VILNIAUS BALDAI
ANNO 1883
... Better Faster Stronger ...

RESPONSIBLE PERSONS CONFIRMATION

31.07.2013

Following the Article 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we hereby confirm that, Vilniaus Baldai AB the audited Interim Condensed Consolidated and Company's Financial Statement for the six months of 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS). We consider that the accounting policies used are appropriate and Financial Statement thus gives a true and fair view in equity, cash flow, assets, liabilities and income statement, and also that Interim Consolidated Report shows fair bussines inveronment as well as description of the Company's performance.

Chief Executive Officer Aidas Mackevicius

Chief Financial Officer Ausra Kibirkstiene

VILNIAUS BALDAI AB

INTERIM CONDENSED CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS FOR THE SIX MONTHS,
ENDED AS OF 30 JUNE 2013,
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION PRESENTED
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONTENTS

Our report has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

Independent Auditor's Report

To the shareholders of Vilniaus Baldai AB

Report on the condensed interim financial information

We have audited the accompanying condensed interim stand-alone and consolidated financial information of Vilniaus Baldai AB ("the Company") and its subsidiary ("the Group") set out on pages 21 to 43, which comprises the condensed interim stand-alone and consolidated statements of financial position as of 30 June 2013 and the related condensed interim stand-alone and consolidated statements of comprehensive income for the three-month and six-month periods then ended, and condensed interim stand-alone and consolidated statements of changes in equity and cash flows for the six-month period then ended ("the condensed interim financial information").

Management's responsibility for the condensed interim financial information

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of condensed interim financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this condensed interim financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed interim financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the condensed interim financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
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Opinion

In our opinion, the condensed interim financial information is prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated interim report for the six-month period ended 30 June 2013 set out on pages 5 to 20 and have not noted any material inconsistencies between the financial information included in it and the audited condensed interim financial information for the six-month period ended 30 June 2013.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Rasa Radzevičienė
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
31 July 2013

Confirmed __ __ 2013
at the Board Meeting

COMPANIES COMPOSING THE GROUP

Vilniaus Baldai AB (hereinafter – the Company) prepares both separate Company's and consolidated financial statements. The Group (hereinafter – the Group) consists of Vilniaus Baldai AB and subsidiary ARI-LUX UAB in which the Company directly controls 100% of shares.

GENERAL INFORMATION ABOUT THE COMPANY:

Name	**Joint stock company Vilniaus Baldai AB**
Legal form	Joint stock company
Code	121922783
VAT payer's code	LT219227811
Authorised capital	LTL 15,545,068, divided into 3,886,267 ordinary registered shares with the par value of LTL 4 each.
Office address	Savanoriu Ave. 178B, 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	aleksas.rimkus@ari-lux.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.

In 2013 changes were introduced with respect to nearly half of the products produced by the Company. In the first quarter of 2013 the Company finished producing Expedit group of products, which used to represent the major share of the production volume, and started producing child's room furniture Flaxa and other new products. These changes have led to the acquisition of new equipment, introduction of advanced technologies assuring the compliance with quality standards. The introduction of a wide range of products for production over a rather short period of time showed a strong ability of the Company to compete for orders. The mentioned changes caused a reduction in the Company's six-month sales revenue which amounted to LTL 68 million. Over the course of the first half-year the Company continued reorganizational processes that were started earlier focusing on cost reduction, increase of production output, improvement of production planning, enhancement of competitive features and increase of sales orders. We expect that the continued developments will help to implement the strategy of the Company. Furthermore, 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 in the first half of 2013 (in 2012 – 98 %, in 2011 – 97 %). In the first half of 2013, the Company's sales revenue comprised sales of furniture which account for 99 % of total sales (in 2012 – 98 %, 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 economic situation in the world. 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.

Social risk factors. The unstable situation of business in Lithuania affects 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, improvement of technological processes. The Company pays great attention to the improvement of operating conditions and training and qualification improvement of the employees, implementation of LEAN management principles and methods. Trade Union, representing the interests of the employees, operates actively in the Company.

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 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, and 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. The annual audit of quality management system and environmental management system according EN ISO 9001 and EN ISO 14001 was performed in June 2013. There aren't identified any non - conformances. In the first half of 2013 Vilniaus Baldai AB paid LTL 10 thousand of the environment pollution taxes, as well as LTL 51 thousand for the waste utilisation services. There were no manufacturing restrictions because of the environment pollution.

1. REVIEW OF THE COMPANIES GROUP'S POSITION, ACTIVITY AND DEVELOPMENT, CHARACTERISATION OF THE MAIN TYPES OF RISKS AND UNCERTAINTIES, FACED BY THE COMPANY (cont'd)

Repayment of the financial liabilities. The repayment of the financial liabilities 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 and interest rate risks of the Group and the Company is provided in the notes to the Interim Condensed Consolidated and the Parent company's financial statements for the six months of 2013 (12 Notes).

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 supervised 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 till 28 May 2013. The issue of the demand for such committee at the Company itself may be discussed in the nearest future.

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 2013 January – March was 35,135 thousand LTL (10,176 thousand EUR), same period year 2012 – 58,501 thousand LTL (16,943 thousand EUR).

Net profit of the Group during period 2013 January – March was 3,185 thousand LTL (922 thousand EUR), same period year 2012 net profit was 6,118 thousand LTL (1,772 thousand EUR). EBITDA was 4,817 thousand LTL (1,395 thousand EUR). Year ago it was 8,476 thousand LTL (2,455 thousand EUR).

Turnover of the Group during period 2013 April – June was 33,186 thousand LTL (9,611 thousand EUR), same period year 2012 – 56,897 thousand LTL (16,479 thousand EUR).

Net profit of the Group during period 2013 April – June was 2,062 thousand LTL (597 thousand EUR), same period year 2012 – 4,740 thousand LTL (1,373 thousand EUR). EBITDA was 3,109 thousand LTL (900 thousand EUR). Year ago it was 6,907 thousand LTL (2,000 thousand EUR).

Turnover of the Group during period 2013 January – June was 68,321 thousand LTL (19,787 thousand EUR), same period year 2012 – 115,398 thousand LTL (33,422 thousand EUR).

Net profit of the Group during period 2013 January – June was 5,247 thousand LTL (1,520 thousand EUR), same period year 2012 – 10,858 thousand LTL (3,145 thousand EUR). EBITDA was 7,926 thousand LTL (2,296 thousand EUR). Year ago it was 15,383 thousand LTL (4,455 thousand EUR).

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

	30 June of 2013	31 December of 2012
Non - current assets	41,218	38,830
Current assets	59,091	59,673
Total assets	**100,309**	**98,503**
Capital and reserves	**77,255**	**72,008**
Total liabilities	**23,054**	**26,495**
Non - current liabilities	1,926	1,953
Financial debts	*253*	*280*
Current liabilities	21,128	24,542
Financial debts	*54*	*53*
Total capital and reserves	**100,309**	**98,503**

2. THE ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS, INFORMATION RELATED TO THE ENVIRONMENTAL AND PERSONNEL MATTERS (cont'd)

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

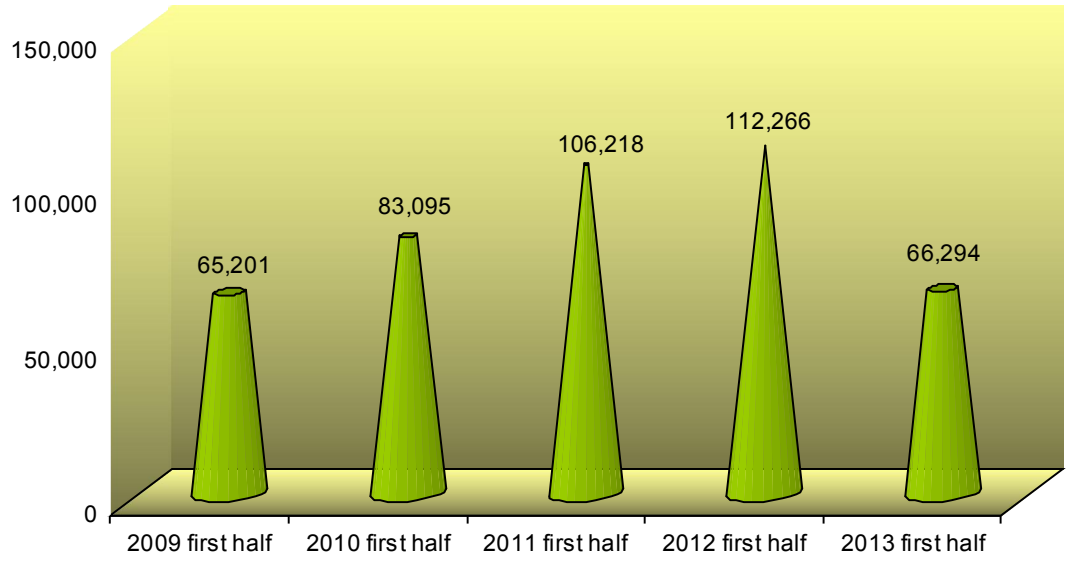
	2013 I half, ended 30 June	2012 I half, ended 30 June
Sales income, LTL thousand	**68,321**	**115,398**
- in Lithuania	*532*	*2,685*
- in EU countries	*41,193*	*92,375*
- other countries	*26,596*	*20,338*
Gross profit, LTL thousand	**9,586**	**20,967**
Gross profit margin, %	14.03	18.17
Operating profit, LTL thousand	**5,640**	**12,472**
Operating profit margin, %	8.26	10.81
Profit before taxes, LTL thousand	**5,695**	**12,832**
Profit before taxes margin, %	8.34	11.12
Net profit, LTL thousand	**5,247**	**10,858**
Net profit margin, %	7.68	9.41
EBITDA, LTL thousand	**7,926**	**15,383**
EBITDA margin, %	11.60	13.33

