



**VILNIAUS
BALDAI**

ANNO 1883

*... Better
Faster
Stronger ...*

RESPONSIBLE PERSONS CONFIRMATION

01.08.2014

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 six months of 2014 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.

APPENDIX:

1. Interim Condensed Consolidated Financial Statement for the six months of 2014.
2. Interim Consolidated Report for the six months of 2014.

Chief Executive Officer

Rimantas Vaitkus

Chief Financial Officer

Ausra Kibirkstiene



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Vilniaus Baldai AB

**INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENT
FOR THE SIX MONTHS
OF 2014**

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COMPANY INFORMATION

1. Reporting period covered by this Financial Statement

The Financial Statement has been drawn up for the six months of 2014.

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: Dalius Kaziunas,
Darius Sulnis (till 11 June 2014).

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:

Rimantas Vaitkus, 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 Rimantas Vaitkus, Chief Executive Officer, and Ausra 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.

Rimantas Vaitkus, Chief Executive Officer of Vilniaus Baldai AB

Ausra Kibirkstiene, Chief Financial Officer of Vilniaus Baldai AB



Date of signing the Report – 1 August 2014.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX MONTHS OF 2014

The auditors reviewed the Financial Statements of 31.12.2013 and 30.06.2013, while those of 30.06.2014 are unaudited.

1. STATEMENT OF FINANCIAL POSITION

LTL thousand

	30.06.2014	31.12.2013	30.06.2013
Assets			
Non - current assets			
Non - current tangible assets	50 092	48 982	40 930
Intangible assets	140	126	141
Deferred income tax asset	165	159	147
Total non - current assets	50 397	49 267	41 218
Current assets			
Inventories	17 905	13 538	19 592
Trade debtors	15 143	12 041	12 438
Time deposits	-	-	7 963
Current income tax prepayment	1 644	1 735	1 760
Other accounts receivable	3 583	1 362	2 331
Cash and cash equivalents	12 076	2 082	15 007
Total current assets	50 351	30 758	59 091
Total assets	100 748	80 025	100 309
Shareholders' equity and liabilities			
Capital and reserves			
Share capital	15 545	15 545	15 545
Legal reserve	1 554	1 554	1 554
Reserve for acquisition of own shares	-	25 000	25 000
Retained earnings	9 425	9 302	35 156
Total capital and reserves	26 524	51 401	77 255
Non - current liabilities			
Provision for employee benefits	1 660	1 660	1 673
Loans and other interest bearing payables	225	225	253
Total non - current liabilities	1 885	1 885	1 926
Current liabilities			
Loans and other interest bearing payables	43 556	5 602	54
Debts to suppliers	20 239	14 974	14 112
Other liabilities	8 544	6 163	6 962
Total current liabilities	72 339	26 739	21 128
Total liabilities	74 224	28 624	23 054
Total equity and liabilities	100 748	80 025	100 309

2. STATEMENT OF COMPREHENSIVE INCOME

LTL thousand

	2014 I half, ended 30 June	2013 I half, ended 30 June	2014 II quarter, ended 30 June	2013 II quarter, ended 30 June
Revenue	101 519	68 321	48 605	33 186
Cost of sales	(87 046)	(58 735)	(42 145)	(29 448)
Gross profit	14 473	9 586	6 460	3 738
Distribution costs	(1 471)	(1 741)	(716)	(778)
Administrative costs	(3 009)	(2 828)	(1 510)	(1 460)
Other operating income, net	319	623	128	419
Profit from operating activities	10 312	5 640	4 362	1 919
Financial income	4	74	2	30
Financial costs	(116)	(19)	(83)	(10)
Financial income, net	(112)	55	(81)	20
Profit before taxes	10 200	5 695	4 281	1 939
Income tax	(878)	(448)	(445)	123
Profit for the period	9 322	5 247	3 836	2 062
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	9 322	5 247	3 836	2 062
Attributable to Owners of the Company:				
Profit	9 322	5 247	3 836	2 062
Other comprehensive income	-	-	-	-
Total comprehensive income	9 322	5 247	3 836	2 062
Earnings per share (in LTL)	2.40	1.35	0.99	0.53

