



**VILNIUS  
FURNITURE**  
ANNO 1883

*... Better  
Faster  
Stronger ...*

# Vilniaus Baldai AB

**INTERIM CONSOLIDATED  
REPORT FOR THE  
SIX MONTHS OF 2010**

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## COMPANIES COMPOSING THE GROUP

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

### GENERAL INFORMATION ABOUT THE COMPANY:

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

### GENERAL INFORMATION ABOUT THE SUBSIDIARY:

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



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

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

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

### **Main risks faced by the Group:**

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

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

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

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

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

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

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



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

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

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

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

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

Turnover of the Group during period 2010 January – March was 43 193 thousand LTL (12 510 thousand EUR), same period year 2009 – 34 827 thousand LTL (10 087 thousand EUR).

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

Turnover of the Group during period 2010 April – June was 43 505 thousand LTL (12 600 thousand EUR), same period year 2009 – 28 830 thousand LTL (8 350 thousand EUR).

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

Turnover of the Group during period 2010 January – June was 86 698 thousand LTL (25 109 thousand EUR), same period year 2009 – 63 657 thousand LTL (18 436 thousand EUR).

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

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

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



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

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

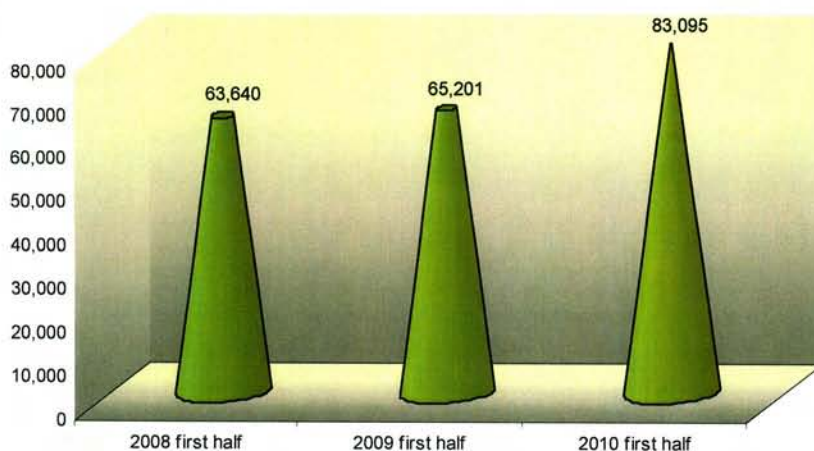
#### Production and sales

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

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

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

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

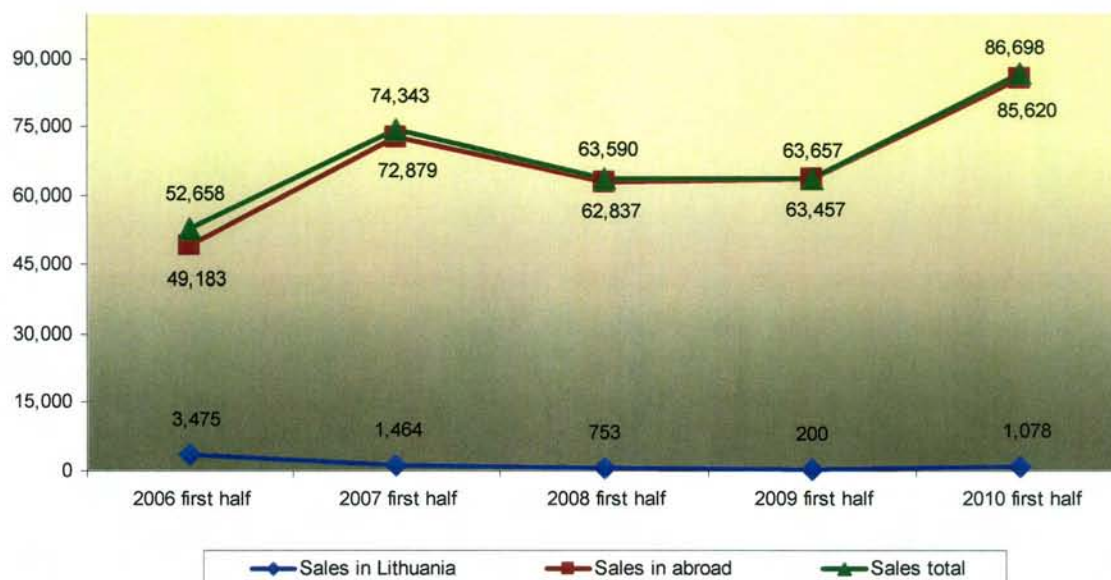


Production sales according to the markets in the period of 2008 – 2010 first half:

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

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

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



## Supply

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

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



## Employees

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

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

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

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

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

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

	2010 first half	2009	2008	2007
Executive personnel	14 472	12 746	13 340	11 559
Specialists	3 931	3 615	2 932	2 994
Workers	2 455	2 429	2 266	1 793
<b>Total</b>	<b>2 742</b>	<b>2 662</b>	<b>2 429</b>	<b>1 952</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 staff, high level of working conditions of different categories of employees, salary and other working conditions also to ensure additional social guarantees which are not stated according to the regulations of Lithuanian legislations for the employees of the Company. The collective agreement includes the working contract formation, change, termination, work and rest time, payment for work done, improvement of the qualification of the employees, safety at work and medical assistance, social care, trade - union activity and guarantees of the elected employees.

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

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



#### 4. INFORMATION ABOUT THE OWN SHARES

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

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

The Company does not have any branches or representative offices.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 11. STRUCTURE OF THE ISSUER'S AUTHORIZED CAPITAL

Structure of the authorized capital of Vilniaus Baldai AB:

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

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

### Rights and obligations carried by the shares

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

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

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

The shareholders have the following property and moral rights:

1. to receive a part of Company's profit (dividend);
2. to receive Company's funds when the authorized capital of the Company is decreased in order to pay the Company's funds to the shareholders;
3. to receive shares without payment if the authorized capital is increased out of the Company's funds except in cases provided for by the laws of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;



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

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

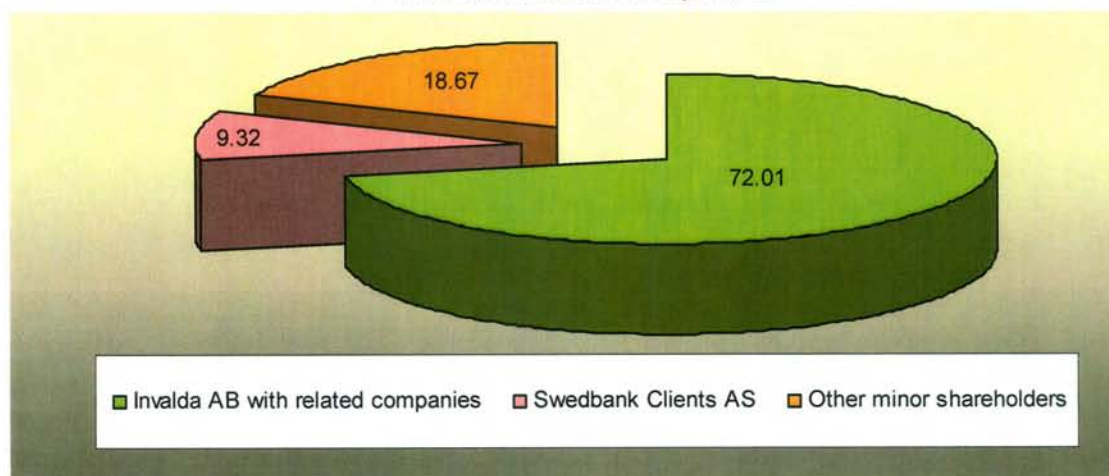
## 12. SHAREHOLDERS

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

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

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

Part of the authorized capital, %



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

The are no voting rights restrictions.

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

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

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

The main characteristics of the shares:

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

The trade of the shares of the Company:

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



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



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



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



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

## 15. ISSUER'S BODIES

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



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

The Board and Administration of the Company:

	<b>Mr. Vytautas Bucas</b>	
	<b>Position</b>	
	Chairman of the Board, elected to the Board on 12.04.2007, re-elected on 29.04.2008, end of the term – 2012.	
	<b>Work experience</b>	
	Since 2006 Adviser of Invalda AB (since May, 2007 Chairman of the Board) 2006 – 2007 Director of Invaldos Nekilnojamojo Turto Fondas AB 2000 – 2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department 1992 – 2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Chairman of the Board of Invalda AB	18.56 % of shares and of voting rights; together with related parties 26.85 % of voting rights
	Chairman of the Board of Invaldos Nekilnojamojo Turto Fondas AB	-
	Member of the Supervisory Board of Tiltra Group AB	-
	Board member of Invalda Sevice UAB	-
	Board member of Positor UAB	-
	<b>Mr. Darius Sulnis</b>	
	<b>Position</b>	
	Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008, end of the term – 2012.	
	<b>Work experience</b>	
	Since 2006 President and Board member of Invalda AB 2002 – 2006 Director of Invalda Nekilnojamojo Turto Valdymas UAB 1994 – 2002 Director of FMI Finasta AB	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	President, Board member of Invalda AB	5.70 % of shares, 7.88 % of voting rights; together with related parties 26.85 % of voting rights
	Board member of Invaldos Nekilnojamojo Turto Fondas AB	-
	Board member of Umeqa AB	-
	Chairman of the Supervisory Board at Dommo SIA (Latvia)	-
	Chairman of the Supervisory Board at Burusala SIA (Latvia)	-
	Lucrum Investicija UAB	100 % (all voting rights are disposed)
	Golfas UAB	31 %
	Member of the Supervisory Board of Tiltra Group AB	-
	Board member of Sanitas AB	-
	<b>Participation in Vilniaus Baldai AB authorised capital</b>	<b>0.28 %</b>



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

	<b>Mr. Raimondas Rajeckas</b>	
	<b>Position</b>	
	Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008, withdrawn – 29.04.2010	
	<b>Work experience</b>	
	Since November 2006 Chief Accountant of Invalda AB	
	2001 – 2006 Chief Accountant of Valmeda AB	
	2000 – 2001 Chief Accountant Galincius AB	
	2000 – 2001 Chief Accountant Invaldos Marketingas UAB (now Invalda Nekilnojamojo Turto Valdymas UAB)	
	2000 – 2002 Accountant Gildeta AB	
	1998 – 2000 Accountant Invalda AB	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Chief Accountant of Invalda AB	-
	Director of Aktyvo UAB	-
	Director of Investiciju Tinklas UAB	-
	Director of Volo UAB	-
	Director of Fortina UAB	-
	Director of Aktyvus Valdymas UAB	-
	Director of Ente UAB	-
	Director of Finansu Rizikos Valdymas UAB	-
	Director of Iniciatyvos valdymas Vsl	-
<b>Mr. Dalius Kaziunas</b>		
<b>Position</b>		
Board member, elected to the Board on 29.04.2010, end of the term – 2012.		
<b>Work experience</b>		
Since February 2008 Adviser Invalda AB		
2008 – 2009 Director of Bankas Finasta AB		
1996 – February 2008 Director, financial broker, assistant of financial broker FMI Finasta AB		
<b>Participation in the activities of other companies</b>	<b>Akcijų ir balsų skaičius</b>	
Board member of Invalda AB	0.41 % of shares and of voting rights; together with related parties 26.85 % of voting rights	
Board member of Ineturas UAB	-	
Board member of Invalda Service UAB	-	
Board member of Kelio Zenklai UAB	-	
Board member of Positor UAB	-	

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

	<b>Mr. Nerijus Pacevicius</b>	
	<b>Position</b>	
	General director since 08.09.2006 till 30.06.2010	
	<b>Work experience</b>	
	2004 – 2005 Chairman of the Board of Krasta Auto UAB and Autobrava UAB	
	1999 – 2004 Director of Krasta Auto UAB	
	1998 – 1999 Director of Autokompleksas UAB	
	1995 – 1998 Head of sales of the vehicles of Krasta Auto UAB	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Dalineria UAB	50 %

	<b>Mr. Aidas Mackevicius</b>	
	<b>Position</b>	
	General director since 01.07.2010	
	<b>Work experience</b>	
	2008 – 2009 General director of AG group UAB	
	2004 – 2008 General director of Palink UAB	
	1999 – 2004 Finance director Palink UAB	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Board member of Topo Grupe UAB	-

	<b>Mrs. Ausra Kibirkstiene</b>	
	<b>Position</b>	
	Chief accountant since 18.08.2008	
	<b>Work experience</b>	
	2001 – 2008 Manager of accounting system Navision of Litesko UAB	
	2005 – 2008 Chief accountant of Druskininku dujos UAB	
	1996 – 2001 Accountant of Bite Lietuva UAB	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	-	-

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

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



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

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

#### **17. RELATED PARTY TRANSACTIONS**

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

#### **18. DATA ON THE PUBLICLY DISCLOSED INFORMATION**

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2010 is presented on the Company's website [www.vilniausbaldai.lt](http://www.vilniausbaldai.lt).

Summary of publicly disclosed information:

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

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

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

Explanations:

AUTO – automatically matched trade concluded in the regulated market;

XOFF – OTC trade.

General Director



Aidas Mackevicius



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