, LTL thousand



## Employees

During the first half 2009 the number of work places at the Group and the Company was reduced, this was conditioned by the enlargement of the labour productivity. 463 employees worked in the Group and 435 employees in the Company at the end first half of 2009 (673 in the Group at the end first half of 2008).

The average number of the recorded employees in the period of 2006 – 2008 and during the first half 2009:

	2009 first half	2008	2007	2006
Executive personnel	5	4	5	6
Specialists	40	68	85	87
Workers	410	489	731	857
<b>Total</b>	<b>455</b>	<b>561</b>	<b>821</b>	<b>950</b>

The average age of the employees is 42 years. The increasing production capacity of the Company and the stable sales allow to increase the wages, which in 2009 first half increased by 2.5 % on the average, and specialists – 15.2 %. As annually, the Company paid great attention and allocated funds for the improvement of working conditions and trainings and qualification improvement of the personnel.



## Employees (cont'd)

The average wages of the employees in the period of 2006 – 2008 and during the first half 2009:

	2009 first half	2008	2007	2006
Executive personnel	12 182	13 340	11 559	9 464
Specialists	3 377	2 932	2 994	2 699
Workers	2 287	2 266	1 793	1 381.5
<b>Total</b>	<b>2 489.3</b>	<b>2 428.7</b>	<b>1 951.7</b>	<b>1 558.9</b>

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 collective, 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 ANNUAL FINANCIAL STATEMENTS

The information presented in the condensed interim consolidated financial statements and the explanatory notes is enough, comprehensive and shall not be additionally explained.

## 4-7. TOTAL NUMBER OF COMPANY'S SHARES OWNED AND ACQUIRED AS WELL AS THEIR FACE VALUE AND THE PART OF AUTHORISED CAPITAL CONSISTED OF THE COMPANY'S SHARES. NUMBER OF SHARES ACQUIRED AND TRANSFERRED DURING REPORTING PERIOD AS WELL AS THEIR NOMINAL VALUE AND PART OF AUTHORISED CAPITAL CONSISTED OF THESE SHARES. INFORMATION ABOUT PAYMENT FOR THE OWN SHARES IN CASE THEY HAVE BEEN ACQUIRED OR TRANSFERRED FOR APPROPRIATE PAYMENT. REASONS FOR ACQUISITION OF COMPANY'S OWN SHARES WITHIN THE REPORTING PERIOD

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

## 8. INFORMATION ABOUT THE BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY

The Company does not have any branches or representative offices.

## **9. IMPORTANT EVENTS, WHICH HAVE OCCURRED SINCE THE END OF THE LAST FISCAL YEARS**

As of 29 April 2009, the Annual General Meeting of AB Vilniaus Baldai shareholders was held. The meeting resolved to:

- take into consideration the auditor's report, listened the Company's consolidated annual report for 2008 and approve the Company's and consolidated financial statements for the year 2008,
- approve the Company's profit distribution for the year 2008 as follows:

Undistributed retained earnings, brought forward	2 717 442 LTL (787 026 EUR)
Net result for the current year	7 022 627 LTL (2 033 893 EUR)
Distributable result	9 740 069 LTL (2 820 919 EUR)
Renewable reserve funds	344 114 LTL (99 662 EUR)
Distributable earnings	10 084 183 LTL (2 920 581 EUR)
Transfers to the obligatory reserves	132 701 LTL (38 433 EUR)
Transfers to other reserves	-
To be paid as dividends	-
To be paid as annual payments (bonus) to board of	-
Undistributed retained earnings, carried forward	9 951 482 LTL (2 882 148 EUR)
Dividends for the year 2008 not to allocate.	

The Company, according to additional agreements signed on 8 December, 2008, with Danske Bank A/S Lithuania branch, during January 2009 returned 12 120 thousand LTL credits.

The Company during January 2009 repaid and set off mutual liabilities to the AB Invalda according to the loan agreements in the total amount of 11 934 thousand LTL.

During period 2009 January - March AB Invalda returned 23 345 thousand LTL loans and additionally signed loan contracts with the Company for the amount of 1 411 thousand LTL.

As of 2 July 2009 the Board adopted the decision to submit the project named AB Vilniaus Baldai Improving the Competitiveness in order to receive the EU Structural Fund assistance under the structural support of the Republic of Lithuania for 2007 - 2013 instrument Leader LT. The total project investment value is 2 344 thousand LTL.

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

## **10. OPERATING PLANS AND FORECASTS OF THE GROUP'S ACTIVITY**

As the assumptions for calculating forecasts are uncertain and the results may fluctuate significantly it was decided to review the forecasts once per quarter and to confirm the forecasts of 2009 when the situation will be more concrete.