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 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 Homag, Holzma, 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 first half of 2009 – 2013, in LTL thousand:



2. THE ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS, INFORMATION RELATED TO THE ENVIRONMENTAL AND PERSONNEL MATTERS (cont'd)

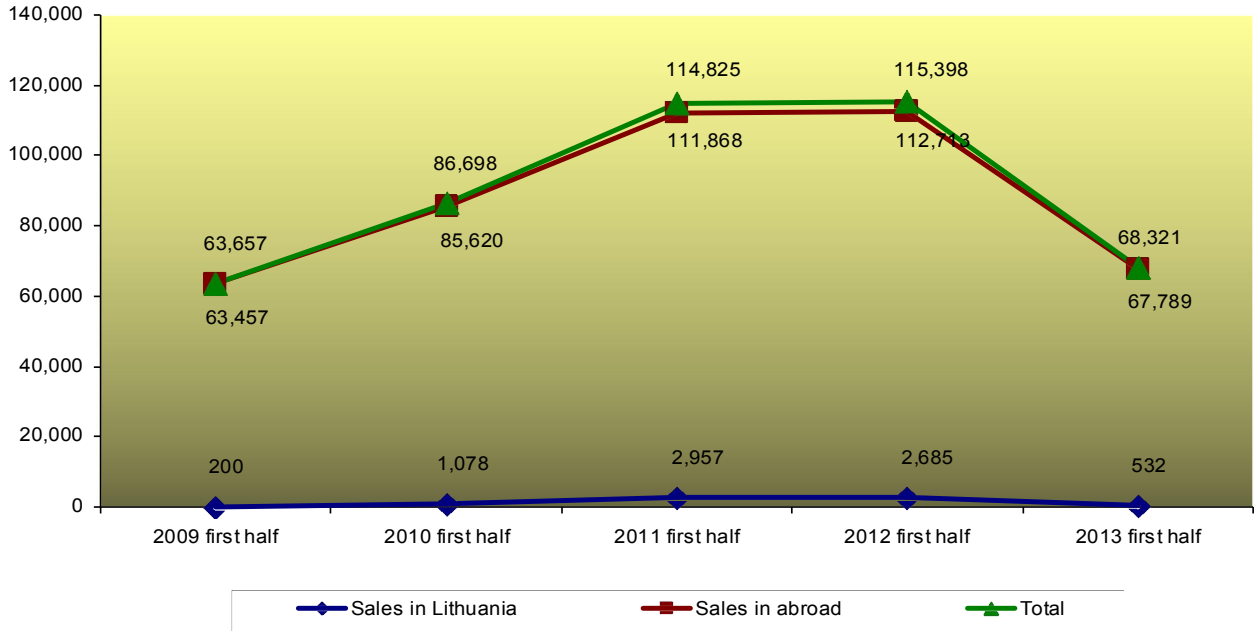
PRODUCTION AND SALES (cont'd)

Production sales according to the markets in the first half of 2009 – 2013:

Sales	2013 I half, ended 30 June		2012 I half, ended 30 June		2011 I half, ended 30 June		2010 I half, ended 30 June		2009 I half, ended 30 June	
	LTL thousand	%	LTL thousand	%	LTL thousand	%	LTL thousand	%	LTL thousand	%
In Lithuania	532	0.8	2,685	2.3	2,957	2.6	1,078	1.2	200	0.3
In abroad	67,789	99.2	112,713	97.7	111,868	97.4	85,620	98.8	63,457	99.7
Total	**68,321**	**100.0**	**115,398**	**100.0**	**114,825**	**100.0**	**86,698**	**100.0**	**63,657**	**100.0**

The Company's sales in Lithuania mostly comprise sales of raw materials and waste of raw materials.

Sales of the Company in the first half of 2009 – 2013, 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 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 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 producers. The main suppliers are Swedspan Giriu Bizonas UAB, IKEA Components S.R.O, Sherwin – Williams Lietuva UAB, Pfleiderer Grajewo S.A., Rehau UAB, Wood service UAB, Homanit Polska Sp.z.o.o. The local supply of the raw materials is pre-conditioned by the cheap transportation costs and good relations with the major suppliers.

2. THE ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS, INFORMATION RELATED TO THE ENVIRONMENTAL AND PERSONNEL MATTERS (cont'd)

EMPLOYEES

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

During the first half of 2013 the number of work places at the Group and the Company was decrease as a result of changes relating to the organisation of workplaces and working time due to implementation of changes in the Company. 441 employees worked in the Group and 410 employees in the Company at 30 June of 2013 (464 in the Group and 424 in the Company at the end of 2012). The average age of the employees is 43 years.

The average number of the recorded employees, working on an employment contract basis, in the period of 2010 – 2012 and at 30 June of 2013:

	30 June of 2013	31 December of 2012	31 December of 2011	31 December of 2010
Executive personnel	4	4	4	5
Specialists	33	35	35	38
Workers	362	388	406	371
Total	**399**	**427**	**445**	**414**

The average wages of the employees in the period of 2010 – 2012 and in the first half of 2013, LTL:

	2013 I half, ended 30 June	2012	2011	2010
Executive personnel	25,707	19,766	18,756	16,184
Specialists	5,441	4,971	4,422	4,101
Workers	2,888	2,964	2,757	2,637
Total	**3,331**	**3,283**	**3,063**	**2,924**

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 collective agreement is concluded in the Company. The collective agreement was renewed on 23 November 2011. 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 CONDENSED FINANCIAL STATEMENTS

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

4. INFORMATION ABOUT THE OWN SHARES

During the first half 2013 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 own shares. The matter on the acquisition of own shares will be deliberated by the shareholders in the future considering 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 OCCURED AFTER FINANCIAL YEAR END

On the 30th of April 2013 the Annual General Shareholders Meeting of Vilniaus baldai AB adopted the following resolutions:

Item1 of the Agenda: Consolidated annual report.
The Company's consolidated annual report for 2012 was presented.

Item2 of the Agenda: Company's auditor's report.
The report of auditor PricewaterhouseCoopers UAB for 2012 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2012.
Resolution: to approve Company's financial statements for 2012.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2012.
Resolution: to approve Company's consolidated financial statements for 2012.

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

Undistributed retained earnings, brought forward	3,033,524 LTL	878,569 EUR
Net result for the current year	26,823,565 LTL	7,768,641 EUR
Distributable result	29,857,089 LTL	8,647,210 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends	-	-
To be paid as annual payments (bonus) to board of	-	-
Undistributed retained earnings, carried forward	29,857,089 LTL	8,647,210 EUR

Dividends for the year 2012 not to allocate.

6. IMPORTANT EVENTS, WHICH HAVE OCCURED AFTER FINANCIAL YEAR END (cont'd)

On 5 June 2013 Vilniaus baldai AB received the following notifications:

– The notification of the shareholders Invalda LT AB, on the disposal of voting rights. The threshold of 40% was crossed. The reason for crossing of the above mentioned thresholds: in accordance with the split-off terms on February 12, 2013, transfer of shares in Invalda privatus kapitalas AB.

– The notification of the shareholders Invalda privatus kapitalas AB on the acquisition of voting rights. The threshold of 30% was crossed. The reason for crossing of the above mentioned thresholds: in accordance with the split-off terms on February 12, 2013, transfer of shares in Invalda privatus kapitalas AB.

– The notification of the group of Invalda LT AB, its board members Darius Sulnis, Alvydas Banys, Indre Miseikyte, its shareholders Irena Ona Miseikiene, Greta Miseikyte – Myers on the acquisition of voting rights. The threshold of 40% was crossed. The reason for crossing of the above mentioned thresholds: shareholders of Invalda LT AB acquired control of Invalda LT AB due to the decrease of the authorised capital in accordance with the split-off terms as well as an signed agreement about the long-term policy of Invalda LT AB.

