

RESPONSIBLE PERSONS CONFIRMATION

18.02.2014

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 Interim Condensed Consolidated Financial Statement for the twelve 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.

APPENDIX:

Interim Condensed Consolidated Financial Statement for the twelve months of 2013.

Chief Executive Officer



Dalius Aleksandravicius

Chief Financial Officer



Ausra Kibirkstiene



**VILNIAUS
BALDAI**

ANNO 1883

*... Better
Faster
Stronger ...*

Vilniaus Baldai AB

**INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENT
FOR THE TWELVE MONTHS
OF 2013**

CONTENTS

GROUP INFORMATION	4
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
EXPLANATORY NOTES	10

COMPANY INFORMATION

1. Reporting period covered by this Financial Statement

The Financial Statement has been drawn up for the twelve months of 2013.

2. Main data about the issuer

Name of the issuer	Joint stock company (AB) Vilniaus Baldai
Code	121922783
Authorized capital	15 545 068 LTL
Office address	Savanoriu Ave. 178B, LT - 03154 Vilnius
Telephone	(+370~5) 252 57 00
Fax	(+370~5) 231 11 30
E-mail	info@vilniausbaldai.lt
Website	www.vilniausbaldai.lt
Legal form	Joint stock company
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
Type of activity	Design, production and selling of the office, bedroom, living-room and hall furniture

Information about the subsidiary company of the issuer one

Name of the issuer	Limited liability company (UAB) Ari - Lux
Code	120989619
Authorized capital	10 000 LTL
Share of (AB) Vilniaus Baldai in the company	100 %
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(+370~5) 252 57 44
Fax	(+370~5) 252 57 44
E-mail	aleksas.rimkus@ari-lux.lt
Website	-
Legal form	Limited liability company
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
Type of activity	Packaging

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

The Financial Statement and supporting documents, on the basis of which it has been drawn up, can be accessed at the Company's registered office at Savanoriu Ave. 178B, Vilnius.

The means of mass media for Vilniaus Baldai AB announcements: NASDAQ OMX Vilnius AB, Central Storage Facility – Search for information.

4. Board

Prezident of Board: Vytautas Bucas.
Members of Board: Darius Sulnis,
Dalius Kaziunas.

5. Persons responsible for the accuracy of the information in the Financial Statement

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

Dalius Aleksandravicius, Chief Executive Officer, tel. (+370~5) 252 57 00, fax. (+370~5) 231 11 30,
Ausra Kibirkstiene, Chief Financial Officer, tel. (+370~5) 252 57 20.

6. Declaration by the members of the issuer's managing bodies, employees, the Head of the Administration and the issuer's consultants that the information contained in the Financial Statement is in accordance with the facts and that the Financial Statement makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities

Vilniaus Baldai AB, represented by Dalius Aleksandravicius, Chief Executive Officer, and Austra Kibirkstiene, Chief Financial Officer, hereby confirm that the information contained in the Financial Statement is in accordance with the facts and that the Financial Statement makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.

Dalius Aleksandravicius, Chief Executive Officer of Vilniaus Baldai AB



Ausra Kibirkstiene, Chief Financial Officer of Vilniaus Baldai AB



Date of signing the Report – 18 February 2014.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE TWELVE MONTHS OF 2013

The auditors reviewed the Financial Statement of 31.12.2012, while those of 31.12.2013 are unaudited.