3. STATEMENT OF CHANGES IN EQUITY

LTL thousand

	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
Balance as of 31 December 2012	15 545	1 554	25 000	29 909	72 008
Net profit	-	-	-	5 247	5 247
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	5 247	5 247
Transactions with owners					
Dividends to equity holders of the Company	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance as of 30 June 2013	15 545	1 554	25 000	35 156	77 255
Net profit	-	-	-	9 064	9 064
Other comprehensive income	-	-	-	58	58
Total comprehensive income	-	-	-	9 122	9 122
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
Net profit	-	-	-	9 322	9 322
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	9 322	9 322
Transactions with owners					
Dividends to equity holders of the Company	-	-	-	(34 199)	(34 199)
Total transactions with owners	-	-	-	(34 199)	(34 199)
The recovery obligatory reserve	-	-	(25 000)	25 000	-
Balance as of 30 June 2014	15 545	1 554	-	9 425	26 524

4. STATEMENT OF CASH FLOWS

LTL thousand

	30.06.2014	30.06.2013
Net profit (loss)	9 322	5 247
Adjustments:		
Depreciation and amortization	2 817	2 286
Result on disposal, writing off, etc. of non -current	4	1
Changes in provisions	-	(80)
Interest (income) expenses	97	(59)
Deferred income tax (income) expenses	(6)	19
Income tax expenses	884	429
Other expenses (income)	63	213
Cash flows from ordinary activities before changes	13 181	8 056
Changes in trade receivables and other amounts	(6 116)	(251)
Changes in inventories	(4 367)	(1 095)
Changes in debts to suppliers and other liabilities	6 764	(3 367)
Income tax paid	-	-
Cash flows from operating activities	9 462	3 343
(Acquisition) of tangible non - current assets	(4 009)	(4 912)
Sale / writing of non - current tangible assets	1	6
Transfer (to) from time deposits	-	13 383
Cash flows from investing activities	(4 008)	8 477
Loans (granted) / repaid	-	-
Loans received / (repaid)	37 954	(26)
Interest (paid) / received	(48)	90
Dividends (paid)	(33 366)	(48)
Cash flows from financing activities, net	4 540	16
Cash flows from operating, investing and financing	9 994	11 836
Cash and cash equivalents as of 1 January	2 082	3 171
Cash and cash equivalents as of 30 June	12 076	15 007

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 30 June 2014 the Group employed 606 people, the Company employed 558 people (on 31 December 2013 the Group employed 488 employees, the Company – 454).

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 2014

IFRS 10, Consolidated Financial Statements, (effective for annual periods beginning on or after 1 January 2014), replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". The Group and the Company is currently assessing the impact of the standard on the financial statements.

IFRS 12, Disclosure of Interest in Other Entities, (effective for annual periods beginning on or after 1 January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The Group and the Company is currently assessing the impact of the standard on the financial statements.

IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2014). The Group and the Company is currently assessing the impact of the standard on the financial statements.

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

Basis for drawing up of the interim condensed consolidated statement

The interim condensed consolidated financial statements for the three months ended 30 June 2014 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 2013.

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.

The Company recognizes remeasurements of the pension benefit obligation in 'Other comprehensive income that will not be reclassified to profit or loss', while service cost and net interest is recognized within profit or loss. Jubilee benefits and long-service benefits are accounted for by the Company within profit or loss.

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 2014 (15 % in 2013).

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.

Investment tax credit, that arises from tax benefit amount carried forward, qualifies for the initial recognition exception. Therefore, no deferred tax asset is recognized at the time the tax credit arises, but recognition occurs as a reduction of current tax as the credit is realized.

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.

Where necessary, comparative figures have been reclassified to conform with changes in the current year presentation.