On 9 July 2013 Vilniaus Baldai AB received a notification from the its shareholders Invalda LT AB (company code 121304349), Invalda privatus kapitalas AB (company code 303075527), Darius Sulnis, Alvydas Banys, Indre Miseikyte, Irena Ona Miseikiene, Greta Miseikyte – Myers and Vytautas Bucas, holding together 73.87 percent of shares in Vilniaus Baldai AB about the decision of the Bank of Lithuania on approval of the circular of the non – competitive mandatory tender offer to buy up remaining voting shares in Vilniaus Baldai AB.
The tender offer price is EUR 14.869 (LTL 51.34) per ordinary registered share with par value of LTL 4, ISIN code – LT0000104267. The tender offer implementation period will last from 15 July 2013 till 29 July 2013.
The shareholders of Vilniaus Baldai AB – Invalda LT AB and Invalda privatus kapitalas AB – will acquire the shares offered during the tender offer, though Invalda LT AB may acquire 12.72 percent of shares in Vilniaus Baldai AB and Invalda privatus kapitalas AB may acquire 13.41 percent. The milestones of the tender offer are stated in the attached summary tender offer circular.

There were no significant events at the Company subsequent to the end of the reporting period prior to the approval of the interim condensed consolidated report for the six months of 2013.

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

In 2013, the Company intends to change approximately 50 per cent of product portfolio. The production of Expedit group of products, which represented the major share of the production volume, was finished already in the first quarter of 2013. However, the production of child's room furniture Flaxa and other new products was started. These changes have led to the acquisition of new equipment, introduction of advanced technologies. These reforms will cause changes in working time schedule and workplace organization. In the 3rd and 4th quarters of 2013, the Company will focus on production operations at the main production facility through increase in work shift number. Vilniaus Baldai AB intends to start operation in usual operating conditions from January 2014. Due to the abovementioned changes in 2013, the Company does not predict that sales of 2012 will be achieved, still expects to be profitable and preserve all jobs.

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

The Company 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 to the evaluation of the Group'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 FMI Finasta AB (Maironio Str. 11, Vilnius) on the management of the Company's securities accounting and the payment of dividends to the shareholders.

11. STRUCTURE OF THE ISSUER'S AUTHORISED 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

The Company's authorised share capital is divided into 3,886,267 ordinary registered shares with par value of LTL 4 each. The shares are intangible. They are recorded in personal securities accounts of shareholders. These accounts are managed following the procedure established by regulatory legislation on the securities market.

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.

11. STRUCTURE OF THE ISSUER'S AUTHORISED CAPITAL (cont'd)

Rights and obligations carried by the shares

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;
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.

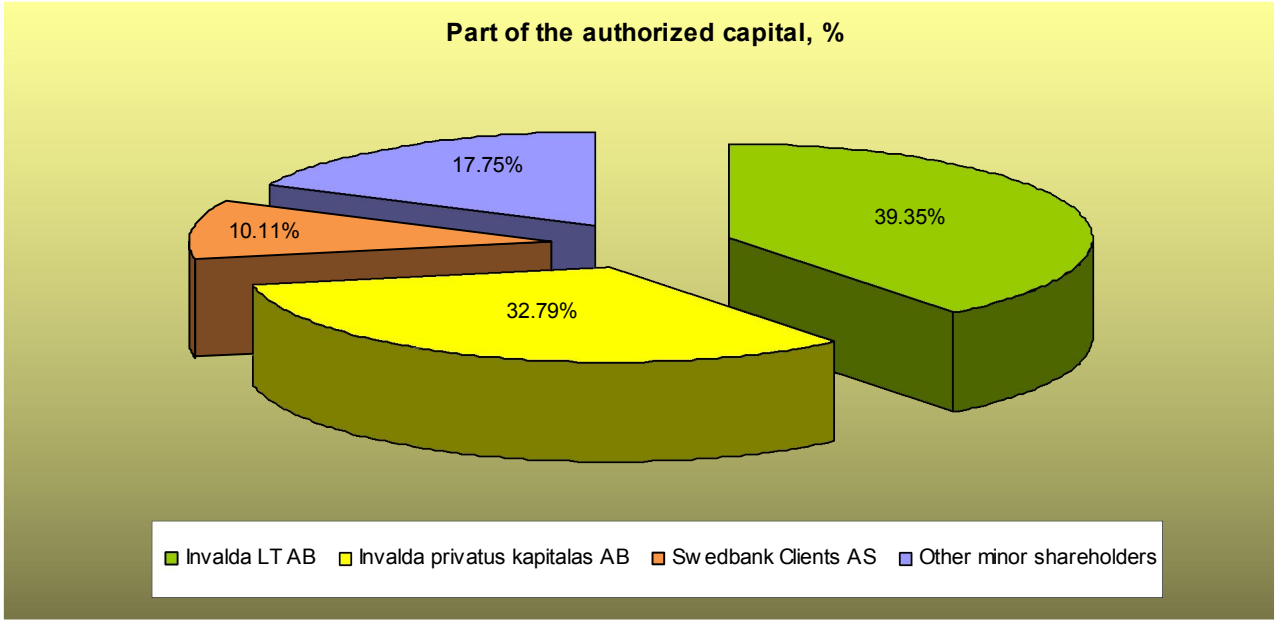
12. SHAREHOLDERS

Total number of the shareholders as of 30 June 2013 was 1,301.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2013:

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 LT AB, company code 121304349, Seimyniskiu str. 1 A, Vilnius	1,529,312	39.35	39.35
Invalda privatus kapitalas AB, company code 303075527, Seimyniskiu g. 1 A, Vilnius	1,274,083	32.79	32.79
Swedbank Clients, company code 10060701 Liivalaia 8, 15040 Tallinn, Estonia	392,989	10.11	10.11
- of which KJK Fund SICAV-SIF	389,161	10.01	10.01

12. SHAREHOLDERS (cont'd)



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

There 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 Official list of the Nasdaq OMX Vilnius AB.

The main characteristics of shares:

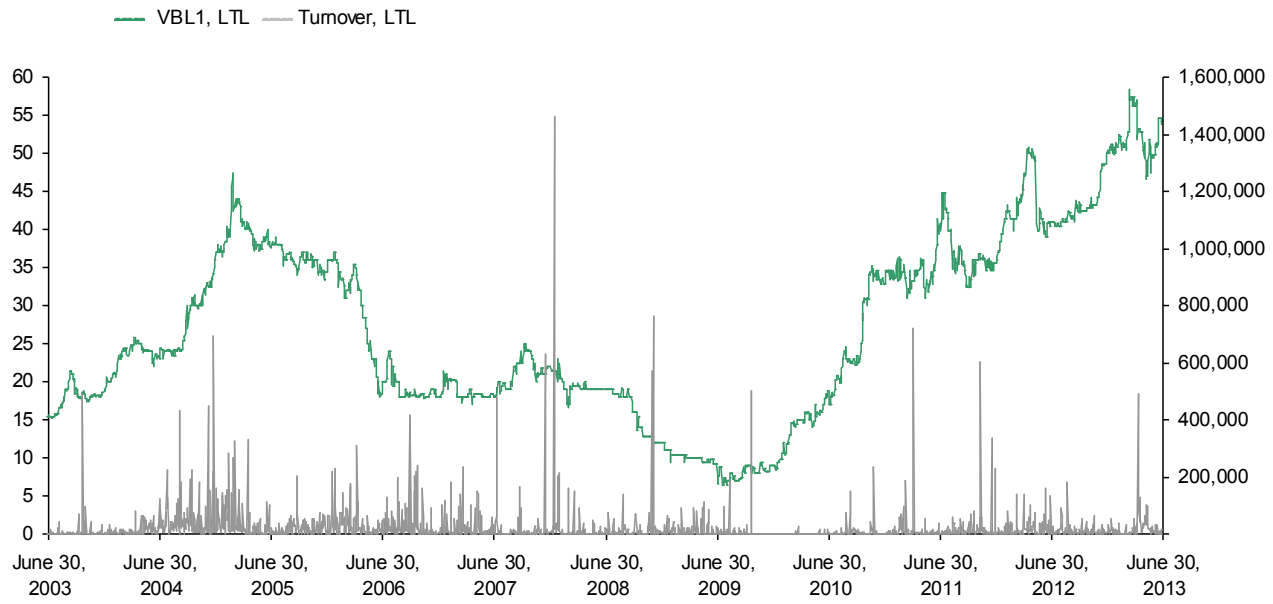
Type of shares	VP ISIN code	Abbreviation	Number of shares, units.	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000104267	VBL1L	3,886,267	4	15,545,068

The trade of the shares of the Company:

	2013 I half, ended 30 June	2012 I half, ended 30 June
Price of the shares, LTL:		
- opening	50.07	35.56
- highest	58.35	51.45
- lowest	46.61	35.56
- closing	53.86	41.09
- average	51.93	46.16
Turnover of shares, units	57,989	57,469
Turnover of shares, LTL	3,011,484	2,653,054
Total number of transactions, units	884	844
Capitalization, million LTL	209.31	159.69

13. INFORMATION ABOUT THE ISSUER'S STOCK EXCHANGE TRADING ON THE REGULATED MARKETS (cont'd)

Shares turnover and price of Vilniaus Baldai AB since the end of first half 2003:



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

Baltic market indexes

Index/Equity	30.06.2009	30.06.2013	+/-%
OMX Baltic Benchmark GI	224.90	616.09	173.94
OMX Vilnius	180.14	403.99	124.26
VBL1L	2.66 EUR	15.60 EUR	485.47

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 Supervisory Board.