1. STATEMENT OF FINANCIAL POSITION

LTL thousand

	31.12.2013	31.12.2012
Assets		
Non - current assets		
Non - current tangible assets	48 982	38 608
Intangible assets	126	57
Deferred income tax asset	159	165
Total non - current assets	49 267	38 830
Current assets		
Inventories	13 538	18 417
Trade debtors	12 041	12 421
Time deposits	-	21 377
Current income tax prepayment	1 735	1 302
Other accounts receivable	1 362	2 985
Cash and cash equivalents	2 082	3 171
Total current assets	30 758	59 673
Total assets	80 025	98 503
Shareholders' equity and liabilities		
Capital and reserves		
Share capital	15 545	15 545
Legal reserve	1 554	1 554
Reserve for acquisition of own shares	25 000	25 000
Retained earnings	9 302	29 909
Total capital and reserves	51 401	72 008
Non - current liabilities		
Provision for employee benefits	1 660	1 673
Loans and other interest bearing payables	225	280
Total non - current liabilities	1 885	1 953
Current liabilities		
Loans and other interest bearing payables	5 602	53
Debts to suppliers	14 974	17 188
Current income tax payable	-	-
Other liabilities	6 163	7 301
Total current liabilities	26 739	24 542
Total liabilities	28 624	26 495
Total equity and liabilities	80 025	98 503

2. STATEMENT OF COMPREHENSIVE INCOME

LTL thousand

	2013 I - IV quarter, ended 31 December	2012 I - IV quarter, ended 31 December	2013 IV quarter, ended 31 December	2012 IV quarter, ended 31 December
Revenue	166 116	230 141	44 420	51 000
Cost of sales	(141 335)	(186 440)	(38 722)	(41 046)
Gross profit	24 781	43 701	5 698	9 954
Distribution costs	(3 559)	(5 088)	(687)	(1 218)
Administrative costs	(6 304)	(9 879)	(2 117)	(2 172)
Other operating income, net	733	636	195	176
Profit from operating activities	15 651	29 370	3 089	6 740
Financial income	78	553	1	57
Financial costs	(69)	(108)	(37)	(16)
Financial income, net	9	445	(36)	41
Profit before taxes	15 660	29 815	3 053	6 781
Income tax	(1 349)	(2 819)	(153)	666
Profit for the period	14 311	26 996	2 900	7 447
Other comprehensive income	58	(161)	58	(161)
Total comprehensive income for the period	14 369	26 835	2 958	7 286
Attributable to Owners of the Company:				
Profit	14 311	26 996	2 900	7 447
Other comprehensive income	58	(161)	58	(161)
Total comprehensive income	14 369	26 835	2 958	7 286
Earnings per share (in LTL)	3.68	6.95	0.75	1.92

3. STATEMENT OF CHANGES IN EQUITY

LTL thousand

	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
Balance as of 31 December 2011	15 545	1 554	25 000	41 937	84 036
Net profit	-	-	-	26 996	26 996
Other comprehensive income	-	-	-	(161)	(161)
Total comprehensive income	-	-	-	26 835	26 835
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 31 December 2012	15 545	1 554	25 000	29 909	72 008
Net profit	-	-	-	14 311	14 311
Other comprehensive income	-	-	-	58	58
Total comprehensive income	-	-	-	14 369	14 369
Transactions with owners					
Dividends to equity holders of the Company	-	-	-	(34 976)	(34 976)
Total transactions with owners	-	-	-	(34 976)	(34 976)
Balance as of 31 December 2013	15 545	1 554	25 000	9 302	51 401

4. STATEMENT OF CASH FLOWS

LTL thousand

	31.12.2013	31.12.2012
Net profit (loss)	14 311	26 996
Adjustments:		
Depreciation and amortization	5 410	5 571
Result on disposal, writing off, etc. of non -current	9	(14)
Changes in provisions	(93)	677
Interest (income) expenses	(31)	(473)
Deferred income tax (income) expenses	6	(136)
Income tax expenses	1 343	2 955
Other expenses (income)	58	(161)
Cash flows from ordinary activities before changes	21 013	35 415
Changes in trade receivables and other amounts	568	1 634
Changes in inventories	4 959	(4 421)
Changes in debts to suppliers and other liabilities	(4 221)	(6 025)
Income tax paid	(340)	-
Cash flows from operating activities	21 979	26 603
(Acquisition) of tangible non - current assets	(15 869)	(14 411)
Sale / writing of non - current tangible assets	6	97
Transfer (to) from time deposits	21 336	27 439
Cash flows from investing activities	5 473	13 125
Loans (granted) / repaid	-	-
Loans received / (repaid)	5 494	(1 370)
Interest (paid) / received	72	758
Dividends (paid)	(34 107)	(37 851)
Cash flows from financing activities, net	(28 541)	(38 463)
Cash flows from operating, investing and financing	(1 089)	1 265
Cash and cash equivalents as of 1 January	3 171	1 906
Cash and cash equivalents as of 31 December	2 082	3 171