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		
	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
European Union countries	56 069	41 193
Other than European Union countries	44 168	26 596
Lithuania	1 282	532
	101 519	68 321

3 DISTRIBUTION COSTS

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Transportation and storage costs	1 065	1 353
Remuneration and social insurance	178	187
Depreciation and amortization	16	15
Other	212	186
	1 471	1 741

4 ADMINISTRATIVE COSTS

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Remuneration and social insurance	1 691	1 640
Depreciation and amortization	161	188
Operation taxes expenses	133	135
Employee training and consultation	118	92
Insurance	76	85
Business trips	59	42
Waste utilisation expenses	69	51
Utilities and communication	43	52
Bank services	42	6
Other	617	537
	3 009	2 828

5 OTHER OPERATING INCOME, NET

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Rent income	313	339
Other income and costs	6	284
	319	623

6 FINANCIAL INCOME, NET

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Loan interest income	(97)	59
Currency exchange profit, less loss	(15)	(4)
	(112)	55

7 PERSONNEL COSTS

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Production and product development costs	10 715	7 402
Sales, administrative and other costs	1 869	1 827
	12 584	9 229

8 EARNINGS PER SHARE

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

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Net annual profit	9 322	5 247
Weighted average number of the shares (thousand)	3 886	3 886
Earnings per share (LTL)	2.40	1.35

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 2014	24 030	86 997	645	4 876	116 548
Increase	-	3 781	-	187	3 968
Sales	-	-	-	(4)	(4)
Writing off	-	(42)	-	(23)	(65)
Reclassified from/ to	-	972	-	(972)	-
Costs as of 30 June 2014	24 030	91 708	645	4 064	120 447
Depreciation as of 1 January 2014	12 035	52 652	242	2 637	67 566
Depreciation	308	2 336	57	152	2 853
Sales	-	-	-	(1)	(1)
Writing off	-	(40)	-	(23)	(63)
Depreciation as of 30 June 2014	12 343	54 948	299	2 765	70 355
Net carrying value as of 30 June 2014	11 687	36 760	346	1 299	50 092
Net carrying value as of 1 January 2014	11 995	34 345	403	2 239	48 982
Depreciation period	40 years	6 – 10 years	5 – 10 years	2 – 6 years	-

Depreciation was broken down as follows:

	30.06.2014	30.06.2013
	LTL thousand	LTL thousand
Production and product development costs	2 641	2 083
Sales, administrative and other costs	149	149
Production in progress and finished products inventories	63	213
	2 853	2 445

10 INVENTORIES

	30.06.2014	31.12.2013
	LTL thousand	LTL thousand
Raw materials	5 782	4 306
Production in progress	4 048	2 548
Finished products	8 064	6 676
Goods for resale	11	8
	17 905	13 538

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

11 OTHER ACCOUNTS RECEIVABLE

	30.06.2014	31.12.2013
	LTL thousand	LTL thousand
VAT recoverable	3 008	1 081
Other amounts receivable and future costs	575	281
	3 583	1 362

12 CASH AND CASH EQUIVALENTS

	30.06.2014	31.12.2013
	LTL thousand	LTL thousand
Cash in banks	12 076	2 082
	12 076	2 082

13 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.

14 LOANS AND OTHER BORROWINGS

	30.06.2014	31.12.2013
	LTL thousand	LTL thousand
Non - current liabilities		
Finance lease	225	225
Net carrying value as end of period	225	225
Short - term liabilities		
Current portion of finance lease	28	55
Credits	43 528	5 547
Net carrying value as end of period	43 556	5 602
	43 781	5 827

	Maturity term	30.06.2014	31.12.2013
		LTL thousand	LTL thousand
Finance lease Danske Bank A/S	2017	253	280
Credit line 1 Danske Bank A/S	2014	9 000	5 547
Credit line 2 Danske Bank A/S	2015	10 000	-
Credit Danske Bank A/S	2016	24 528	-

The Company's buildings, machinery, inventory and the current cash balances at and future inflows to the Company's accounts at Danske Bank A/S Lithuania branch were pledged as a collateral for loans granted.