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

The Board and Administration of the Company:

Mr. Darius Sulnis	
Position 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	
Work experience Since May 2013 President of Invalda LT AB 2006 – 2011 President of Invalda AB 2002 – 2006 Director of Invalda Nekilnojamojo Turto Valdymas UAB 1994 – 2002 Director of FMI Finasta AB	
Participation in the activities of other companies	**Number of shares and of voting rights**
Board member of Invalda LT AB	8.94 % of shares and of voting rights; together with related parties 90.15 % of voting rights
Board member of Invaldos Nekilnojamojo Turto Fondas AB	-
Board member of Litagra UAB	-
Board member of Cedus Invest UAB	-
Board member of BAIP Grupe UAB	-
Board member of Inreal Pastatu Prieziura UAB	-
Chairman of the Supervisory Board at Dommo SIA (Latvia)	-
Chairman of the Supervisory Board at Burusala SIA (Latvia)	-
Lucrum investicija UAB	100 %
Golfas UAB	31 %
Participation in Vilniaus Baldai AB authorised capital	**0.28 %**

15. ISSUER'S BODIES (cont'd)

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

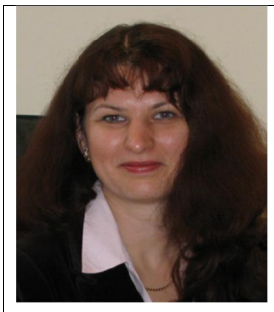
Mr. Vytautas Bucas	
Position Chairman of the Board, elected to the Board on 12.04.2007, re-elected on 29.04.2008 and 27.04.2012, end of the term – 2016	
Work experience Since May 2013 Adviser and Board member of Invalda Privatus Kapitalas AB 2006 – May 2013 Adviser and Board member of Invalda AB (since May 2007 till May 2013 Chairman of the Board) 2006 – 2007 Director of Invaldos Nekilnojamojo Turto Fondas AB 2000 – 2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department 1992 – 2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen	
Participation in the activities of other companies	**Number of shares and of voting rights**
Chairman of the Board of Invalda Privatus Kapitalas AB	39.63 % of shares and of voting rights
Chairman of the Board of Invaldos Nekilnojamojo Turto Fondas AB (till 30 May 2013)	-
Board member of Inreal Pastatu Prieziura UAB (till 30 May 2013)	-
Chairman of the Board of BAIP Grupe UAB (till 31 May 2013)	-
Board member of Cedus Invest UAB	-
Board member of Litagra UAB	-

Mr. Dalius Kaziunas	
Position Board member, elected to the Board on 29.04.2010, re-elected on 27.04.2012 end of the term – 2016	
Work experience Since May 2013 Director of Invalda Privatus Kapitalas AB 2012 – May 2013 President of Invalda AB, Board member (till April 2012) 2008 – 2011 Adviser and Board member of Invalda AB 2008 – 2009 Director of Bankas Finasta AB 1996 – February 2008 assistant of financial broker of FMI Finasta AB, financial broker, Director.	
Participation in the activities of other companies	**Number of shares and of voting rights**
Director of Invalda Privatus Kapitalas AB	0.60 % of shares and of voting rights
Board member of Ineturas UAB	-
Board member of Inreal pastatu prieziura UAB (till 17 May 2013)	-
Board member of Kelio Zenklai UAB (till 30 May 2013)	-
Board member of BAIP Grupe UAB (till 31 May 2013)	-
Board member of Invetex UAB	-
Board member Jurita UAB (till 30 May 2013)	-
Chairman of the Board of Lauko gelininkystes bandymu stotis	-
Member of the Supervisory Board at Vernitas AB	-
Board member of Cedus Invest UAB	-
Board member of Litagra UAB Invalda LT AB	0.60 %

15. ISSUER'S BODIES (cont'd)

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

Mr. Aidas Mackevicius	
Position General director since 01.07.2010	
Work experience 2008 – 2009 General director of AG group UAB 2004 – 2008 General director of Palink UAB 1999 – 2004 Finance director Palink UAB	
Participation in the activities of other companies -	**Number of shares and of voting rights** -



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

The Company's key management personnel includes the Company's General Director and Chief Accountant. During the first half 2013 the average monthly remuneration to the management member of the Company amounted to LTL 46.92 thousand (the first half 2012 – LTL 42.33 thousand). The remuneration is not paid to the Board members of the Company. In 2012 the Company paid to the Board members LTL 3,000 thousand annual payments (bonus).

Remuneration to the management member of the Company, in LTL thousand:

	2013 I half, ended 30 June	2012 I half, ended 30 June
Wages, salaries	430	388
Social security	133	120
Total	**563**	**508**

During the first half 2013 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.

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 2013 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 2013 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 on 30 June 2013 were: ARI-LUX UAB (the subsidiary), Invalda LT AB (shareholder), Invalda privatus kapitalas AB (shareholder) and all companies controlled by Invalda LT AB and Invalda privatus kapitalas AB (on 31 December 2012 were: ARI-LUX UAB (the subsidiary), Invalda AB (ultimate shareholder) and all companies controlled by Invalda AB).Transactions with related parties during the first half 2013 and the first half 2012 and the balances as of 30 June 2013 and as of 31 December 2012 is provided in the notes (Note 23) to Interim Condensed Consolidated and Parent Company's financial statements for the six months of 2013.

18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half 2013 is presented in the Company's website www.vilniausbaldai.lt.

Summary of publicly disclosed information during the first half 2013:

Date of disclosure	Brief description of disclosed information
04.02.2013	Vilniaus baldai AB investor's calendar for year 2013
11.02.2013	Vilniaus baldai AB invested over LTL 12 million into new equipment
13.02.2013	On the potential change of main shareholder
18.02.2013	Vilniaus baldai AB sales and result for activity during period of January – December 2012
18.02.2013	Vilniaus Baldai AB non audited interim condensed consolidated financial statement for the twelve months of 2012
18.02.2013	Vilniaus baldai AB sales for 2012 were LTL 230.141 million, while net profit was LTL 26.835 million
18.02.2013	Vilniaus baldai AB annual audited information for the year 2012
08.04.2013	Convocation of Vilniaus baldai AB Ordinary General Shareholders Meeting
08.04.2013	Draft resolutions of the Annual General Shareholders Meeting
08.04.2013	The Board of Vilniaus Baldai AB convokes the Meeting of Shareholders on 30 of April.
23.04.2013	Vilniaus baldai AB sales and result for activity during period of January – March 2013
23.04.2013	Vilniaus Baldai AB non audited condensed interim consolidated financial statement for the three months of 2013
30.04.2013	Resolutions of the Annual General Shareholders Meeting of Vilniaus baldai AB on 30/04/2013
30.04.2013	Vilniaus baldai AB annual audited information for the year 2012
05.06.2013	Notification of Vilniaus Baldai AB on the acquisition and disposal of voting rights
05.06.2013	On the mandatory tender offer
05.06.2013	On the resolutions of the Board

General Director Aidas Mackevicius

Statements of financial position

		Group		Company	
	Notes	As of 30 June 2013	As of 31 December 2012	As of 30 June 2013	As of 31 December 2012
ASSETS					
Non-current assets					
Intangible assets	6	141	57	141	57
Property, plant and equipment	7				
Land and buildings		12,324	12,652	12,324	12,652
Machinery and equipment		26,512	22,848	26,511	22,847
Vehicles		461	502	461	502
Other property, plant and equipment		1,633	2,606	1,628	2,601
Total property, plant and equipment		40,930	38,608	40,924	38,602
Non-current financial assets					
Investments in subsidiaries		-	-	17	17
Total non-current financial assets		-	-	17	17
Deferred income tax asset		147	165	147	165
Total non-current assets		**41,218**	**38,830**	**41,229**	**38,841**
Current assets					
Inventories	8	19,592	18,417	19,592	18,417
Accounts receivable					
Trade receivables		12,438	12,421	12,438	12,421
Time deposits	10	7,963	21,377	7,963	21,377
Prepayments		377	146	376	145
Current income tax prepayment		1,760	1,302	1,760	1,302
Other receivables	9	1,954	2,839	1,901	2,799
Total accounts receivable		24,492	38,085	24,438	38,044
Cash and cash equivalents	10	15,007	3,171	14,988	3,117
Total current assets		**59,091**	**59,673**	**59,018**	**59,578**
Total assets		**100,309**	**98,503**	**100,247**	**98,419**

(cont'd on the next page)