5. EXPLANATORY NOTES

1 SUMMARY OF THE BASIC ACCOUNTING PRINCIPLES AND PRACTICES

The public company Vilniaus Baldai (Company) is a listed Company in Lithuania.

The Company manufactures furniture. As of 31 December 2013 the Group employed 488 people, the Company employed 454 people (on 31 December 2012 the Group employed 464 employees, the Company – 424).

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

Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU). The financial statements have been prepared under the historical cost convention.

Relevant new or amended standards and interpretations effective in 2013

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 twelve-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 twelve-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 twelve-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 twelve-month period of 2013.

Basis for drawing up of the interim condensed consolidated statement

The interim condensed consolidated financial statements for the twelve months ended 31 December 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's and the Company's annual financial statements as at 31 December 2012.

In the financial statements all figures are provided in LTL thousand. The statements are drawn up applying the method of historical costs.

When drawing up the financial statements in accordance with the IFRS, the managers are required to make calculations and estimations to support the assumptions that have an impact on application of the accounting principles and on the amounts of assets and liabilities, income and costs. The calculations and related assumptions are based on historical experience and other factors that correspond to the present situation and on the basis of which conclusions concerning the carrying amount of assets and liabilities are made that cannot be decided on the basis of other sources. The actual amounts may differ from these assumptions.

The Group's and the Company's accounting policies are consistent with those used in the previous years.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in a local currency, the litas (LTL), which is the Company's functional and presentation currency.

Starting from 2 February 2002, Lithuanian litas is pegged to euro at the rate of 3.4528 litas for 1 euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

Principles of consolidation

The consolidated financial statements of the Group include Vilniaus Baldai AB and its subsidiary. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50 percent of the voting rights of a company's share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. All intercompany transactions, balances and unrealized gains and losses on transactions among the Group companies have been eliminated.

Consolidated financial statements are prepared on the basis of the same accounting principles applied to similar transactions and other events under similar circumstances. Financial statements of Subsidiary were prepared for the same period as that of the Company.

Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

Software

The costs of acquisition of new software are capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group and the Company expects from the originally assessed standard of performance of existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	10 - 66 years
Machinery and equipment	6 - 10 years
Vehicles	5 - 10 years
Other property, plant and equipment	2 - 6 years.

The assets' residual values and useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

Construction-in-progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and available for use.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalized as part of the costs of those assets.

Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalizes borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalized are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalized.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, held –to – maturity investments, loans and receivables, and available – for – sale financial assets, as appropriate. The Company determines the classification of its financial assets based on its nature and purpose at initial recognition.

Financial assets are recognized on a trade date basis where the purchase or sale process is under a contract, which terms require delivery of the financial assets within the timeframe established by the market concerned. Financial assets are recognized initially at fair value, plus, in the case of investments are not carried at fair value through profit or loss, directly attributable transaction costs.

The Group's/ Company's financial assets include cash, time deposits, trade receivables and other receivables and loans are classified in the category of loans and receivables.

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains or losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Receivables are initially recorded at the fair value of the consideration given. Current receivables are subsequently carried at cost less impairment, and non-current receivables and loans granted - at amortized cost, less impairment.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Effective interest rate method

Effective interest rate method is used to calculate amortized cost of financial assets and allocate interest income over the relevant period. The effective interest rate exactly discounts estimated future cash flows through the expected life of the financial asset.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group/ Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group/ Company has transferred their rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Investments into subsidiaries

Investments in subsidiaries and associated companies are accounted at cost in the Company's separate financial statements. Cost of investment is decreased by impairment losses. An assessment of recoverable amount of investment is performed for each investment individually.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount in the Company's statements of financial position, an impairment loss is recognized.

