



**VILNIAUS  
BALDAI**

ANNO 1883

*... Better  
Faster  
Stronger ...*

# Vilniaus Baldai AB

**INTERIM CONSOLIDATED  
REPORT  
FOR THE SIX MONTHS  
OF 2012**

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### COMPANIES COMPOSING THE GROUP

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

#### GENERAL INFORMATION ABOUT THE COMPANY:

<b>Name</b>	<b>Joint stock company Vilniaus Baldai AB</b>
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. 178B, LT - 03154 Vilnius
Telephone	(8~5) 252 57 00
Fax	(8~5) 231 11 30
E-mail	<a href="mailto:info@vilniausbaldai.lt">info@vilniausbaldai.lt</a>
Internet website	<a href="http://www.vilniausbaldai.lt">www.vilniausbaldai.lt</a>
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:

<b>Name</b>	<b>Limited liability company ARI – LUX UAB</b>
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	<a href="mailto:aleksas.rimkus@ari-lux.lt">aleksas.rimkus@ari-lux.lt</a>
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 2012 the Company further implemented the reorganisations started earlier. They are aimed at the reduction of costs, increase in labour productivity, competitive ability and searching for new sales orders. 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 98 % of all the sales of the Company during the first half 2012 (in 2011 – 97 %, in 2010 – 98 %). In the first half 2012, the Company's sales revenue comprised sales of furniture which account for 98 % of total sales (in 2011 – 97 %) and sales of raw materials and waste of raw materials.

The Company competes with the world furniture producers.

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

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

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

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

**Ecological risk factors.** There is an environment protection management system introduced in the Company, corresponding to the ISO 14001 requirements. The core of this system is the management and permanent improvement of the environment protection. The Company works purposefully seeking to make the production ecological, to control the impact that the materials and raw materials have on the environment, to ensure that the suppliers of the products and services correspond to the environment protection management requirements. Company was granted FSC production line certificate. Recertification audit for quality management system and environmental management system according EN ISO 9001:2008 and EN ISO 14001:2005 was performed in June 2012. There aren't identified any non - conformances. During the first half 2012 Vilniaus Baldai AB paid LTL 6 thousand of the environment pollution taxes, as well as LTL 125 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 2012 (15 Note).

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

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

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

Turnover of the Group during period 2012 January – March was 58 501 thousand LTL (16 943 thousand EUR), same period year 2011 – 56 567 thousand LTL (16 383 thousand EUR).

Net profit of the Group during period 2012 January – March was 6 118 thousand LTL (1 772 thousand EUR), same period year 2011 net profit was 6 870 thousand LTL (1 990 thousand EUR). EBITDA was 8 476 thousand LTL (2 455 thousand EUR). Year ago it was 9 166 thousand LTL (2 655 thousand EUR).

Turnover of the Group during period 2012 April – June was 56 897 thousand LTL (16 479 thousand EUR), same period year 2011 – 58 258 thousand LTL (16 873 thousand EUR).

Net profit of the Group during period 2012 April – June was 4 740 thousand LTL (1 373 thousand EUR), same period year 2011 – 6 515 thousand LTL (1 887 thousand EUR). EBITDA was 6 907 thousand LTL (2 000 thousand EUR). Year ago it was 9 004 thousand LTL (2 608 thousand EUR).

Turnover of the Group during period 2012 January – June was 115 398 thousand LTL (33 422 thousand EUR), same period year 2011 – 114 825 thousand LTL (33 256 thousand EUR).

Net profit of the Group during period 2012 January – June was 10 858 thousand LTL (3 145 thousand EUR), same period year 2011 – 13 385 thousand LTL (3 877 thousand EUR). EBITDA was 15 383 thousand LTL (4 455 thousand EUR). Year ago it was 18 170 thousand LTL (5 262 thousand EUR).

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

	30.06.2012	31.12.2011
Non - current assets	31 151	29 759
Current assets	55 372	86 302
<b>Total assets</b>	<b>86 523</b>	<b>116 061</b>
<b>Capital and reserves</b>	<b>56 031</b>	<b>84 036</b>
<b>Total liabilities</b>	<b>30 492</b>	<b>32 025</b>
Non - current liabilities	1 194	1 194
<i>Financial debts</i>	197	197
Current liabilities	29 298	30 831
<i>Financial debts</i>	643	1 290