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

Statements of financial position (cont'd)

		Group		Company	
	Notes	As of 30 June 2013	As of 31 December 2012	As of 30 June 2013	As of 31 December 2012
EQUITY AND LIABILITIES					
Equity					
Share capital	1	15,545	15,545	15,545	15,545
Legal reserve	11	1,554	1,554	1,554	1,554
Reserve for acquisition of own shares	11	25,000	25,000	25,000	25,000
Retained earnings		35,156	29,909	35,155	29,857
Total equity		**77,255**	**72,008**	**77,254**	**71,956**
Liabilities					
Non-current liabilities					
Finance liabilities	12	253	280	253	280
Provision for employee benefits	14	1,673	1,673	1,673	1,673
Total non-current liabilities		**1,926**	**1,953**	**1,926**	**1,953**
Current liabilities					
Finance liabilities	12	54	53	54	53
Trade payables	13	14,112	17,188	14,139	17,236
Current income tax payable		-	-	-	-
Other current liabilities and accrued expenses	15	6,962	7,301	6,874	7,221
Total current liabilities		**21,128**	**24,542**	**21,067**	**24,510**
Total liabilities		**23,054**	**26,495**	**22,993**	**26,463**
Total equity and liabilities		**100,309**	**98,503**	**100,247**	**98,419**

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

General Director	Aidas Mackevicius		31 July 2013
Chief Accountant	Ausra Kibirkstiene		31 July 2013

Statements of comprehensive income

	Notes	Group 2013 I half, ended 30 June	Group 2012 I half, ended 30 June	Company 2013 I half, ended 30 June	Company 2012 I half, ended 30 June
Revenue	5,16	68,321	115,398	68,321	115,398
Cost of sales	17	(58,735)	(94,431)	(58,774)	(94,532)
Gross profit		**9,586**	**20,967**	**9,547**	**20,866**
Operating expenses	18	(4,569)	(8,742)	(4,483)	(8,661)
Other income	19	1,160	732	1,164	736
Other expenses	19	(537)	(485)	(537)	(485)
Operating profit		**5,640**	**12,472**	**5,691**	**12,456**
Finance income	20	74	423	74	423
Finance costs	20	(19)	(63)	(19)	(63)
Finance costs - net		55	360	55	360
Profit before income tax		**5,695**	**12,832**	**5,746**	**12,816**
Income tax expense	21	(448)	(1,974)	(448)	(1,974)
Profit for the year		**5,247**	**10,858**	**5,298**	**10,842**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**5,247**	**10,858**	**5,298**	**10,842**
Attributable to owners of the Company:					
Profit		5,247	10,858	5,298	10,842
Total comprehensive income		5,247	10,858	5,298	10,842
Basic and diluted earnings per share (in LTL)	22	1.35	2.79	1.36	2.79

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

General Director	Aidas Mackevicius		31 July 2013
Chief Accountant	Ausra Kibirkstiene		31 July 2013

Statements of comprehensive income

	Notes	Group 2013 II quarter, ended 30 June	Group 2012 II quarter, ended 30 June	Company 2013 II quarter, ended 30 June	Company 2012 II quarter, ended 30 June
Revenue	5,16	33,186	56,897	33,186	56,897
Cost of sales	17	(29,448)	(45,612)	(29,511)	(45,638)
Gross profit		**3,738**	**11,285**	**3,675**	**11,259**
Operating expenses	18	(2,238)	(5,822)	(2,194)	(5,782)
Other income	19	682	314	684	316
Other expenses	19	(263)	(243)	(263)	(243)
Operating profit		**1,919**	**5,534**	**1,902**	**5,550**
Finance income	20	30	126	30	126
Finance costs	20	(10)	(24)	(10)	(24)
Finance costs - net		20	102	20	102
Profit before income tax		**1,939**	**5,636**	**1,922**	**5,652**
Income tax expense	21	123	(896)	123	(896)
Profit for the year		**2,062**	**4,740**	**2,045**	**4,756**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**2,062**	**4,740**	**2,045**	**4,756**
Attributable to owners of the Company:					
Profit		2,062	4,740	2,045	4,756
Total comprehensive income		2,062	4,740	2,045	4,756
Basic and diluted earnings per share (in LTL)	22	0.53	1.22	0.53	1.22

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

General Director	Aidas Mackevicius		31 July 2013
Chief Accountant	Ausra Kibirkstiene		31 July 2013

Statements of changes in equity

Group		Attributable to the owners of the parent				
	Notes	Share capital	Other reserves	Legal reserve	Retained earnings	Total
Balance as of 31 December 2011		**15,545**	**25,000**	**1,554**	**41,937**	**84,036**
Profit for the year		-	-	-	10,858	10,858
Total comprehensive income for the year		**-**	**-**	**-**	**10,858**	**10,858**
Transactions with owners						
Dividends to equity holders of the Company		-	-	-	(38,863)	(38,863)
Total transactions with owners		**-**	**-**	**-**	**(38,863)**	**(38,863)**
Balance as of 30 June 2012		**15,545**	**25,000**	**1,554**	**13,932**	**56,031**
Balance as of 31 December 2012		**15,545**	**25,000**	**1,554**	**29,909**	**72,008**
Profit for the year		-	-	-	5,247	5,247
Total comprehensive income for the year		**-**	**-**	**-**	**5,247**	**5,247**
Balance as of 30 June 2013		**15,545**	**25,000**	**1,554**	**35,156**	**77,255**

Company	Notes	Share capital	Other reserves	Legal reserve	Retained earnings	Total
Balance as of 31 December 2011		**15,545**	**25,000**	**1,554**	**41,896**	**83,995**
Profit for the year		-	-	-	10,842	10,842
Total comprehensive income for the year		**-**	**-**	**-**	**10,842**	**10,842**
Transactions with owners						
Dividends to equity holders of the Company		-	-	-	(38,863)	(38,863)
Total transactions with owners		**-**	**-**	**-**	**(38,863)**	**(38,863)**
Balance as of 30 June 2012		**15,545**	**25,000**	**1,554**	**13,875**	**55,974**
Balance as of 31 December 2012		**15,545**	**25,000**	**1,554**	**29,857**	**71,956**
Profit for the year		-	-	-	5,298	5,298
Total comprehensive income for the year		**-**	**-**	**-**	**5,298**	**5,298**
Balance as of 30 June 2013		**15,545**	**25,000**	**1,554**	**35,155**	**77,254**

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

General Director	Aidas Mackevicius	31 July 2013
Chief Accountant	Ausra Kibirkstiene	31 July 2013

Statements of cash flows

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Cash flows from operating activities				
Profit before income tax	5,695	12,832	5,746	12,816
Adjustments for:				
Depreciation and amortization	2,499	2,926	2,497	2,925
Change in provision for employee benefits	-	-	-	-
Result from the disposal of non-current assets	(6)	(26)	(6)	(26)
Write-off of non-current assets	7	9	7	9
Change in allowance for inventories	(80)	(71)	(80)	(71)
Financial expenses (income)	(59)	(364)	(59)	(364)
Other	-	-	-	-
	8,056	15,306	8,105	15,289
Changes in working capital:				
Decrease (increase) in inventories	(1,095)	68	(1,095)	68
Decrease (increase) in prepayments	(231)	(177)	(231)	(177)
Decrease (increase) in trade receivables	(17)	(4,377)	(17)	(4,377)
Increase in other receivables	(3)	(2,453)	10	(2,418)
Increase (decrease) in trade payables	(3,076)	(1,593)	(3,097)	(1,526)
Decrease in other current payables and liabilities	(291)	(470)	(299)	(550)
Cash flows from operating activities	**3,343**	**6,304**	**3,376**	**6,309**
Income tax (paid)	-	-	-	-
Net cash flows from operating activities	**3,343**	**6,304**	**3,376**	**6,309**
Cash flows from investing activities				
Loans granted to related party	(4,185)	-	(4,185)	-
Loan repayments received from related party	4,185	-	4,185	-
Received interest	94	696	94	696
Purchases of property, plant and equipment and intangible assets	(4,912)	(4,393)	(4,910)	(4,392)
Proceeds from disposal of property, plant and equipment	6	97	6	97
Transfer (to) from time deposits	13,383	37,107	13,383	37,107
Net cash flows from (used in) investing activities	**8,571**	**33,507**	**8,573**	**33,508**

(cont'd on the next page)

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

Statements of cash flows (cont'd)

	Group		Company	
	2013 I half, ended 30 June	2012 I half, ended 30 June	2013 I half, ended 30 June	2012 I half, ended 30 June
Cash flows from (used in) financing activities				
Proceeds from loan from related party	332	1,550	332	1,550
Repayment of loan to related party	(332)	(1,550)	(332)	(1,550)
Repayments of borrowings and finance lease	(26)	(647)	(26)	(647)
Dividends (paid)	(48)	(37,800)	(48)	(37,800)
Interest (paid)	(4)	(19)	(4)	(19)
Net cash flows (used in) financing activities	**(78)**	**(38,466)**	**(78)**	**(38,466)**
Net (decrease) increase in cash and cash equivalents	**11,836**	**1,345**	**11,871**	**1,351**
Cash and cash equivalents at the beginning of the period	**3,171**	**1,906**	**3,117**	**1,816**
Cash and cash equivalents at the end of the period	**15,007**	**3,251**	**14,988**	**3,167**

The accompanying notes set out in pages 28 - 43 are an integral part of these interim condensed financial statements.