Inventories

Inventories are initially recorded at acquisition cost. Subsequent to initial recognition, inventories are valued at the lower of cost or net realizable value, after impairment evaluation for obsolete and slow-moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion and applicable variable marketing and distribution costs. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory is fully written-off.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash includes cash on hand and cash with banks and bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, time deposits held at call with banks with original maturities of 3 months or less and other short-term highly liquid investments.

Share capital

Ordinary shares are classified as equity. Ordinary shares are stated at their par value.

Dividends distribution

Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Dividends paid are classified as financing cash flows in the statement of cash flows.

Borrowings

Borrowing costs are expensed as incurred, unless they are directly attributable to acquisition, construction or production of a qualifying asset.

Borrowings are initially recognized at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortized cost, the difference between net proceeds and redemption value being recognized in the net profit or loss over the period of the borrowings using the effective interest method.

Interest paid is classified as financing activities cash flows in the statement of cash flows.

Leases

The Company and the Group are the lessees

(a) Finance lease

Leases of property, plant and equipment where the Company and the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The

corresponding rental obligations, net of finance charges, are included in long-term payables except for installments due within 12 months which are included in current liabilities.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

(b) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Company and the Group are the lessors

(c) Operating lease

Payments received under operating leases (net of any incentives given to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Employee benefits

(a) Social security contributions

The Company and the Group pay social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution is a plan under which the Company/ Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognized as expenses on an accrual basis and are included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group or the Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

(c) Bonus plans

The Company recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Provisions for pensions and jubilee payments

According to the terms of the collective agreement effective at the Company, each employee is entitled to a jubilee payment and 2–3 months salary payment when retiring after reaching the pension age. Actuarial calculations are made to determine liability for such payments. The liability is recognized at present value discounted using market interest rate.

Provisions

Provisions are recognized when the Group and the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each statement of financial position date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

The income tax rate in Lithuania was 15 % in 2013 (15 % in 2012).

Since 2008 tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Starting from 2010, tax losses can be transferred at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

Deferred taxes are calculated using the statement of financial position liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax asset has been recognized in statement of financial position to the extent the management believes it will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements.

Deferred tax assets and liabilities are offset when they are related to profit taxes levied by the same tax authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Income tax and deferred tax for the accounting period

Income tax and deferred income tax are charged or credited to profit or loss, except when they relate to items included directly to equity, in which case the deferred income tax is also accounted for in equity.

Revenue recognition

a) Sales of goods

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of VAT and discounts.

Revenue from sales of goods is recognized when delivery has taken place and transfer of risks and rewards has been completed.

b) Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group and the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate. Interest income is classified as financing cash flows in the statement of cash flows.

Expense recognition

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are recognized in the statement of comprehensive income. Such balances are translated at period-end exchange rates.

Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each statement of financial position date.

For financial assets carried at amortized cost, whenever it is probable that the Group and the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognized in the statement of comprehensive income. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The reversal of impairment losses previously recognized is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognized to the extent it does not exceed the amortized cost that would have been had the impairment not been recognized.

Non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. Reversal is accounted for in the same caption of the statement of comprehensive income as impairment losses. For evaluation of impairment of assets the entire Group is considered one cash generating unit.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

Related parties

Related parties are defined as shareholders, employees, members of the Board, their close relatives and companies that directly or indirectly (through the intermediary) control or are controlled by, or are under common control with, the Group and the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits is probable.

Subsequent events

Post-statement of financial position events that provide additional information about the Group's and the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-statement of financial position events that are not adjusting events are disclosed in the notes when material.