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

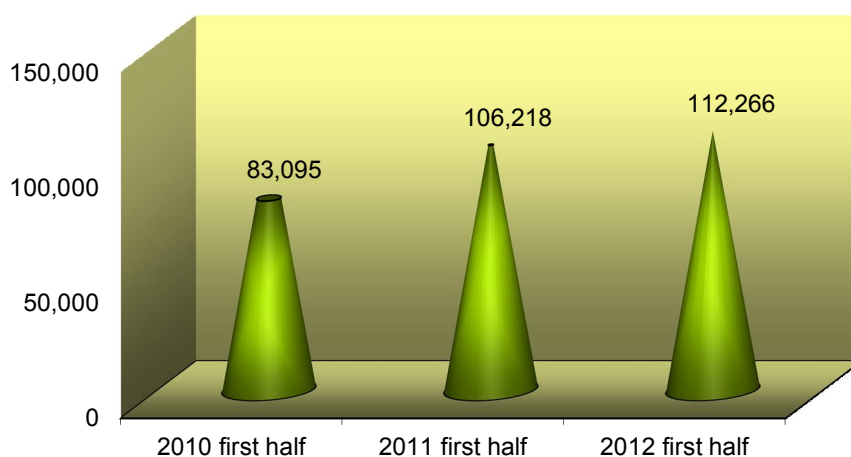
	2012 first half	2011 first half
<b>Sales income, LTL thousand</b>	<b>115 398</b>	<b>114 825</b>
- in Lithuania	2 685	2 957
- in EU countries	92 375	99 494
- other countries	20 338	12 374
<b>Gross profit, LTL thousand</b>	<b>20 967</b>	<b>21 260</b>
Gross profit margin, %	18.17	18.52
<b>Operating profit, LTL thousand</b>	<b>12 472</b>	<b>14 853</b>
Operating profit margin, %	10.81	12.94
<b>Profit before taxes, LTL thousand</b>	<b>12 832</b>	<b>15 629</b>
Profit before taxes margin, %	11.12	13.61
<b>Net profit, LTL thousand</b>	<b>10 858</b>	<b>13 385</b>
Net profit margin, %	9.41	11.66
<b>EBITDA, LTL thousand</b>	<b>15 383</b>	<b>18 170</b>
EBITDA margin, %	13.33	15.82

### 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 planning system is implemented in the Company.

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

The volumes of Company's production in terms of value in the period of 2010 – 2012 first half, LTL thousand:

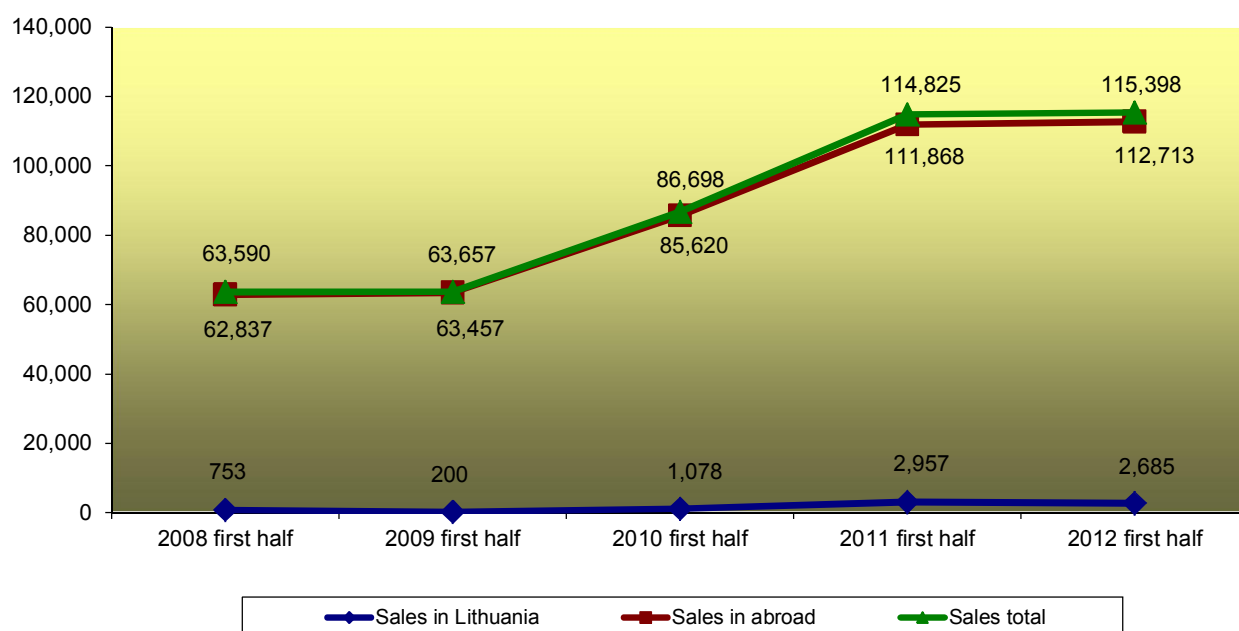


Production sales according to the markets in the period of 2010 – 2012 first half:

	2012 first half		2011 first half		2010 first half	
	thousand LTL	%	thousand LTL	%	thousand LTL	%
Sales in Lithuania	2 685	2.3	2 957	2.6	1 078	1.2
Sales in abroad	112 713	97.7	111 868	97.4	85 620	98.8
<b>Sales total</b>	<b>115 398</b>	<b>100.00</b>	<b>114 825</b>	<b>100.00</b>	<b>86 698</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 2008 – 2012 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, Slovak, Polish and German producers. The main suppliers are Swedspan Giriu Bizonas UAB, Freda AB, Homanit Polska Sp.zo.o, Sherwin – Williams Lietuva UAB, IKEA Components S.R.O, Voke III UAB, RVG baldai UAB, Pfeiderer Grajewo S. A. The local supply of the raw materials is pre-conditioned by the cheap transportation costs and good relations with the major suppliers.

## Employees

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

During the first half 2012 the number of work places at the Group and the Company was decrease, this was caused by the increase in labour productivity. 486 employees worked in the Group and 440 employees in the Company at the end first half of 2012 (507 in the Group and 456 in the Company on 31 December 2011). The average age of the employees is 43 years.

The average number of the recorded employees in the period of 2009 – 2011 and during the first half 2012:

	2012 first half	2011	2010	2009
Executive personnel	4	4	5	5
Specialists	35	35	38	40
Workers	394	406	371	397
<b>Total</b>	<b>433</b>	<b>445</b>	<b>414</b>	<b>442</b>

The increasing production capacity of the Company and the stable sales allow to increase the wages, which in 2012 first half increased by 4 % 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 2009 – 2011 and during the first half 2012:

	2012 first half	2011	2010	2009
Executive personnel	23 873	18 756	16 184	12 746
Specialists	5 082	4 422	4 101	3 615
Workers	2 805	2 757	2 637	2 429
<b>Total</b>	<b>3 184</b>	<b>3 063</b>	<b>2 924</b>	<b>2 662</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.

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

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

The Company does not have any branches or representative offices.

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

In 2012 the Company further implemented the started reorganizations. The reorganizations are aimed at the reduction of costs, increase in labour productivity, improvement of production planning, promotion of the Company's competitiveness, increase in sale orders.

As of 27th April 2012 the Annual General Shareholders Meeting of Vilniaus baldai AB shareholders was held. The meeting resolved to:

Item1 of the Agenda: Consolidated annual report.

The Company's consolidated annual report for 2011 was presented.

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

The report of auditor PricewaterhouseCoopers UAB for 2011 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2011.

Resolution: to approve Company's financial statements for 2011.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2011.

Resolution: to approve Company's consolidated financial statements for 2011.

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

Resolution: to approve Company's profit distribution.

Undistributed retained earnings, brought forward	15 072 553 LTL	4 365 313 EUR
Net result for the current year	26 823 641 LTL	7 768 663 EUR
Distributable result	41 896 194 LTL	12 133 976 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends*	38 862 670 LTL	11 255 407 EUR
To be paid as annual payments (bonus) to board of	3 000 000 LTL	868 860 EUR
Undistributed retained earnings, carried forward	33 524 LTL	9 709 EUR
*10 LTL (2.90 EUR) of dividends per one ordinary share.		

Item6 of the Agenda: Company's members of the Board re-election.

Resolution: to elect Vytautas Bucas, Dalius Kaziunas and Darius Sulnis to the Board of Vilniaus Baldai AB for the new 4 (four) years term of office.

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

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

In 2012 it will be harder to compete for the sales orders, but the Company expects for the further revenue growth. The commodity markets have been stabilized, so the Company expects to maintain its profit margins. The Company will continue improving production processes and labour productivity, increasing quality of products and their range and will aim to retain its position as one of the most competitive companies in the industry sector in which it operates.