General Director	Aidas Mackevicius		31 July 2013
Chief Accountant	Ausra Kibirkstiene		31 July 2013

Notes to the interim condensed financial statements

1 General information

Vilniaus Baldai AB (hereinafter the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is Savanoriu Ave. 178B, Vilnius, LT-03154, Lithuania.

The Company is engaged in furniture production and trade. The Company was registered on 9 February 1993, its shares are traded in the Main List on the NASDAQ OMX Vilnius AB.

As of 30 June 2013 and 31 December 2012 the shareholders of the Group and the Company were:

	As of 30 June 2013		As of 31 December 2012	
	Number of votes held	Percentage	Number of votes held	Percentage
Invalda LT AB	1,529,312	39.35	2,803,395	72.14
Invalda privatus kapitalas AB	1,274,083	32.79	-	-
Swedbank clients AS (Estonia)	392,989	10.11	398,030	10.24
- of which KJK Fund SICAV-SIF	389,161	10.01	389,161	10.01
Other minor shareholders	689,883	17.75	684,842	17.62
Total	**3,886,267**	**100.00**	**3,886,267**	**100.00**

At the end of May 2013 a part of assets of Invalda AB, a main shareholder of Vilniaus Baldai AB holding 72.14 per cent of shares and voting rights in the Company's authorised share capital, was separated on the basis of which new company was established – Invalda Privatus Kapitalas AB. The public company Invalda that continues its activities after the separation changed its name to the public company Invalda LT and holds 39.35 per cent of the Company's authorised share capital, while the public company Invalda Privatus Kapitalas holds 32.79 per cent.

These interim condensed financial statements include the consolidated financial statements of the Group and the separate financial statements of the Company.

The Company's management approved these interim condensed financial statements on 31 July 2013. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of another set of financial statements.

2 Accounting principles

These interim condensed financial statements for the six month period of 2013 have been prepared in accordance with IAS 34, 'Interim financial reporting'.

The interim condensed financial statements do not include all disclosures that are required in the annual financial statements. Therefore, these interim condensed financial statements should be read in conjunction with the Group's and the Company's annual financial statements for the year ended 31 December 2012.

3 Accounting principles

The interim condensed financial statements have been prepared using the same accounting policies and estimates as those used in the preparation of the Group's and the Company's annual financial statements for the year ended 31 December 2012, except for income tax expense which is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year and the implementation of new standards and interpretations that are mandatory on or after 1 January 2013 as disclosed below.

Presentation of items of other comprehensive income – Amendment to IAS 1, 'Presentation of financial statements'
This amendment changes the disclosure of items presented in other comprehensive income. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The amended standard changes presentation of the financial statements, but has no impact on the Group's and the Company's financial performance and results of operations.

IAS 19, 'Employee benefits'
The amended standard makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. The Group will be required to recognise the total amount of actuarial gains and losses in other comprehensive income rather than in profit or loss, which is a practice followed at the present moment, and present the cost of sales and net interest as separate line items in the income statement. This amendment did not have any impact on the Group's and the Company's financial statements for the six-month period of 2013.

Deferred tax: recovery of underlying assets – Amendment to IAS 12
The amendment introduced a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. SIC-21, 'Income taxes – recovery of revalued non-depreciable assets', which addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16, 'Property, plant and equipment', was incorporated into IAS 12 after excluding from its scope investment properties measured at fair value. This amendment did not have any impact on the Group's and the Company's financial statements for the six-month period of 2013.

IFRS 13, 'Fair value measurement'
The standard aims to improve consistency and reduce complexity by providing a revised definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. This amendment did not have any impact on the Group's and the Company's financial statements for the six-month period of 2013.

Financial instruments. Disclosures: offsetting financial assets and financial liabilities – Amendment to IFRS 7
The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendment will have an impact on disclosures but will have no effect on measurement and recognition of financial instruments. This amendment did not have any impact on the Group's and the Company's financial statements for the six-month period of 2013.

Improvements to International Financial Reporting Standards (issued in May 2012)

The improvements consist of changes to five standards:

– *IFRS 1, 'First time adoption of IFRS (amended)* aims to: (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, 'Borrowing costs', retrospectively by first-time adopters.

– *IAS 1, 'Presentation of financial statements'* was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements.

3 Accounting principles (cont'd)

– *IAS 16, 'Property, plant and equipment'* was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory.

– *IAS 32, 'Financial instruments: presentation'* was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12.

– *IAS 34, 'Interim financial reporting'* was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

These amendments had no impact on the Group's and the Company's interim condensed financial statements for the six-month period of 2013.

4 Estimates

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

5 Segment information

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

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

The entity is domiciled in Lithuania. Breakdown of revenue by the location where production is delivered:

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
European Union countries	41,193	92,375	41,193	92,375
Other than European Union countries	26,596	20,338	26,596	20,338
Lithuania	532	2,685	532	2,685
	68,321	**115,398**	**68,321**	**115,398**

Reduction of the Group's and the Company's sales revenue in the first half-year of 2013 was caused by changes of the range of products produced. The Company introduced changes with respect to nearly half of products produced: the production of Expedit group of products was finished, which represented the major share of the production volume, and the production of child's room furniture Flaxa and other new products was started.

5 Segment information (cont'd)

	Group		Company	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**	**2013 II quarter, ended 30 June**	**2012 II quarter, ended 30 June**
European Union countries	16,069	44,994	16,069	44,994
Other than European Union countries	16,786	10,783	16,786	10,783
Lithuania	331	1,120	331	1,120
	33,186	**56,897**	**33,186**	**56,897**

6 Intangible assets

	Software	
	Group	**Company**
Cost:		
Balance as of 31 December 2011	430	430
Additions	-	-
Write-offs	-	-
Balance as of 30 June 2012	430	430
Balance as of 31 December 2012	408	408
Additions	138	138
Write-offs	-	-
Balance as of 30 June 2013	546	546
Accumulated amortisation:		
Balance as of 31 December 2011	243	243
Charge for the year	66	66
Write-offs	-	-
Balance as of 30 June 2012	309	309
Balance as of 31 December 2012	351	351
Charge for the year	54	54
Write-offs	-	-
Balance as of 30 June 2013	405	405
Net book value as of 30 June 2013	**141**	**141**
Net book value as of 30 June 2012	**121**	**121**

Amortization expenses of intangible assets are included within operating expenses in the statement of comprehensive income. Part of the non-current intangible assets of and the Group and the Company with the acquisition cost of LTL 271 thousand as of 30 June 2013 (as of 30 June 2012 – LTL 13 thousand) was fully amortised but was still in use.

7 Property, plant and equipment

Group	Land and buildings	Machinery and equipment	Vehicles	Other property, plant and equipment	Total
Cost:					
Balance as of 31 December 2011	23,680	61,083	459	3,646	88,868
Additions	316	840	-	3,237	4,393
Disposals and retirements	-	(539)	-	(153)	(692)
Reclassified from/ to	-	252	-	(252)	-
Balance as of 30 June 2012	23,996	61,636	459	6,478	92,569
Balance as of 31 December 2012	24,030	71,944	637	5,100	101,711
Additions	-	4,027	8	739	4,774
Disposals and retirements	-	(262)	-	(28)	(290)
Reclassified from/ to	-	1,572	-	(1,572)	-
Balance as of 30 June 2013	24,030	77,281	645	4,239	106,195
Accumulated depreciation:					
Balance as of 31 December 2011	10,677	46,095	86	2,467	59,325
Charge for the year	355	2,320	23	162	2,860
Disposals and retirements	-	(468)	-	(144)	(612)
Balance as of 30 June 2012	11,032	47,947	109	2,485	61,573
Balance as of 31 December 2012	11,378	49,096	135	2,494	63,103
Charge for the year	328	1,928	49	140	2,445
Disposals and retirements	-	(255)	-	(28)	(283)
Balance as of 30 June 2013	11,706	50,769	184	2,606	65,265
Net book value as of 30 June 2013	**12,324**	**26,512**	**461**	**1,633**	**40,930**
Net book value as of 30 June 2012	**12,964**	**13,689**	**350**	**3,993**	**30,996**