Offsetting and comparative figures

When preparing the financial statements, revenue and expenses are not set off, except the cases when certain IFRS specifically require such set-off. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and assumptions

The main areas where management is required to make significant and critical judgements and areas where estimates and assumptions might have significant impact for the preparation of financial statements are described below:

Property, plant and equipment – useful life

The key assumptions concerning determination the useful life of property, plant and equipment are as follows: expected usage term of the asset, expected technical or commercial obsolescence arising from changes or improvements in the production on legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Tax liabilities

The tax authorities have a right to examine the Company's books and accounting records at anytime during the 5 years' period after the current tax year and account for additional taxes and fines. In the opinion of the Company's management currently there are no circumstances which would raise substantial liability in this respect.

Related party transactions

In the normal course of business the Company enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

Pension and jubilee benefits

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. The Company's management makes judgments in relation to these assumptions.

2 SEGMENT REPORTING

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 analyzed as single reportable segment – furniture production and trade, therefore is not further disclosed in these financial statements.

Breakdown of revenue by the location where production is delivered:

	Sales	
	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
European Union countries	106 244	185 440
Other than European Union countries	58 006	40 158
Lithuania	1 866	4 543
	166 116	230 141

3 DISTRIBUTION COSTS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Transportation and storage costs	2 875	4 418
Remuneration and social insurance	300	359
Depreciation and amortization	31	33
Other	353	278
	3 559	5 088

4 ADMINISTRATIVE COSTS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Remuneration and social insurance	3 614	4 084
Bonus	-	3 000
Depreciation and amortization	357	408
Operation taxes expenses	322	299
Employee training and consultation	235	280
Insurance	167	168
Waste utilisation expenses	130	218
Utilities and communication	96	111
Business trips	117	102
Bank services	24	16
Other	1 242	1 193
	6 304	9 879

5 OTHER OPERATING INCOME, NET

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Rent income	655	530
Other income and costs	78	106
	733	636

6 FINANCIAL INCOME, NET

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Loan interest income	31	473
Currency exchange profit, less loss	(22)	(28)
	9	445

7 PERSONNEL COSTS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Production and product development costs	16 665	19 198
Sales, administrative and other costs	3 914	4 443
	20 579	23 641

8 EARNINGS PER SHARE

The basic portion of earnings per share is computed by dividing net shareholders' earnings by the weighted average number of common shares outstanding during the year.

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Net annual profit	14 311	26 996
Weighted average number of the shares (thousand)	3 886	3 886
Earnings per share (LTL)	3.68	6.95

The Company has issued no other securities that could be potentially converted into common shares. The earnings per share and the earnings per potentially convertible share is the same.

9 NON - CURRENT TANGIBLE ASSETS

	LTL thousand				
	Buildings	Machinery and equipment	Vehicles	Other non - current assets	Total
Costs as of 1 January 2013	24 030	71 944	637	5 100	101 711
Increase	-	11 278	8	4 425	15 711
Sales	-	(23)	-	(2)	(25)
Writing off	-	(706)	-	(143)	(849)
Reclassified from/ to	-	4 504	-	(4 504)	-
Costs as of 31 December 2013	24 030	86 997	645	4 876	116 548
Depreciation as of 1 January 2013	11 378	49 096	135	2 494	63 103
Depreciation	657	4 272	107	286	5 322
Sales	-	(23)	-	(2)	(25)
Writing off	-	(693)	-	(141)	(834)
Depreciation as of 31 December 2013	12 035	52 652	242	2 637	67 566
Net carrying value as of 31 December 2013	11 995	34 345	403	2 239	48 982
Net carrying value as of 1 January 2013	12 652	22 848	502	2 606	38 608
Depreciation period	40 years	6 – 10 years	5 – 10 years	2 – 6 years	-

Depreciation was broken down as follows:

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Production and product development costs	5 113	4 947
Sales, administrative and other costs	300	311
Inventories – finished goods	(91)	183
	5 322	5 441

10 INVENTORIES

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Raw materials	4 306	3 760
Production in progress	2 548	2 219
Finished products	6 676	12 420
Goods for resale	8	18
	13 538	18 417

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

11 TIME DEPOSITS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Time deposits with the initial maturity between 3 and 6 months	-	9 020
Time deposits with the initial maturity more than 6 months	-	12 316
Accumulated interest	-	41
	-	21 377

12 OTHER ACCOUNTS RECEIVABLE

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
VAT recoverable	1 081	2 583
Other amounts receivable and future costs	281	402
	1 362	2 985

13 CASH AND CASH EQUIVALENTS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Cash in banks	2 082	3 171
	2 082	3 171

14 CAPITAL AND RESERVES

Share capital

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

Legal reserve

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

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.