Interest risk

Euribor related floating interest rates are applied to the loans extended to the Company.
As of 30 June 2014 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 30 June 2014	2014	2015	2016 - 2017
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Finance lease	253	28	116	109
Credit lines	19 000	9 000	10 000	-
Credit	24 528	-	12 264	12 264
	43 781	9 028	22 380	12 373

15 POST – EMPLOYMENT ANT OTHER LONG TERM EMPLOYEE BENEFITS

	30.06.2014	31.12.2013
	LTL thousand	LTL thousand
Post – employment and other long term employee benefits	1 660	1 660
	1 660	1 660

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.

16 OTHER LIABILITIES

	30.06.2014	31.12.2013
	LTL thousand	LTL thousand
Remuneration and social insurance	2 174	1 026
Holiday pay reserve	2 749	2 084
Dividends payable	3 458	2 625
Amounts payable for the take-over of tax losses	-	253
Operating taxes	30	69
Other accounts payable and accrued taxes	133	106
	8 544	6 163

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.

17 RELATED PARTY TRANSACTIONS

30.06.2014	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Inreal valdymas UAB	94	207	5	-
BAIP UAB	66	-	-	-
Acena UAB	9	-	-	-
Inservis UAB	4	-	-	-
Kelio zenklai UAB	1	-	-	-
	174	207	5	-

30.06.2013	Purchases	Sales	Receivables	Payables
	LTL thousand	LTL thousand	LTL thousand	LTL thousand
Inreal valdymas UAB	81	509	28	-
BAIP UAB	39	-	-	10
Acena UAB	138	-	-	-
Inservis UAB	2	-	-	2
Kelio zenklai UAB	7	-	-	8
Invalda privatus kapitalas UAB	-	2	-	-
	267	511	28	20

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 30 June 2013 therefore liability to related parties amounting to LTL 1 410 thousand are accounted in other current liabilities.

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

In 2014 the Company focuses on the increase of productivity and improvement of quality. The Company achieves these objectives through the introduction of the LEAN methodology in the areas of manufacturing processes, operational management, improvement of professional skills of employees and their involvement in a process of continuous development. In 2014, the Company expects to see a consistent growth of sales revenue and production volumes, earn profit and create over 100 new workplaces.

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

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

On 22 April, 2014 Vilniaus Baldai AB announces unfortunate death of Dalius Aleksandravicius the director of the company.

Since 22 April, 2014 until new CEO of Vilniaus Baldai AB is appointed, Rasa Cencoviene will temporary serve as the CEO of the company.

Vilniaus Baldai AB received notification regarding Vilniaus Baldai AB shares sale purchase agreement signed on 28 April, 2014, under which Invalda LT AB transfers 45.4 % (1 764 405 shares) of Vilniaus Baldai AB shares to Invalda privatus kapitalas AB. The transaction will be completed after all preconditions are fulfilled.

On the initiative and decision of the Company's Management Board the Ordinary General Shareholders Meeting of Vilniaus Baldai AB is to be held on 29 April, 2014 at 10 a. m. in Savanoriu ave. 178B, Vilnius.

On 29 April, 2014 the Annual General Shareholders Meeting of Vilniaus Baldai AB shareholders was held. The meeting resolved to:

Item1 of the Agenda: Consolidated annual report.
The Company's consolidated annual report for 2013 was presented.

Item2 of the Agenda: Company's auditor's report.
The report of auditor PricewaterhouseCoopers UAB for 2013 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2013.
Resolution: to approve Company's financial statements for 2013.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2013.
Resolution: to approve Company's consolidated financial statements for 2013.