## **11. 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.

**12. 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 to the evaluation of the company's assets, liabilities and operation results.



### 13. INFORMATION ON THE CONTRACTS WITH THE INTERMEDIARIES OF THE PUBLIC TURNOVER OF THE SECURITIES

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

### 14. STRUCTURE OF THE ISSUER'S AUTHORISED CAPITAL

Structure of the authorized capital of AB Vilniaus Baldai:

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

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive part of the Company's funds, when the Company's authorized capital is decreased, in order to pay the shareholders from the Company's funds;
- 3) to receive shares without payment if the authorised capital is increased out of the Company funds, except cases provided 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 cases when the General Meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
- 5) to lend to the Company in the manner prescribed by law;
- 6) to receive a part of assets in case of the liquidation of the Company;
- 7) other interests provided for by the laws of the Republic of Lithuania;
- 8) to attend the General Meetings;
- 9) to vote at General Meetings according to voting rights carried by their shares;
- 10) to receive information about the Company;
- 11) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and Board members of their obligations prescribed by laws and the Company's Articles of Association as well as in other cases laid down by laws;
- 12) other non-property rights established by law of the Republic of Lithuania and the Company's Articles of Association.

The rights in the clauses 1 – 4 have only those, who had the rights of shareholder at the end of the tenth working day after General Meeting when the respective decision was accepted (at the end of the day when the rights were approved).



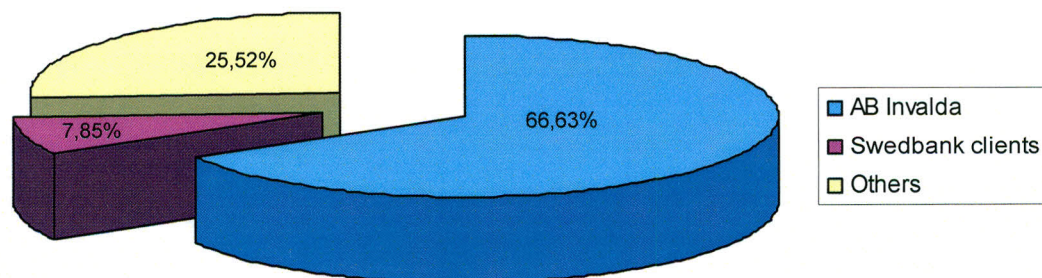
## 15. SHAREHOLDERS

Total number of the shareholders as of 30 June 2009 is 1 017.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2009:

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, %		
			Share of votes given by the shares held by the rights of ownership, %	Indirectly held votes, %	Total (together with persons acting in concert), %
AB Invalda, company code 121304349 Maironio Str. 11, Vilnius	2 589 534	66.63	66.63	1.83	68.46
Swedbank clients, company code 10060701 Liivalaia 8, 15040 Tallinn, Estonia	304 892	7.85	7.85	-	7.85

**Part of the authorised capital, %**



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

The are no voting rights restrictions.

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

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

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

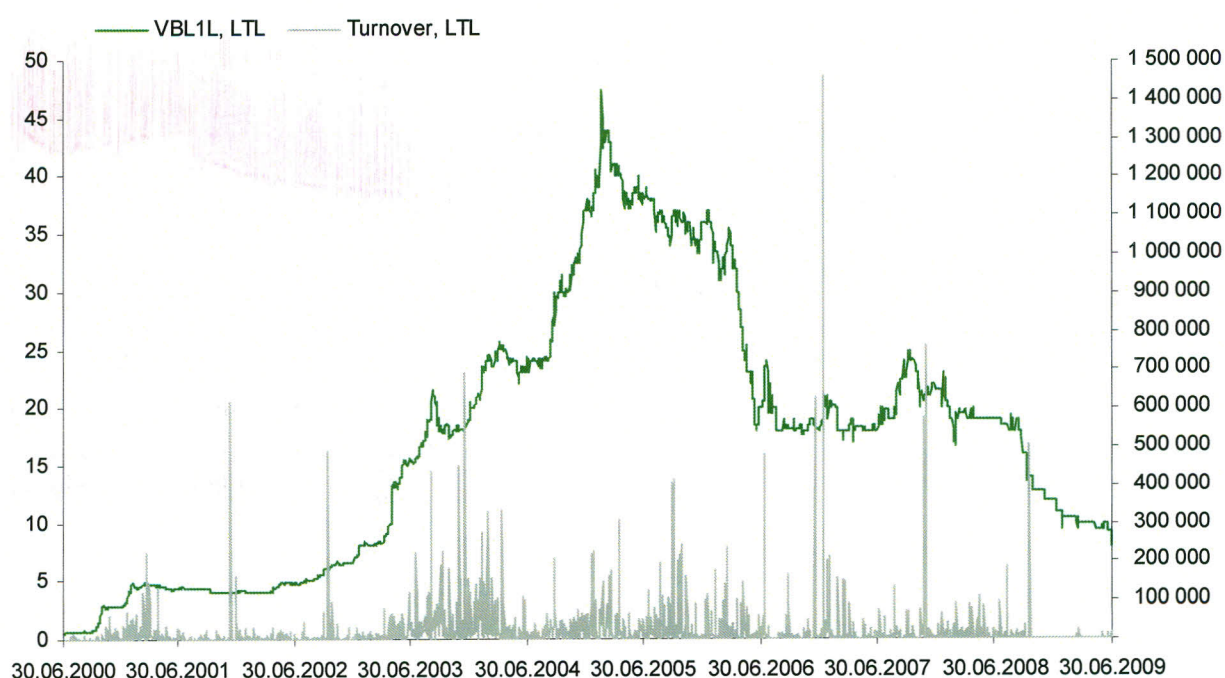
The main characteristics of shares:

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:

	2009 first half	2008 first half.
Price of the shares, LTL:		
- opening	12.00	21.50
- highest	11.00	23.00
- lowest	7.83	16.50
- closing	7.83	19.00
- average	9.31	19.43
Turnover of shares, units	11 829	91 614
Turnover of shares, LTL	110 127	1 779 992
Total number of transactions, units	39	276
Capitalization, million LTL	30.43	73.84

AB Vilniaus Baldai turnover and price (since the beginning of the sales of the shares):





## 17. 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.

## 18. 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 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:

Name, surname	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 AB Invalda (since May, 2007 Chairman of the Board) 2006 – 2007 Director of AB Invaldos nekilnojamojo turto fondas 2000 – 2006 AB SEB bankas, Board member, Deputy President, Director of Finance service, Director of IT service 1992 – 2000 Senior Auditor, Senior Manager, Manager of Arthur Andersen	
Participation in the activities of other companies	Chairman of the Board of AB Invalda	22.52 % of shares, 22.52 % of voting rights; together with related parties 31.61 % of voting rights
	Chairman of the Supervisory Board of AB bankas Finasta	-
	Member of the Supervisory Board of AB Tiltra Group	-
	Chairman of the Board of AB Invaldos nekilnojamojo turto fondas	-
	Chairman of the Board of AB FMI Finasta	-
	Board member of AB Finasta imonių finansai	-
	Board member of UAB Invalda turto valdymas	-
	Board member of UAB Invalda nekilnojamojo turto valdymas	-
Participation in the issuer's authorised capital	-	



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

Name, surname	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 AB Invalda 2002 – 2006 Director of UAB Invalda nekilnojamojo turto valdymas 1994 – 2002 Director of AB FMI Finasta	
Participation in the activity of other companies	President, Board member of AB Invalda	8.03 % of shares, 8.59 % of voting rights; together with related parties 31.61 % of voting rights
	Chairman of the Board of UAB Invalda turto valdymas	-
	Chairman of the Board of UAB Invalda nekilnojamojo turto valdymas	-
	Board member of AB Invaldos nekilnojamojo turto fondas	-
	Board member of AB Umeqa	-
	Chairman of the Supervisory Board of SIA DOMMO (Latvia)	-
	Chairman of the Supervisory Board of SIA DOMMO Grupa (Latvia)	-
	Chairman of the Supervisory Board of SIA Burusala (Latvia)	-
	UAB Lucrum investicija	100 % (all voting rights are disposed)
	UAB Golfas	31 %
	Chairman of the Board of AB Finasta imonių finansai	-
	Member of the Supervisory Board of AB bankas Finasta	-
	Member of the Supervisory Board of AB Tiltra Group	-
Participation in the issuer's authorised capital	AB Vilniaus Baldai	0.28 %

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

Name, surname	Mr. Raimondas Rajeckas	
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 November 2006 Chief accountant of AB Invalda 2001 – 2006 AB Valmeda Chief accountant 2000 – 2001 AB Galincius Chief accountant 2000 – 2001 UAB Invaldos marketingas (now UAB Invalda nekilnojamojo turto valdymas) Chief accountant 2000 – 2002 AB Gildeta accountant 1998 – 2000 AB Invalda accountant	
Participation in the authorised capital of other companies	Chief accountant of AB Invalda	-
	Director of UAB Aktyvo	-
	Director of UAB Investiciju tinklas	-
	Director of UAB Volo	-
	Director of UAB Fortina	-
	Director of UAB Aktyvus valdymas	-
	Director of UAB Finansu spektro investicija	-
	Director of UAB Ente	-
	Director of Finasta rizikos valdymas	-
	Director of Vsl Iniciatyvos valdymas	-
Participation in the issuer's authorised capital	-	