15 LOANS AND OTHER BORROWINGS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Non - current liabilities		
Finance lease	225	280
Net carrying value as end of period	225	280
Short - term liabilities		
Current portion of finance lease	55	53
Credit line	5 547	-
Net carrying value as end of period	5 602	53
	5 827	333

	Maturity term	31.12.2013	31.12.2012
		LTL thousand	LTL thousand
Finance lease Danske Bank A/S	2017	280	333
Credit line Danske Bank A/S	2014	5 547	-

Interest risk

Euribor related floating interest rates are applied to the loans extended to the Company.
As of 31 December 2013 the Company used no financial instruments as interest risk hedging.

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

	Total amount payable as of 31 December 2013	2014	2015	2016 - 2017
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Finance lease	280	55	116	109
Credit line	5 547	5 547	-	-
	5 827	5 602	116	109

16 POST – EMPLOYMENT ANT OTHER LONG TERM EMPLOYEE BENEFITS

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Post – employment and other long term employee benefits	1 660	1 673
	1 660	1 673

Provision for pension and jubilee benefits comprise amounts calculated according to the collective agreement affective at the Company. Every employee of the Company is entitled to a jubilee benefit and 2 or 3 month salary payment on the leaving the Company after reaching the retirement age.

17 OTHER LIABILITIES

	31.12.2013	31.12.2012
	LTL thousand	LTL thousand
Remuneration and social insurance	1 026	1 369
Holiday pay reserve	2 084	2 508
Dividends payable	2 625	1 756
Amounts payable for the take-over of tax losses	253	1 524
Operating taxes	69	72
Other accounts payable and accrued taxes	106	72
	6 163	7 301

Currency risk

The Company's exposure to the currency risk when selling, purchasing and borrowing in foreign currencies, except EUR is mostly related to the PLN.

Accounts receivable and payable in foreign currencies as of 31 December 2013 may be broken down as follows:

	EUR	PLN	Other
	LTL thousand	LTL thousand	LTL thousand
Cash	-	-	2
Borrowings	(5 827)	-	-
Debts to suppliers	(4 078)	(109)	(9)
	(9 905)	(109)	(7)

18 RELATED PARTY TRANSACTIONS

31.12.2013	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Inreal valdymas UAB	176	726	27	-
Inreal UAB	19	-	-	-
Inreal pastatų priežiūra UAB	2	-	-	-
BAIP UAB	96	-	-	5
Invalda privatus kapitalas AB	-	2	-	-
Kelio ženklai UAB	60	1	-	24
Acena UAB	138	-	-	-
	491	729	27	29

As at 31 December 2012, the Company took over tax losses of LTL 10 158 thousand from companies whose parent entity is Invalda AB. As at 31 December 2013 therefore liability to related parties amounting to LTL 253 thousand are accounted in other current liabilities. In 2013 discount value of tax losses taken over from Invalda Group companies amounted to 6 thousand LTL.

31.12.2012	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Invalda AB	1	-	-	-
Inreal valdymas UAB	255	1 081	133	-
Cmanagement UAB	34	-	-	-
Kelio ženklai UAB	1	-	-	-
BAIP UAB	63	-	-	5
Informatikos pasaulis UAB	26	-	-	-
Acena UAB	59	-	-	-
Iniciatyvos fondas Vsl	-	45	-	-
	439	1 126	133	5

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 at 31 December 2012 therefore liability to related parties amounting to LTL 1 524 thousand are accounted in other current liabilities. In 2012 discount value of tax losses taken over from Invalda Group companies amounted to 17 thousand LTL.