7 Property, plant and equipment (cont'd)

Company	Land and buildings	Machinery and equipment	Vehicles	Other property, plant and equipment	Total
Cost:					
Balance as of 31 December 2011	23,680	61,072	459	3,640	88,851
Additions	316	839	-	3,237	4,392
Disposals and retirements	-	(539)	-	(153)	(692)
Reclassified from/ to	-	252	-	(252)	-
Balance as of 30 June 2012	23,996	61,624	459	6,472	92,551
Balance as of 31 December 2012	24,030	71,932	637	5,094	101,693
Additions	-	4,026	8	738	4,772
Disposals and retirements	-	(262)	-	(28)	(290)
Reclassified from/ to	-	1,572	-	(1,572)	-
Balance as of 30 June 2013	24,030	77,268	645	4,232	106,175
Accumulated depreciation:					
Balance as of 31 December 2011	10,677	46,085	86	2,465	59,313
Charge for the year	355	2,320	23	161	2,859
Disposals and retirements	-	(468)	-	(144)	(612)
Balance as of 30 June 2012	11,032	47,937	109	2,482	61,560
Balance as of 31 December 2012	11,378	49,085	135	2,493	63,091
Charge for the year	328	1,927	49	139	2,443
Disposals and retirements	-	(255)	-	(28)	(283)
Balance as of 30 June 2013	11,706	50,757	184	2,604	65,251
Net book value as of 30 June 2013	**12,324**	**26,511**	**461**	**1,628**	**40,924**
Net book value as of 30 June 2012	**12,964**	**13,687**	**350**	**3,990**	**30,991**

Depreciation charge for the year was recognised as follows:

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Cost of sales	2,083	2,685	2,083	2,685
Operating expenses	149	160	147	159
Inventories – finished goods	213	15	213	15
	2,445	**2,860**	**2,443**	**2,859**

7 Property, plant and equipment (cont'd)

Part of property, plant and equipment of the Group and the Company with the acquisition cost of LTL 16,770 thousand and LTL 16,761 thousand was fully depreciated as of 30 June 2013 (LTL 13,567 thousand and LTL 13,558 thousand as of 30 June 2012) but was still in active use. The major part of the fully depreciated property, plant and equipment consists of machinery and equipment.

The net book value of property, plant and equipment acquired under finance lease contracts, from which the Company's financial liabilities arise, amounted to LTL 426 thousand as of 30 June 2013 (LTL 303 thousand as of 30 June 2012). Property, plant and equipment acquired under finance lease contracts is classified in the category of vehicles.

The acquisition cost of the Company's and the Group's property, plant and equipment that has been prepared for bringing into use amounted to LTL 7 thousand as of 30 June 2013 (LTL 847 thousand as of 30 June 2012). Such property is classified in the category of machinery and equipment.

The Company's prepayments for non-current assets amounted to LTL 665 thousand as of 30 June 2013 (LTL 2,909 thousand as of 30 June 2012). The Group and the Company classified their prepayments in the category of machinery and equipment.

Acquisitions of property, plant and equipment made by the Group and the Company during the first half-year of 2013 amounted to LTL 4,774 thousand and LTL 4,772 thousand, respectively (LTL 4,393 thousand and LTL 4,392 thousand, respectively, during the first half-year of 2012). The Group and the Company plan to make major investments in modernisation of production equipment in the second half-year of 2013.

8 Inventories

	Group		Company	
	As of 30 June 2013	**As of 31 December 2012**	**As of 30 June 2013**	**As of 31 December 2012**
Raw materials	3,236	3,840	3,236	3,840
Work in progress	3,782	2,219	3,782	2,219
Finished goods	12,560	12,420	12,560	12,420
Goods for resale	14	18	14	18
	19,592	18,497	19,592	18,497
Less: write-down to net realizable value	-	(80)	-	(80)
	19,592	**18,417**	**19,592**	**18,417**

Raw materials consist of wood, accessories, plastics, chemical materials and other materials used in production.
Inventories previously written down and amounting to LTL 80 thousand in the first half 2013 (LTL 71 thousand in the first half 2012) were disposed. Changes in the write-down allowance for inventories for the first half 2013 and years 2012 were included in cost of goods sold.

9 Other receivables

	Group		Company	
	As of 30 June 2013	**As of 31 December 2012**	**As of 30 June 2013**	**As of 31 December 2012**
Refundable VAT	1,827	2,583	1,827	2,583
Other receivables	127	256	74	216
	1,954	2,839	1,901	2,799
Less: allowance for doubtful other receivables	-	-	-	-
	1,954	**2,839**	**1,901**	**2,799**

Other receivables of the Group and the Company were neither past due nor impaired as of 30 June 2013 and 31 December 2012.

10 Cash and cash equivalents

	Group		Company	
	As of 30 June 2013	As of 31 December 2012	As of 30 June 2013	As of 31 December 2012
Cash at bank	2,426	3,171	2,407	3,117
Time deposits with the maturity less than 3 months	12,581	-	12,581	-
	15,007	**3,171**	**14,988**	**3,117**

On 30 June 2013 and 31 December 2012 the Group and the Company have also placed in the banks time deposits with the maturity more than 3 months:

	Group		Company	
	As of 30 June 2013	As of 31 December 2012	As of 30 June 2013	As of 31 December 2012
Time deposits with the maturity between 3 and 6 months	7,953	9,020	7,953	9,020
Time deposits with the maturity more than 6 months	-	12,316	-	12,316
Accumulated interest	10	41	10	41
	7,963	**21,377**	**7,963**	**21,377**

11 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit are compulsory until the reserve reaches 10 % of the share capital.

Reserve for acquisition of own shares

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

12 Finance liabilities

	Group		Company	
	As of 30 June 2013	As of 31 December 2012	As of 30 June 2013	As of 31 December 2012
Non-current finance liabilities				
Finance lease	253	280	253	280
	253	280	253	280
Current finance liabilities				
Current portion of finance lease	54	53	54	53
	54	53	54	53
	307	**333**	**307**	**333**

12 Finance liabilities (cont'd)

Actual interest rates are close to the effective interest rates. As of 30 June 2013 the weighted average annual interest rate on outstanding balances of the Group's and the Company's finance liabilities was 2.79 % (3.13 % as of 31 December 2012). In the first half 2013 and year 2012, the period of repricing variable interest rates on borrowings was 6 months.

Parts of finance liabilities at the end of the period in foreign currencies:

	Group		Company	
	As of 30 June 2013	**As of 31 December 2012**	**As of 30 June 2013**	**As of 31 December 2012**
Finance liabilities denominated in:				
EUR	307	333	307	333
	307	**333**	**307**	**333**

13 Trade payables

Trade payables are non-interest bearing and are normally settled on 30 – 60 days terms.

14 Provisions for employee benefits

	Group		Company	
	As of 30 June 2013	**As of 31 December 2012**	**As of 30 June 2013**	**As of 31 December 2012**
Provisions for pension and jubilee benefits	1,673	1,673	1,673	1,673
	1,673	**1,673**	**1,673**	**1,673**

Provision for pension and jubilee benefits comprises amounts calculated in line with the collective employment agreement effective at the Company. Each employee is entitled to a jubilee benefit and a pension benefit amounting to 2 or 3 months' salary payments on leaving the Company after reaching the retirement age. Key assumptions used in determining the provision for pension and jubilee benefits are as follows: employee turnover rate by age group, discount rate, and wage and salary growth.

15 Other current and accrued liabilities

	Group		Company	
	As of 30 June 2013	**As of 31 December 2012**	**As of 30 June 2013**	**As of 31 December 2012**
Amounts payable for the take-over of tax losses (Note 23)	1,410	1,524	1,410	1,524
Payroll related liabilities	3,706	3,877	3,627	3,805
Dividends payable	1,708	1,756	1,708	1,756
Operation taxes payable	26	72	17	64
Other payables and accrued liabilities	112	72	112	72
	6,962	**7,301**	**6,874**	**7,221**

16 Revenue

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Sales of goods	68,320	115,398	68,320	115,398
Revenue from services	1	-	1	-
	68,321	**115,398**	**68,321**	**115,398**

In the first half 2013 sales of goods comprised sales of furniture which accounted for approx. 99 per cent of total sales (in the first half 2012 – 98 per cent) and sales of raw materials and waste of raw materials.

The main customer of the Company is IKEA Supply AG in the first half 2013 sales are amounting to LTL 67,754 thousand, i.e. 99 per cent (in the first half 2012 sales were amounting to LTL 112,707 thousand, i.e. 98 per cent). The Company is working with this customer on the basis of the short-term agreements since 1998.

	Group		Company	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**	**2013 II quarter, ended 30 June**	**2012 II quarter, ended 30 June**
Sales of goods	33,186	56,897	33,186	56,897
Revenue from services	-	-	-	-
	33,186	**56,897**	**33,186**	**56,897**

The main customer of the Company is IKEA Supply AG in the second quarter 2013 sales are amounting to LTL 32,863 thousand, i.e. 99 per cent (in the second quarter 2012 sales were amounting to LTL 55,776 thousand, i.e. 98 per cent).