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

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

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

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

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

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

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

Structure of the authorized capital of Vilniaus Baldai AB:

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

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

### Rights and obligations carried by the shares

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

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

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

The shareholders have the following property and moral rights:

1. to receive a part of Company's profit (dividend);
2. to receive Company's funds when the authorized capital of the Company is decreased in order to pay the Company's funds to the shareholders;

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

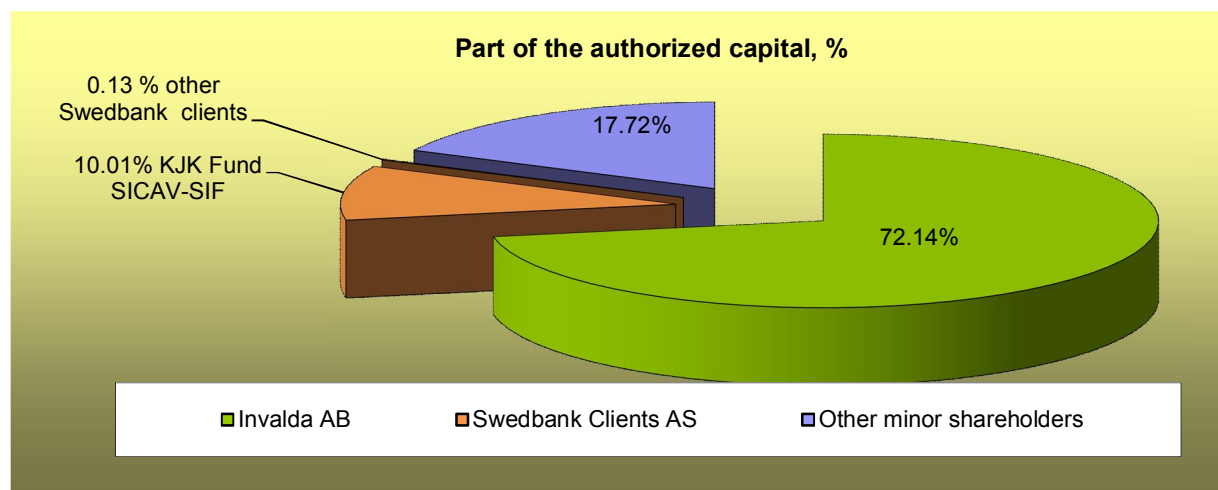
3. to receive shares without payment if the authorized capital is increased out of the Company's funds except in cases provided for by the laws of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
5. to lend the Company in the manner prescribed by laws, but the Company, borrowing from its shareholders has no right to mortgage its property to shareholders. The interest shall not exceed the average interest rate of commercial banks in the lender's place of residence or business in force at the time of the loan contract when the Company is borrowing from the shareholder. In this case it is prohibited to the Company and its shareholders to agree on a higher interest rate;
6. to receive a part of assets of the Company in liquidation;
7. other statutory property rights;
8. the rights, indicated in statutes 1 - 4 have persons who were Company's shareholders at the tenth day after the decision that was accepted at the end of general shareholders' meeting (hereinafter – at the end of right record day);
9. to participate in general shareholders' meetings;
10. to submit the questions related to the agenda of general shareholders' meetings to the Company in advance;
11. to vote at general shareholders' meetings according to voting rights carried by their shares. Each registered ordinary share carries one vote at the general shareholders' meeting except the exceptions indicated in the Company Law of the Republic of Lithuania. The right to vote at the general shareholders' meetings may be prohibited or restricted by the Company Law of the Republic of Lithuania and other cases established by law, as well as, when the ownership of the share is being disputed;
12. to receive information on the Company as indicated in the Company Law of the Republic of Lithuania;
13. to file a claim with the court for reparation of Company's damage resulting from nonfeasance or malfeasance by the Company's executive and board members of their obligations prescribed by the Company Law of the Republic of Lithuania and other laws as well as Company's regulations;
14. to authorize natural or legal person to represent him in relations with the Company and other persons;
15. other non-property rights established by the Company Law of the Republic of Lithuania or Company's regulations.

## 12. SHAREHOLDERS

Total number of the shareholders as of 30 June 2012 was 1 299.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2012:

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, company code 121304349, Seimyniskiu Str. 1 A, Vilnius	2 803 395	72.14	72.14
Swedbank Clients, company code 10060701 Liivalaia 8, 15040 Tallinn, Estonia	393 923	10.14	10.14
- of which KJK Fund SICAV-SIF	389 161	10.01	10.01



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

The are no voting rights restrictions.