Name, surname	Mr. Nerijus Pacevicius	
Position	General director since 08.09.2006	
Work experience	2004 - 2005 Chairman of the Board of UAB Krasta Auto and UAB Autobrava 1999 – 2004 Director of UAB Krasta Auto 1998 – 1999 Director of UAB Autokompleksas 1995 – 1998 Head of sales of the vehicles of UAB Krasta Auto	
Participation in the activity of other companies	UAB Dalinera	50 %
Participation in the issuer's authorised capital	-	-

Name, surname	Mrs. Ausra Kibirkstiene	
Position	Chief accountant since 18.08.2008	
Work experience	2001 – 2008 m. Manager of accounting system Navision of UAB Litesko 2005 – 2008 m. Chief accountant of UAB Druskininku dujos 1996 – 2001 m. Accountant of UAB Bite Lietuva	
Participation in the activity of other companies	-	-
Participation in the issuer's authorised capital	-	-



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

The Company's management's (General director and Chief accountant) remuneration amounted to LTL 282 thousand during the first half 2009. The average monthly remuneration to the management member of the Company amounted to LTL 23.5 thousand. The remuneration is not paid to the Board members of the Company.

During the first half 2009 the Company did not transfer any assets to the Board members, Head of the Company, Chief accountant as well as any guarantees or warranties, by which the performance of their liabilities would be secured.

**19. 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 2009 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 2009 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.

**20. 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 2009 AB Invalda (ultimate shareholder) and all companies controlled by AB Invalda. Transactions with related parties during the first half 2008 and during the first half 2009 and the balances as of 30 June 2008 and 2009 is provided in the notes (Note 17) to the Interim Condensed Consolidated financial statements for the six months of 2009.

**21. DATA ON THE PUBLICLY DISCLOSED INFORMATION**

The information publicly disclosed by AB Vilniaus Baldai during first half 2009 is presented in the Company's website [www.vilniausbaldai.lt](http://www.vilniausbaldai.lt).

Summary of publicly disclosed information:

Date of disclosure	Brief description of disclosed information
06.01.2009	Investor's calendar for year 2009
07.01.2009	Sales during period of January - December 2008
30.01.2009	Result for activity during period of January - December 2008
17.02.2009	Revised Investors' calendar for year 2009
27.02.2009	Consolidated interim unaudited financial statement for 12 months of 2008
25.03.2009	Convocation of AB Vilniaus Baldai Ordinary General Shareholders Meeting
15.04.2009	Annual audited information for the year 2008
15.04.2009	Draft resolutions for the General Shareholders Meeting
30.04.2009	Resolutions of the Annual General Shareholders Meeting of AB Vilniaus Baldai on 29.04.2009
15.05.2009	Sales and result for activity during period of January - March 2009
15.05.2009	Consolidate interim financial statement for the three months of 2009



Summary of the notifications on transactions in AB Vilniaus Baldai shares concluded by Managers of the Company during the first half 2009:

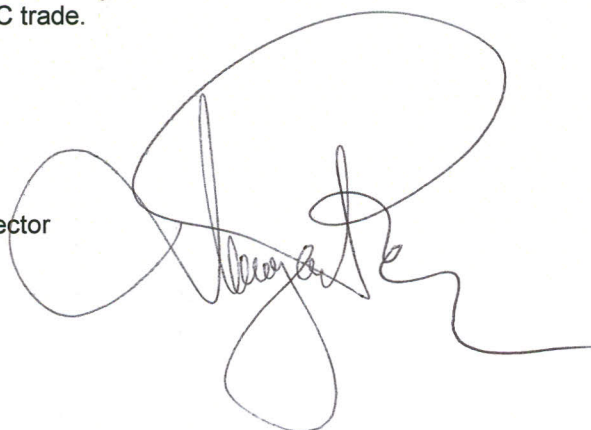
Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
08.01.2009	AB Invalda	164	11.00	1 804.00	Acquisition	Purchase – sale	AUTO
30.01.2009	AB Invalda	15	10.50	157.50	Acquisition	Purchase – sale	AUTO
03.02.2009	AB Invalda	100	10.50	1 050.00	Acquisition	Purchase – sale	AUTO
05.02.2009	AB Invalda	200	10.50	210.00	Acquisition	Purchase – sale	AUTO
05.02.2009	AB Invalda	80	10.50	840.00	Acquisition	Purchase – sale	AUTO
10.02.2009	AB Invalda	100	10.50	1 050.00	Acquisition	Purchase – sale	AUTO
17.02.2009	AB Invalda	44	10.50	462.00	Acquisition	Purchase – sale	AUTO
18.02.2009	AB Invalda	21	10.50	220.50	Acquisition	Purchase – sale	AUTO
13.03.2009	AB Invalda	100	10.00	1 000.00	Acquisition	Purchase – sale	AUTO
13.03.2009	AB Invalda	100	9.00	900.00	Acquisition	Purchase – sale	AUTO
13.03.2009	AB Invalda	900	8.50	7 650.00	Acquisition	Purchase – sale	AUTO
13.03.2009	AB Invalda	100	9.00	900.00	Acquisition	Purchase – sale	AUTO
17.03.2009	AB Invalda	283	10.50	2 971.50	Acquisition	Purchase – sale	AUTO