19 IMPORTANT EVENTS, WHICH HAVE OCCURRED SINCE THE END OF THE LAST FISCAL YEARS, AND REVIEW OF ACTIVITIES

The Company is continuing with the started reorganization process. The reorganization is aimed at the reduction of costs, increase in labour productivity, improvement of production planning and an increase in the Company's competitiveness. 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.

Important events, which have occurred since the end of the last fiscal years

February 13, 2013. The main shareholder of Vilniaus baldai AB (hereinafter – the Company), holding 72,14 percent in the Company's share capital, announced the split – off terms, according to which 32,79 percent in the Company's share capital will be allocated to the split – off Company Invalda privatus kapitalas AB; accordingly the current package of Invalda AB will be reduced to 39,35 percent. The split – off terms still need to be approved by the general meeting of shareholders of Invalda AB.

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

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.

On 1 August 2013 Vilniaus Baldai AB received a notification from the its KJK Fund SICAV-SIF about disposal of voting rights. The threshold that was crossed - 10 percent. The event resulting in the change of the number of the voting rights held the disposal of shares granting voting rights.

On 1 August 2013 Vilniaus baldai AB received a Statement on the official tender offer implementation from the offerors Invalda LT AB, Invalda privatus kapitalas AB, Darius Sulnis, Alvydas Banys, Indre Miseikyte, Irena Ona Miseikiene, Greta Miseikyte – Myers and Vytautas Bucas. According to the Statement, during the tender offer implementation period (from July 15, 2013 till July 29, 2013) Invalda LT AB acquired 235 093 shares in Vilniaus baldai AB for the total amount of EUR 3.496 million (LTL 12.07 million) and Invalda privatus kapitalas AB acquired 305 720 shares in Vilniaus baldai AB, for the total amount of EUR 4.545 million (LTL 15.694 million).

After the tender offer implementation Invada LT AB owns 1 764 405 shares in Vilniaus baldai AB and 1 764 405 votes in the Company's general meeting of shareholders and this makes 45.40 percent from the total amount of shares and votes. Invalda privatus kapitalas AB owns 1 579 803 shares in the Company and votes in its general meeting of shareholders and it makes 40.65 percent from the total amount of shares and votes.

On the 16th of September 2013 the Extraordinary General Shareholders Meeting of Vilniaus baldai AB adopted the following resolutions:

1. Presentation of the interim consolidated report (30 June, 2013).

Resolution:

Interim consolidated report (30 June, 2013) was presented.

2. Presentation of the independent auditor's report on the condensed interim financial information (30 June, 2013).

Resolution:

The report of auditor PricewaterhouseCoopers UAB for the condensed interim financial information (30 June, 2013) was presented.

3. Approval of interim condensed consolidated financial statements of Vilniaus baldai AB.

Resolution:

To approve interim condensed consolidated financial statements of Vilniaus baldai AB.

4. Approval of Vilniaus baldai AB financial statements for the period of six months, ended as of 30 June, 2013.

Resolution:

To approve financial statements for the period of six months ended as of 30 June, 2013.

5. Regarding allocation of dividends for the period shorter than a financial year (for the date of 30 June, 2013).

Resolution:

Taking into consideration that all these conditions are met:

- 1) the set of financial statements for the period shorter than a financial year (for the date of 30 June, 2013) is approved;
- 2) the amount of profit (loss) of the period shorter than a financial year (for the date of 30 June, 2013) is positive (losses have not been incurred);
- 3) the amount allocated to pay the dividend does not exceed the sum of profit (loss) of the period shorter than a financial year and retained earnings (loss) of the preceding financial year at the end of the previous financial year after deducting a part of profit received for the period shorter than financial year which should be allocated to reserves under the Law on Companies of the Republic of Lithuania or Regulations of the Company;
- 4) the Company has no outstanding liabilities which terms have expired until the adoption of this decision and would be capable to perform its obligations for the current financial year after the payment of the dividends;
- 5) until signing of this decision dividends for period shorter than financial year were not allocated;

to allocate 34 976 403 LTL (9 LTL for one share) dividends for the period shorter than financial year (30 June, 2013).