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

Undistributed retained earnings, brought forward	29 857 089 LTL	8 647 210 EUR
Net result for the current year	14 339 430 LTL	4 152 986 EUR
Profit (loss) not recognized in the income statement of the reporting financial year	57 789 LTL	16 737 EUR
Transfer from the reserve for own shares acquisition	25 000 000 LTL	7 240 500 EUR
Distributable result	69 254 308 LTL	20 057 433 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends for the period shorter than financial year (30 June, 2013)*	34 976 403 LTL	10 129 866 EUR
To be paid as dividends**	34 199 150 LTL	9 904 758 EUR
To be paid as annual payments (bonus) to board of	-	-
Undistributed retained earnings, carried forward	78 755 LTL	22 809 EUR
*9 LTL (2.61 EUR) of dividends per one ordinary share		
**8.8 LTL (2.55 EUR) of dividends per one ordinary share.		

The Management Board of Vilniaus Baldai AB appointed Rimantas Vaitkus, who has long-term experience in managing companies, to lead Vilniaus Baldai AB since 12 May, 2014.

On 28 May, 2014, Invalda privatus kapitalas AB and Invalda LT AB completed Vilniaus Baldai AB shares sale purchase transaction after which Invalda privatus kapitalas AB acquired ownership right to 45.40 percent of Vilniaus Baldai AB shares and votes (together with shares already owned – 86 percent of shares and votes).

On 28 May, 2014 Vilniaus Baldai AB received a notification from the Board member Darius Sulnis regarding resignation from the Board from 11 June, 2014.

On 29 May, 2014 Vilniaus Baldai AB received notification from shareholder Invalda LT AB about disposal of voting rights. The threshold that was crossed – 40 percent. The event resulting in the change of the number of the voting rights held the disposal of shares granting voting rights.

On 29 May, 2014 Vilniaus Baldai AB received notification from shareholder Invalda privatus kapitalas AB about acquisition of voting rights. The threshold that was crossed – 75 percent. The event resulting in the change of the number of the voting rights held the acquisition of shares granting voting rights.

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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*... Better
Faster
Stronger ...*

Vilniaus Baldai AB

**INTERIM
CONSOLIDATED REPORT
FOR THE SIX MONTHS OF 2014**

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COMPANIES COMPOSING THE GROUP

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

GENERAL INFORMATION ABOUT THE COMPANY:

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.

The activity of Vilniaus Baldai was successful during the first half of 2014. The revenue grew to LTL 102 million. In 2014 the Company focuses on the increase of productivity and improvement of quality. The Company achieves these objectives through the acquisition of new equipment, introduction of advanced technologies assuring the compliance with quality standards, the introduction of the LEAN methodology in the areas of manufacturing processes, operational management, improvement of professional skills of employees and their involvement in a process of continuous development. During the first half of 2014 the Company created over 100 new workplaces.

Main risks faced by the Group:

Economic risk factors. The sales of Vilniaus Baldai AB to the main customer Swedish concern IKEA made about 98 % of all the sales of the Company during the first half 2014 (in 2013 – 98 %, in 2012 – 98 %). In the first half 2014, the Company's sales revenue comprised sales of furniture which account for 99 % of total sales (in 2013 – 99 %, in 2012 – 98 %) 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 in Lithuania are related with the preparation of euro adoption in 2015. There are no requirements and restrictions established by the State to the issuer's activity.

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

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

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

Ecological risk factors. There is an environment protection management system introduced in the Company, corresponding to the ISO 14001 requirements. The core of this system is the management and permanent improvement of the environment protection. The Company works purposefully seeking to make the production ecological, to control the impact that the materials and raw materials have on the environment, to ensure that the suppliers of the products and services correspond to the environment protection management requirements. Company was granted FSC production line certificate. The annual audit for quality management system and environmental management system according EN ISO 9001 and EN ISO 14001 was performed in June 2014. There aren't identified any non - conformances. During the first half 2014 Vilniaus Baldai AB paid LTL 3 thousand of the environment pollution taxes, as well as LTL 69 thousand for the waste utilisation services. There were no manufacturing restrictions because of the environment pollution.