Explanations:

AUTO – automatically matched trade concluded in the regulated market;

XOFF – OTC trade.

General Director



Nerijus Pacevicius

## CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS FOR THE SIX MONTHS OF 2009

The auditors reviewed the financial statements of 31 December 2008, while those of 30 June 2009 and of 30 June 2008 are unaudited.

### 1. STATEMENT OF FINANCIAL POSITION

	30.06.2009	31.12.2008	LTL thousand 30.06.2008
<b>Assets</b>			
Non - current assets:			
Non - current tangible assets	43 168	45 509	48 385
Intangible assets	217	270	396
Investment	2	2	20 594
<b>Total non - current assets</b>	<b>43 387</b>	<b>45 781</b>	<b>69 375</b>
<b>Current assets</b>			
Inventories	11 553	12 467	11 755
Trade debtors	10 514	10 534	10 287
Other accounts receivable	8 922	30 456	2 619
Cash and cash equivalents	45	18	39
<b>Total current assets</b>	<b>31 034</b>	<b>53 475</b>	<b>24 700</b>
<b>Total assets</b>	<b>74 421</b>	<b>99 256</b>	<b>94 075</b>
<b>Shareholders' equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	15 545	15 545	15 545
Revaluation reserve	8 012	8 012	8 356
Legal reserve	1 554	1 422	1 422
Retained earnings	11 174	10 084	(1 003)
<b>Total capital and reserves</b>	<b>36 285</b>	<b>35 063</b>	<b>24 320</b>
<b>Non - current liabilities</b>			
Grants	13	19	25
Deferred tax liabilities	1 987	1 987	1 769
Loans and other interest bearing payables	6 261	6 261	23 358
<b>Total non - current liabilities</b>	<b>8 261</b>	<b>8 267</b>	<b>25 152</b>
<b>Total current liabilities</b>			
Loans and other interest bearing payables	12 584	37 672	26 864
Debts to suppliers	11 542	15 433	13 645
Provisions	1 875	-	-
Other liabilities	3 874	2 821	4 094
<b>Total current liabilities</b>	<b>29 875</b>	<b>55 926</b>	<b>44 603</b>
<b>Total liabilities</b>	<b>38 136</b>	<b>64 193</b>	<b>69 755</b>
<b>Total equity and liabilities</b>	<b>74 421</b>	<b>99 256</b>	<b>94 075</b>



## 2. STATEMENT OF COMPREHENSIVE INCOME

	LTL thousand			
	2009 I half, ended 30 June	2008 I half, ended 30 June	2009 II quarter, ended 30 June	2008 II quarter, ended 30 June
Turnover	63 657	63 590	28 830	33 298
Production costs	(56 672)	(59 422)	(25 508)	(31 209)
Gross profit	6 985	4 168	3 322	2 089
Distribution costs	(356)	(682)	(190)	(373)
Administrative costs	(4 887)	(3 707)	(1 484)	(1 916)
Other operating income, net	332	445	116	211
Profit (loss) from operating activities	2 074	224	1 764	11
Financial income	415	14	137	10
Financial costs	(839)	(1 833)	(398)	(887)
Financial income, net	(424)	(1 819)	(261)	(877)
Share of the associate's result	-	(2 125)	-	(939)
Profit (loss) before taxes	1 650	(3 720)	1 503	(1 805)
Income tax	(428)	-	(303)	-
Net annual profit (loss)	1 222	(3 720)	1 200	(1 805)
Earnings (loss) per share (in LTL)	0.31	(0.96)	0.31	(0.46)