17 Cost of sales

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Materials	43,995	73,727	43,995	73,727
Wages, salaries	5,663	7,117	5,530	6,900
Social security	1,739	2,176	1,699	2,111
Depreciation	2,083	2,685	2,083	2,685
Acquired furniture and materials	460	2,405	460	2,405
Other production expenses	4,795	6,321	5,007	6,704
	58,735	**94,431**	**58,774**	**94,532**

17 Cost of sales (cont'd)

	Group		Company	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**	**2013 II quarter, ended 30 June**	**2012 II quarter, ended 30 June**
Materials	21,944	35,967	21,944	35,967
Wages, salaries	2,933	3,554	2,886	3,448
Social security	899	1,091	885	1,059
Depreciation	1,093	1,260	1,092	1,260
Acquired furniture and materials	283	955	283	955
Other production expenses	2,296	2,785	2,421	2,949
	29,448	**45,612**	**29,511**	**45,638**

18 Operating expenses

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Wages, salaries	1,394	1,529	1,339	1,481
Social security	433	457	416	442
Transportation and logistics expenses	1,365	2,166	1,365	2,166
Bonus for the Board members	-	3,000	-	3,000
Audit and consultation expenses	250	186	249	186
Depreciation and amortization	203	226	201	225
Utilities, maintenance and communications	138	156	138	155
Waste utilisation expenses	51	125	51	125
Business trips expenses	42	64	42	64
Charity and support expenses	2	4	1	2
Other	691	829	681	815
	4,569	**8,742**	**4,483**	**8,661**

18 Operating expenses (cont'd)

	Group		Company	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**	**2013 II quarter, ended 30 June**	**2012 II quarter, ended 30 June**
Wages, salaries	672	817	642	794
Social security	209	254	200	247
Transportation and logistics expenses	638	996	638	996
Bonus for the Board members	-	3,000	-	3,000
Audit and consultation expenses	157	102	157	102
Depreciation and amortization	97	112	97	112
Utilities, maintenance and communications	75	80	75	80
Waste utilisation expenses	25	84	25	84
Business trips expenses	26	25	26	25
Charity and support expenses	-	-	-	-
Other	339	352	334	342
	2,238	**5,822**	**2,194**	**5,782**

19 Other operating income and expenses

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Other operating income				
Rent and utilities income	832	684	836	688
Gain on disposal of property, plant and equipment	6	26	6	26
Other income	322	22	322	22
	1,160	**732**	**1,164**	**736**
Other operating expenses				
Direct costs of rent income	(493)	(443)	(493)	(443)
Losses on disposal of property, plant and equipment	-	-	-	-
Other expenses	(44)	(42)	(44)	(42)
	(537)	**(485)**	**(537)**	**(485)**

19 Other operating income and expenses (cont'd)

	Group		Company	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**	**2013 II quarter, ended 30 June**	**2012 II quarter, ended 30 June**
Other operating income				
Rent and utilities income	364	285	366	287
Gain on disposal of property, plant and equipment	-	7	-	7
Other income	318	22	318	22
	682	**314**	**684**	**316**
Other operating expenses				
Direct costs of rent income	(220)	(207)	(220)	(207)
Losses on disposal of property, plant and equipment	-	-	-	-
Other expenses	(43)	(36)	(43)	(36)
	(263)	**(243)**	**(263)**	**(243)**

20 Income and expenses from financial and investment activities

	Group		Company	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**	**2013 I half, ended 30 June**	**2012 I half, ended 30 June**
Financial income				
Interest income on loans to related parties	63	383	63	383
Currency exchange gain	11	40	11	40
	74	**423**	**74**	**423**
Financial costs				
Interest expenses	(4)	(19)	(4)	(19)
Currency exchange (expenses)	(15)	(44)	(15)	(44)
	(19)	**(63)**	**(19)**	**(63)**

20 Income and expenses from financial and investment activities (cont'd)

	Group		Company	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**	**2013 II quarter, ended 30 June**	**2012 II quarter, ended 30 June**
Financial income				
Interest income on loans to related parties	25	112	25	112
Currency exchange gain	5	14	5	14
	30	**126**	**30**	**126**
Financial costs				
Interest expenses	(2)	(7)	(2)	(7)
Currency exchange (expenses)	(8)	(17)	(8)	(17)
	(10)	**(24)**	**(10)**	**(24)**

21 Income tax expense

Income tax expense of the Group and the Company is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year. In estimating income tax of the first half-year of 2013 the Company used income tax rate of 7.9 per cent (income tax rate of 15.3 per cent for income tax of the first half-year of 2012). Such a decrease is related to the Company's expectations regarding the use of the highest permitted amount of the investment relief (50 per cent of the taxable profit).

22 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group	
	2013 I half, ended 30 June	**2012 I half, ended 30 June**
Net profit for the year	5,247	10,858
Weighted average number of shares in issue (thousand)	3,886	3,886
Basic earnings per share (in LTL)	**1.35**	**2.79**

	Group	
	2013 II quarter, ended 30 June	**2012 II quarter, ended 30 June**
Net profit for the year	2,062	4,740
Weighted average number of shares in issue (thousand)	3,886	3,886
Basic earnings per share (in LTL)	**0.53**	**1.22**

As there were no changes in the share capital of the Company during first half 2013 and 2012, therefore the weighted average number of shares equals to the total number of shares.

23 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 on 30 June 2013 were: ARI-LUX UAB (the subsidiary), Invalda LT AB (shareholder), Invalda privatus kapitalas AB (shareholder) and all companies controlled by Invalda LT AB and Invalda privatus kapitalas AB (on 31 December 2012 were: ARI-LUX UAB (the subsidiary), Invalda AB (ultimate shareholder) and all companies controlled by Invalda AB).

At the end of May 2013 a part of assets of Invalda AB, a main shareholder of Vilniaus Baldai AB holding 72.14 per cent of shares and voting rights in the Company's authorised share capital, was separated on the basis of which new company was established – Invalda Privatus Kapitalas AB. The public company Invalda that continues its activities after the separation changed its name to the public company Invalda LT and holds 39.35 per cent of the Company's authorised share capital, while the public company Invalda Privatus Kapitalas holds 32.79 per cent.

Transactions with related parties during the first half 2013 and the first half 2012 and the balances as of 30 June 2013 and as of 31 December 2012 were as follows:

a) Sales and purchases of goods and services during six months 2013 and balances as of 30 June 2013 arising from these sales/purchases

	Purchases	Sales	Receivables	Payables
ARI-LUX UAB	217	4	1	27
Companies controlled by Invalda LT AB and Invalda privatus kapitalas AB	267	511	28	20
	484	**515**	**29**	**47**

Sales and purchases of goods and services during six months 2012 and balances as of 31 December 2012 arising from these sales/purchases

	Purchases	Sales	Receivables	Payables
ARI-LUX UAB	388	4	1	48
Companies controlled by Invalda AB	312	546	133	5
	700	**550**	**134**	**53**

b) Loans to Invalda privatus kapitalas AB

	2013 I half, ended 30 June	2012 I half, ended 30 June
At 1 January	-	-
Loans advanced during period	(4,185)	-
Loan repayments received	4,185	-
Interest charged	2	-
Interest received	(2)	-
At 30 June	**-**	**-**

Based on the terms and conditions of separation of Invalda AB of 12 February 2013 the loan granted to Invalda AB and interest charged on it were transferred to Invalda Privatus Kapitalas AB.

23 Related-party transactions (cont'd)

c) Loans from Invalda AB

	2013 I half, ended 30 June	2012 I half, ended 30 June
At 1 January	-	-
Loans received during period	332	1,550
Loan repayments made	(332)	(1,550)
Interest expense	-	1
Interest paid	-	(1)
At 30 June	**-**	**-**

d) Losses taken over from companies controlled by the Parent company

As at 31 December 2012, the Company took over tax losses of LTL 10,158 thousand from companies whose parent entity is Invalda AB. The Company assumed obligation to pay 15 per cent (LTL 1,524 thousand) on the amount of tax losses taken over to companies that transferred those tax losses. As of 30 June 2013 liability to related parties amounting to LTL 1,410 thousand are accounted in other current liabilities.

Remuneration of the management and other payments

The Company's general director, chief accountant and the subsidiary's director are considered to be the key management of the Group.

	Group		Company	
	2013 I half, ended 30 June	2012 I half, ended 30 June	2013 I half, ended 30 June	2012 I half, ended 30 June
Wages, salaries	460	418	430	388
Social security	143	129	133	120
	603	**547**	**563**	**508**

The Company does not make any salary payments to the board members. During the ordinary general meeting of shareholders held on 27 April 2012, the decision was made to pay out LTL 3,000 thousand in annual bonuses to the board members from the Company's funds, which were recognised as operating expenses in the first half 2012.

In the first half 2013 and 2012 the management of the Group and the Company did not receive any loans, guarantees; no other payments or property transfers were made or accrued.

24 Events after the end of the reporting period

There were no significant events in the Group and the Company after the date of the financial statements which could affect decisions of financial statements' users.