Repayment of the loans. The repayment of the loans is made according upon the contractual schedules. All the payments to the bank are made on time. Information on terms and conditions of repayment of financial liabilities, credit of the Group is provided in the Notes to the interim condensed consolidated financial statements for the six months of 2014 (14 Note).

Characteristics of internal control and risk management systems related to the preparation of consolidated financial statement of the Company and the Group. The compliance with the requirements for the preparation of the set of the consolidated financial statements, internal control and financial risk management systems, legal acts regulating the preparation of the set of the consolidated financial statements is supervised by the Audit Committee established on 16 September 2013.

The Audit Committee:

Tomas Bubinas	
Position Independent Member of the Audit Committee, elected to the Audit Committee 16.09.2013, end of the term – 2017	
Work experience Since 2013 Chief Operating Officer at Biotechpharma UAB 2010 – 2012 Senior Director of Operations at TEVA Biopharmaceuticals USA 2001 – 2010 Chief Financial Officer at SICOR Biotech / TEVA Baltic 1999 – 2001 Senior Manager at PricewaterhouseCoopers 1994 – 1999 Senior Auditor, Manager at Coopers & Lybrand	
Education Master degree in Economics of Vilnius University and Executive MBA of BMI (Baltic Management Institute), a fellow member of the Association of Chartered Certified Accountants (ACCA) and a registered Lithuanian Sworn Auditor.	
Participation in Vilniaus Baldai AB authorised capital -	Number of shares and of voting rights -

Vaidas Savukynas	
Position Member of the Audit Committee, elected to the Audit Committee 16.09.2013, end of the term – 2017	
Work experience Since 2013 Chief Financial Officer at Invalda privatus kapitalas AB 2011 – 2013 Chief Financial Officer at food retail chain Narodnyi in Kyrgyz Republic 2010 – 2010 Director of Administration at Zemaitijos pienas AB 1998 – 2009 Chief Financial Officer and Financial Analyst at concern MG Baltic and its companies (MG Baltic Trade, Apranga, Minvista) 1993 – 1995 Chief Executive Officer at brokerage company Bankoras 1990 – 1993 Marketing Manager at Lietuvos birza AB	
Education Vilnius University diploma in economics, Master degree in Social Sciences of Stockholm University (Sweden), Financial sector schemes introductory courses in Leeds University (Great Britain)	
Participation in Vilniaus Baldai AB authorised capital -	Number of shares and of voting rights -

The Audit Committee (cont'd):

Andrius Dauksas (till 11.06.2014)	
Position	
Member of the Audit Committee, elected to the Audit Committee 16.09.2013	
Work experience	
Since 2010 Investment Manager at Invalda LT AB 2008 – 2010 Treasury Department Director at bank Finasta AB 2006 – 2010 Accountant and Manager of securities accountant at financial brokerage firm Finasta	
Education	
Master degree in banking of Vilniaus University	
Participation in Vilniaus Baldai AB authorised capital	Number of shares and of voting rights
-	-

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 2014 January – March was 52 914 thousand LTL (15 325 thousand EUR), same period year 2013 – 35 135 thousand LTL (10 176 thousand EUR).

Net profit of the Group during period 2014 January – March was 5 486 thousand LTL (1 589 thousand EUR), same period year 2013 net profit was 3 185 thousand LTL (922 thousand EUR). EBITDA was 7 342 thousand LTL (2 126 thousand EUR). Year ago it was 4 817 thousand LTL (1 395 thousand EUR).

Turnover of the Group during period 2014 April – June was 48 605 thousand LTL (14 077 thousand EUR), same period year 2013 – 33 186 thousand LTL (9 611 thousand EUR).

Net profit of the Group during period 2014 April – June was 3 836 thousand LTL (1 111 thousand EUR), same period year 2013 – 2 062 thousand LTL (597 thousand EUR). EBITDA was 5 787 thousand LTL (1 676 thousand EUR). Year ago it was 3 109 thousand LTL (900 thousand EUR).