### 3. STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Revaluation reserve	Accrued earnings	LTL thousand Total
Capital and reserves as of 31 December 2007	15 545	1 222	8 356	2 917	28 040
Replacement of the revaluation reserve	-	-	-	-	-
Dividends	-	-	-	-	-
Allocation to the legal reserve	-	200	-	(200)	-
Net profit (loss)	-	-	-	(3 720)	(3 720)
Capital and reserves as of 30 June 2008	15 545	1 422	8 356	(1 003)	24 320
Replacement of the revaluation reserve	-	-	(344)	344	-
Dividends	-	-	-	-	-
Allocation to the legal reserve	-	-	-	-	-
Net profit (loss)	-	-	-	10 743	10 743
Capital and reserves as of 31 December 2008	15 545	1 422	8 012	10 084	35 063
Replacement of the revaluation reserve	-	-	-	-	-
Dividends	-	-	-	-	-
Allocation to the legal reserve	-	132	-	(132)	-
Net profit (loss)	-	-	-	1 222	1 222
Capital and reserves as of 30 June 2009	15 545	1 554	8 012	11 174	36 285



#### 4. STATEMENT OF CASH FLOWS

	30.06.2009	LTL thousand 30.06.2008
Net profit (loss)	1 222	(3 720)
Adjustments:		
Depreciation and amortisation	3 290	3 628
Result on disposal, writing off, etc. of non -current	25	108
Interest expenses (income)	349	1 778
Changes in provisions	1 875	-
Income tax expenses	428	-
Other financial (income) expenses	47	41
Cash flow from ordinary activities before changes	7 236	1 835
Changes in trade receivables and other amounts	(223)	786
Changes in inventories	915	(168)
Changes in debts to suppliers and other liabilities	(2 959)	833
Cash flow from operating activities	4 969	3 286
Income tax paid	(160)	-
Cash flow from operating activities	4 809	3 286
(Acquisition) of tangible non - current assets	(957)	(414)
(Acquisition) of investments, net of cash acquired	-	-
Result from the disposal of investment	-	2 125
Proceeds of sale of investment properties	-	-
Sale / writing of non - current tangible assets	7	-
Cash flows from investing activities	(950)	1 711
Loans granted / repaid	21 934	-
Loans received / repaid	(25 132)	(3 241)
Interest paid / received	(634)	(1 778)
Cash flows from financing activities, net	(3 832)	(5 019)
Cash flows from operating, investing and financing	27	(22)
Cash and cash equivalents as of 1 January 2009	18	61
Cash and cash equivalents as of 30 June 2009	45	39

## 5. EXPLANATORY NOTES

### 1. Summary of the basic accounting principles and practices

The public company Vilniaus Baldai is a listed company in Lithuania.

The company manufactures furniture. As of 30 June 2009 the Group employed 463 people, Company employed 435 people (on 30 June 2008 Group employed 673 employees).

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

#### Significant accounting policies

Financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations of the Standard Interpretation Committee of the IASB, with are those followed in the preparation of the Group's and Company's annual financial statements for the year ended 31 December 2008, with the exception of the new standards become effective, and tailored:

*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (effective for financial years beginning on or after 1 January 2009).* The amendment to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the statement of comprehensive income in the separate financial statements. The new requirements affect only the parent's separate financial statements and do not have an impact on the consolidated financial statements.

*Amendment to IFRS 2 Share-based Payment (effective for financial years beginning on or after 1 January 2009).* The amendment clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The amendment will have no impact on the financial position or performance of the Group and the Company, as the Group and the Company do not have share-based payments.

*IFRS 8 Operating Segments (effective for financial years beginning on or after 1 January 2009).* The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 replaces IAS 14 *Segment Reporting*. The Group and the Company expect that the operating segments determined in accordance with IFRS 8 will not materially differ from the business segments previously identified under IAS 14.

*Amendment to IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 January 2009).* This amendment introduces a number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements when they are restated retrospectively.

*Amendment to IAS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).* The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional requirements of the Standard, the Group and the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.



*Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for financial years beginning on or after 1 January 2009).* The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Group and the Company, as the Group and the Company have not issued such instruments.

#### Improvements to IFRS

In May 2008 IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard; most of the changes are effective for financial years beginning on or after 1 January 2009. The Group and the Company anticipate that these amendments to standards will have no material effect on the financial statements.

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.* Clarification that all of a subsidiary's assets and liabilities are classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary after the sale.
- *IFRS 7 Financial Instruments: Disclosures.* Removal of the reference to 'total interest income' as a component of finance costs.
- *IAS 1 Presentation of Financial Statements.* Assets and liabilities classified as held for trading in accordance with IAS 39 are not automatically classified as current in the statement of financial position.
- *IAS 8 Accounting Policies, Change in Accounting Estimates and Errors.* Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.
- *IAS 10 Events after the Reporting Period.* Clarification that dividends declared after the end of the reporting period are not obligations.
- *IAS 16 Property, Plant and Equipment.* Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Also, replaced the term "net selling price" with "fair value less costs to sell".
- *IAS 18 Revenue.* Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.
- *IAS 19 Employee Benefits.* Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.
- *IAS 20 Accounting for Government Grants and Disclosures of Government Assistance.* Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.
- *IAS 23 Borrowing Costs.* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.
- *IAS 27 Consolidated and Separate Financial Statements.* When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

*IAS 28 Investment in Associates.* If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. In addition, an investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance.