6. Regarding the approval of remuneration conditions for the audit of interim financial statements and consolidated financial statements.

Resolution:

To approve remuneration of 40 000 LTL (VAT is calculated and paid additionally) to be paid for the audit of Vilniaus baldai AB interim financial statements and consolidated financial statements.

7. Audit committee formation and approval of its activity regulations.

Resolution:

To form an audit committee consisting of three members, one member shall be independent. To approve the Regulations of the formation and activity of the audit committee.

8. Election of the audit committee members.

Resolution:

To elect Tomas Bubinas as an independent member of the audit committee. To elect Andrius Daukšas and Vaidas Savukynas as members of the audit committee.

9. Determination of remuneration for the audit committee members.

Resolution:

To determine remuneration for the audit committee members not higher than 500 LTL per hour.

10. Amendment of Regulations of Vilniaus baldai AB and approval of new wording of Regulations.

Resolution:

To amend the Regulations of Vilniaus baldai AB:

1. To remove the company's registered office address from the Regulations.

2. To provide that when the company's announcements should be announced publicly they are published in electronic publication for public announcements issued by the manager of the Register of Legal Entities.

3. In accordance with current version of the Law on Companies of the Republic of Lithuania, dated 13 July, 2000, No. VIII-1835, to specify the information publishing procedure to shareholders.

To approve new wording of Regulations of Vilniaus baldai AB and authorize the general manager Aidas Mackevičius to sign them.

11. Changing of registered office of Vilniaus baldai AB.

Resolution:

To change the registered office of Vilniaus baldai AB and register new address – Savanorių ave. 178B, Vilnius.

On the 17th of September 2013 Vilniaus baldai AB signed a financing services agreement with Danske Bank A / S for credit lines for working capital and investments in equipment:

Type of financing service	Amount, EUR	Date of payment	Maturity date
Credit line 1	2 606 580	01-10-2013	31-03-2014
Credit line 2	2 606 580	02-12-2013	31-12-2014

The Management Board appointed Dalius Aleksandravicius, who has experience of large companies' management, to lead Vilniaus Baldai, AB since 6 January, 2014.

Financial results of activities

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 July – September was 53 375 thousand LTL (15 458 thousand EUR), same period year 2012 – 63 743 thousand LTL (18 461 thousand EUR).

Net profit of the Group during period 2013 July – September was 6 164 thousand LTL (1 785 thousand EUR), same period year 2012 – 8 691 thousand LTL (2 517 thousand EUR). EBITDA was 8 344 thousand LTL (2 417 thousand EUR). Year ago it was 11 513 thousand LTL (3 334 thousand EUR).

Turnover of the Group during period 2013 October – December was 44 420 thousand LTL (12 865 thousand EUR), same period year 2012 – 51 000 thousand LTL (14 771 thousand EUR).

Net profit of the Group during period 2013 October – December was 2 900 thousand LTL (840 thousand EUR), same period year 2012 – 7 447 thousand LTL (2 157 thousand EUR). EBITDA was 4 791 thousand LTL (1 388 thousand EUR). Year ago it was 8 045 thousand LTL (2 330 thousand EUR).

Turnover of the Group during period 2013 January – December was 166 116 thousand LTL (48 110 thousand EUR), same period year 2012 – 230 141 thousand LTL (66 653 thousand EUR).

Net profit of the Group during period 2013 January – December was 14 311 thousand LTL (4 145 thousand EUR), same period year 2012 – 26 996 thousand LTL (7 819 thousand EUR). EBITDA was 21 061 thousand LTL (6 100 thousand EUR). Year ago it was 34 941 thousand LTL (10 120 thousand EUR).

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

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