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

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

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

The main characteristics of the shares:

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

The trade of the shares of the Company:

	2012 first half	2011 first half
Price of the shares, LTL:		
- opening	35.56	32.46
- highest	51.45	41.43
- lowest	35.56	26.93
- closing	41.09	40.74
Turnover of shares, units	57 469	68 208
Turnover of shares, LTL	2 653 054	2 323 734
Total number of transactions, units	844	724
Capitalization, million LTL	159.69	156.46

Vilniaus Baldai AB turnover and price since the end first half 2002:



Comparison of the price of shares of Vilniaus Baldai AB with the OMXBB index since the end first half 2010:



Index/Equity	30.06.2010	30.06.2012	+/-%
—OMX Baltic Benchmark GI	410.43	492.43	19.98
—VBL1L	5.44 EUR	11.90 EUR	118.55

#### 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 and 27.04.2012, end of the term – 2016.	
	<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	15.83 % of shares and of voting rights; together with related parties 24.04 % of voting rights
	Chairman of the Board of Invaldos Nekilnojamojo Turto Fondas AB	-
	Board member of Inreal pastatu prieziura UAB	-
	Board member Invalda Lux S.a.r.l.	-
	<b>Mr. Darius Sulnis</b>	
	<b>Position</b> Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008 and 27.04.2012, end of the term – 2016.	
	<b>Work experience</b> Since January 2012 – Board member of Invalda AB 2006 – 2011 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>
	Board member of Invalda AB	7.69 % of shares, 7.69 % of voting rights; together with related parties 24.04 % of voting rights
	Board member of Invaldos Nekilnojamojo Turto Fondas AB	-
	Board member of Litagra UAB	-
	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 %	
<b>Participation in Vilniaus Baldai AB authorised capital</b>		<b>0.28 %</b>

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

	<b>Mr. Dalius Kazianas</b>	
	<b>Position</b> Board member, elected to the Board on 29.04.2010, re-elected on 27.04.2012, end of the term – 2016.	
	<b>Work experience</b> Since January 2012 – President and Board member of Invalda AB 2008 – 2011 Adviser and Board member of 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>	
	President and Board member of Invalda AB	<b>Akcijų ir balsų skaičius</b> 0.52 % of shares and of voting rights; together with related parties 24.04 % of voting rights
	Board member of Ineturas UAB	-
	Board member of Inreal pastatu priežiūra UAB	-
	Board member of Kelio Zenklai UAB	-
	Board member of BAIP Group UAB	-
	Board member of Invetex UAB	-
	Board member Invalda Lux S.a.r.l.	-
	Board member of Jurita UAB	-
	Chairman of the Board of Lauko gelininkystės bandymu stotis UAB	-
Chairman of the Supervisory Board at Vemitas AB	-	
Board member of Litagra UAB	-	
	<b>Mr. Aidas Mackevičius</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> -	
	<b>Mrs. Ausra Kibirksiene</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 Board and Administration of the Company (cont'd):

The Company's key management personnel includes the Company's General Director and Chief Accountant. In the first half 2012 the average monthly remuneration to the management member of the Company amounted to LTL 42.33 thousand (in the first half 2011 – LTL 35.67 thousand). The remuneration is not paid to the Board members of the Company. During the first half of 2012 the Company paid to the Board members LTL 3 000 thousand annual payments (bonus).

Remuneration to the management member of the Company:

	2012 first half	2011 first half
Wages, salaries	388	327
Social security	120	101
<b>Total</b>	<b>508</b>	<b>428</b>

During the first half of 2012 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 2012 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 2012 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 2012 were Invalda AB (ultimate shareholder) and all companies controlled by Invalda AB. Transactions with related parties during the first half of 2012 and during the first half of 2011 and the balances as of 30 June 2012 and 2011 are provided in the Notes (Note 18) to the interim condensed consolidated financial statements for the six months of 2012.

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

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2012 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
04.01.2012	Vilniaus baldai AB investor's calendar for year 2012
08.02.2012	Vilniaus baldai AB sales and result for activity during period of January - December 2011
08.02.2012	Vilniaus Baldai AB non audited interim condensed consolidated financial statement for the twelve months of 2011
30.03.2012	Vilniaus baldai AB annual audited information for the year 2011
05.04.2012	Convocation of Vilniaus baldai AB Ordinary General Shareholders Meeting
05.04.2012	Draft resolutions of the Annual General Shareholders Meeting



Summary of publicly disclosed information (cont'd):

23.04.2012	Vilniaus baldai AB, sales and result for activity during period of January - March 2012
23.04.2012	Vilniaus Baldai AB non audited condensed interim consolidated financial statement for the three months of 2012
27.04.2012	Resolutions of the Annual General Shareholders Meeting of Vilniaus baldai AB on 27/04/2012
27.04.2012	Vilniaus baldai AB annual information for the year 2011
08.05.2012	Procedure for the payout of dividends for the year 2011

During the first half of 2012 the Managers of the Company didn't conclude transactions.

General Director



Aidas Mackevicius

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