- *IAS 29 Financial Reporting in Hyperinflationary Economies.* Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.
- *IAS 31 Interest in Joint ventures:* If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- *IAS 34 Interim Financial Reporting.* Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.
- *IAS 36 Impairment of Assets.* When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- *IAS 38 Intangible Assets.* Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.
- *IAS 39 Financial Instruments: Recognition and Measurement.* Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.
- *IAS 40 Investment Property.* Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.
- *IAS 41 Agriculture.* Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced the term 'point-of-sale costs' with 'costs to sell'.

*IFRIC 13 Customer Loyalty Programmes (effective for financial years beginning on or after 1 July 2008).* This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled. The Group and the Company do not maintain customer loyalty programmes, therefore, this interpretation will have no impact on the financial position or performance of the Group and the Company.

*IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2009).* This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan. The Group and the Company do not have defined benefit plans, therefore, the interpretation will have no impact on the financial position or performance of the Group and the Company.

Basis for drawing up of the condensed interim consolidated statements

The condensed interim consolidated financial statements for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting.



The condensed interim 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 annual financial statements as at 31 December 2008.

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 statement of financial position day. The differences in the currency exchange rates that occur after the transactions are recorded in the statement of comprehensive income.

#### Statement of financial position

##### Non - current tangible assets

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 comprehensive 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 comprehensive 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 flows 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 statement of financial position 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 statement of financial position date. Where the carrying amount of the asset exceeds the estimated recoverable amount, the impairment losses are recognized in the statement of comprehensive income.

#### 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 statement of comprehensive income during the lifetime of the liability in accordance with the effective interest rates.



#### Statement of comprehensive income

##### Income

Income from sales is recognised in the statement of comprehensive income when the material risk and benefit in relation to title has been accepted by the customer. Income from services is recognised in the statement of comprehensive income if they were rendered before the statement of financial position 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 statement of comprehensive income, 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 statement of financial position 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 statement of financial position date.

Deferred tax allowances are recognized as an asset in the statement of financial position 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.

##### Statement of cash flows

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

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

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

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

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

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

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

## 2 Segment reporting

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

Income and all assets according to geographical segments:

	Sales		Total assets	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	LTL	LTL	LTL	LTL
Lithuania	200	753	74 126	94 075
Other European countries	45 819	35 441	295	-
Other countries	17 638	27 396	-	-
	<u>63 657</u>	<u>63 590</u>	<u>74 421</u>	<u>94 075</u>

## 3 Distribution costs

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Remuneration and social insurance	167	531
Depreciation and amortisation	62	73
Export costs (transportation and storage)	78	46
Advertising	-	2
Other	49	30
	<u>356</u>	<u>682</u>



4 Administrative costs

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Remuneration and social insurance	1 542	1 762
Depreciation and amortisation	284	314
Operation taxes expenses	158	231
Utilities and communication	101	254
Insurance	64	74
Bank services	42	24
Business trips	42	46
Repairs and maintenance costs	24	228
Employee training and consultation	9	94
Professional services	6	7
Other	740	673
Provisions	1 875	-
	<u>4 887</u>	<u>3 707</u>

5 Income from ancillary activities, net

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Rent income	703	858
Other income and losses, net	(371)	(413)
	<u>332</u>	<u>445</u>

6 Financial income, net

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Bank loan interest costs	(349)	(1 777)
Currency exchange profit, less loss	(47)	(39)
Other income and losses	(28)	(3)
	<u>(424)</u>	<u>(1 819)</u>

7 Personnel costs

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Production and product development costs	8 902	9 762
Sales, administrative and other costs	1 709	2 292
	<u>10 611</u>	<u>12 054</u>

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.

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Net annual profit (loss)	1 222	(3 720)
Weighted average number of the shares (thousand)	<u>3 886</u>	<u>3 886</u>
Earnings per share (LTL)	<u>0.31</u>	<u>(0.96)</u>

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	Construction in progress	Total
Costs as of 1 January 2009	32 778	59 631	133	2 987	-	95 529
Increase	-	822	-	60	-	882
Sales	-	(35)	-	-	-	(35)
Writing off	-	(38)	-	(14)	-	(52)
Regrouping	-	-	-	-	-	-
Costs as of 30 June 2009	32 778	60 380	133	3 033	-	96 324
Depreciation as of 1 January 2009	11 332	36 458	72	2 158	-	50 020
Depreciation during the first half year 2009	520	2 550	6	144	-	3 220
Sales	-	(32)	-	-	-	(32)
Writing off	-	(38)	-	(14)	-	(52)
Regrouping	-	-	-	-	-	-
Depreciation as of 30 June 2009	11 852	38 938	78	2 288	-	53 156
Net carrying value as of 30 June 2009	20 926	21 442	55	745	-	43 168
Net carrying value as of 1 January 2009	21 446	23 173	61	829	-	45 509
Depreciation period	40 years	6 – 10 years	5 – 10 years	2 – 6 years	-	-

Depreciation was broken down as follows:

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Production and product development costs	2 944	3 241
Sales, administrative and other costs	276	282
Total	3 220	3 523

10 Investments

	30.06.2009	30.06.2008
	LTL thousand	LTL thousand
Other	2	2
	2	2

11 Inventories

	30.06.2009	31.12.2008
	LTL thousand	LTL thousand
Raw materials	5 439	7 119
Production in progress	2 037	2 173
Finished products	4 071	3 175
Bought goods for resale	6	-
	<u>11 553</u>	<u>12 467</u>

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

12 Other accounts receivable

	30.06.2009	31.12.2008
	LTL thousand	LTL thousand
Loans granted	6 797	28 732
Advance income tax	160	-
Amounts receivable from the state (VAT recoverable)	1 267	1 227
Other amounts receivable and future costs	698	497
	<u>8 922</u>	<u>30 456</u>

Granted loans

As of 31 December 2008 the Company's balance of loans granted by Invalda AB was 28 732 thousand LTL. During period 2009 January - March Invalda AB returned 23 345 thousand LTL loans and an additional signed loan contracts with the Company 1 410 thousand LTL.

13 Cash and cash equivalents

	30.06.2009	31.12.2008
	LTL thousand	LTL thousand
Cash in banks	40	14
Cash on hand	5	4
	<u>45</u>	<u>18</u>



#### 14 Capital and reserves

##### Share capital

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

##### Legal reserve

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

#### 15 Loans and other borrowings, secured with pledged assets

	30.06.2009	31.12.2008
	LTL thousand	LTL thousand
Non - current liabilities		
Long - term loan	6 261	6 261
Net carrying value as end of period	6 261	6 261
Short - term liabilities, secured with pledged assets		
Current portion of loans	1 252	14 623
Other current borrowings (including credit line)	11 332	23 049
Net carrying value as end of period	12 584	37 672
	18 845	43 933

	Maturity term	30.06.2009 LTL thousand	31.12.2008 LTL thousand
Current borrowings			
Credit line in Danske Bank A/S Lithuania branch	25.02.2010	11 332	11 115
Loan to Invalda AB	21.01.2009	-	11 934
Non - current borrowings			
Credit in Danske Bank A/S Lithuania branch	01.07.2012	7 513	20 884

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

LTL thousand	Total amount payable as of 30 June 2009	2009 07 – 12 month's	2010	2011- 2012
Loan of EUR 6 178 thousand	7 513	1 252	2 504	3 757
Used credit	11 332	-	11 332	-
Total	18 845	1 252	13 836	3 757

16 Other creditors

	30.06.2009	31.12.2008
	LTL thousand	LTL thousand
Holiday pay reserve	1 124	1 124
Remuneration and social insurance	1 156	446
Operating taxes	59	-
Income tax liability	1 190	764
Other accounts payable and accrued taxes	345	487
	3 874	2 821

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 30 June 2009 may be broken down as follows:

LTL thousand	EUR	USD	SEK	Other
Loans granted	6 797	-	-	-
Trade receivables	55	-	-	-
Borrowings	(18 845)	-	-	-
Debts to suppliers	(3 898)	(26)	(38)	(21)
	(15 891)	(26)	(38)	(21)



Interest risk

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

As of 30 June 2009 the Company used no financial instruments as interest risk hedging.

17 Related party transactions

30.06.2009	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL
AB Invalda	65	377	7 065	-
UAB Invalda nekilnojamojo turto valdymas	59	155	124	-
UAB Invalda service	45	-	-	2
AB FMI Finasta	18	-	-	4
UAB Baltic Amadeus	18	-	-	-
infrastruktūros paslaugos				
UAB Informatikos pasaulis	48	-	-	34
	<u>253</u>	<u>532</u>	<u>7 189</u>	<u>40</u>

30.06.2008	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
AB Invalda	565	-	-	12 027
UAB Invalda nekilnojamojo turto valdymas	63	245	103	-
UAB Invalda service	584	-	-	263
AB FMI Finasta	8	-	-	4
UAB Giriu bizonas	9 749	256	-	1 379
	<u>10 969</u>	<u>501</u>	<u>103</u>	<u>13 673</u>