Turnover of the Group during period 2014 January – June was 101 519 thousand LTL (29 402 thousand EUR), same period year 2013 – 68 321 thousand LTL (19 787 thousand EUR).

Net profit of the Group during period 2014 January – June was 9 322 thousand LTL (2 700 thousand EUR), same period year 2013 – 5 247 thousand LTL (1 520 thousand EUR). EBITDA was 13 129 thousand LTL (3 802 thousand EUR). Year ago it was 7 926 thousand LTL (2 296 thousand EUR).

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

	30.06.2014	31.12.2013
Non - current assets	50 397	49 267
Current assets	50 351	30 758
Total assets	100 748	80 025
Capital and reserves	26 524	51 401
Total liabilities	74 224	28 624
Non - current liabilities	1 885	1 885
<i>Financial debts</i>	225	225
Current liabilities	72 339	26 739
<i>Financial debts</i>	43 556	5 602

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

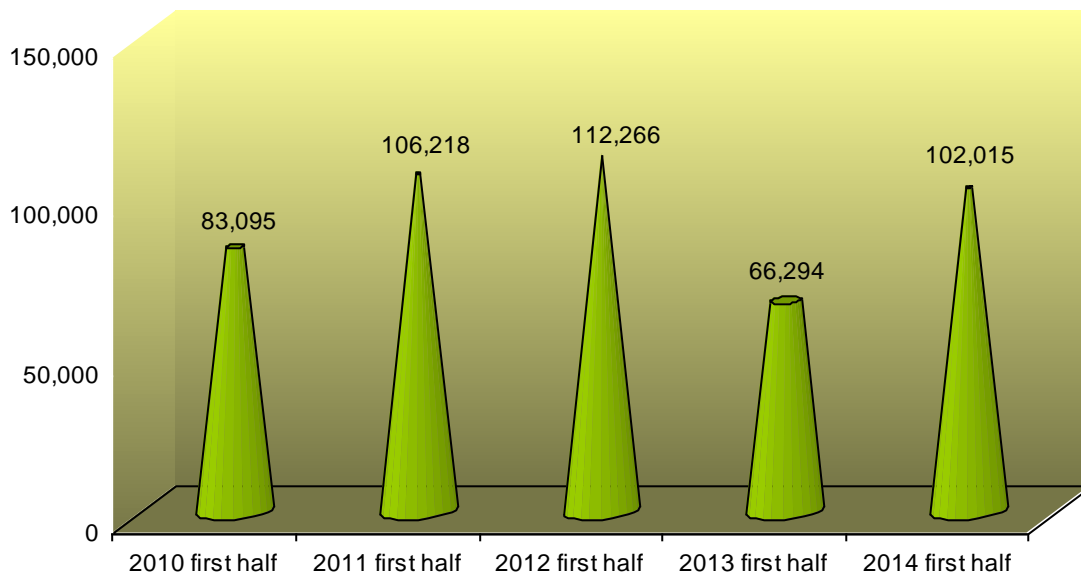
	2014 first half	2013 first half
Sales income, LTL thousand	101 519	68 321
- in Lithuania	1 282	532
- in EU countries	56 069	41 193
- other countries	44 168	26 596
Gross profit, LTL thousand	14 473	9 586
Gross profit margin, %	14.26	14.03
Operating profit, LTL thousand	10 312	5 640
Operating profit margin, %	10.16	8.26
Profit before taxes, LTL thousand	10 200	5 695
Profit before taxes margin, %	10.05	8.34
Net profit, LTL thousand	9 322	5 247
Net profit margin, %	9.18	7.68
EBITDA, LTL thousand	13 129	7 926
EBITDA margin, %	12.93	11.60

Production and sales

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

Modern equipment, purchased from such world-renowned manufacturers as 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 period of 2010 – 2014 first half, LTL thousand:

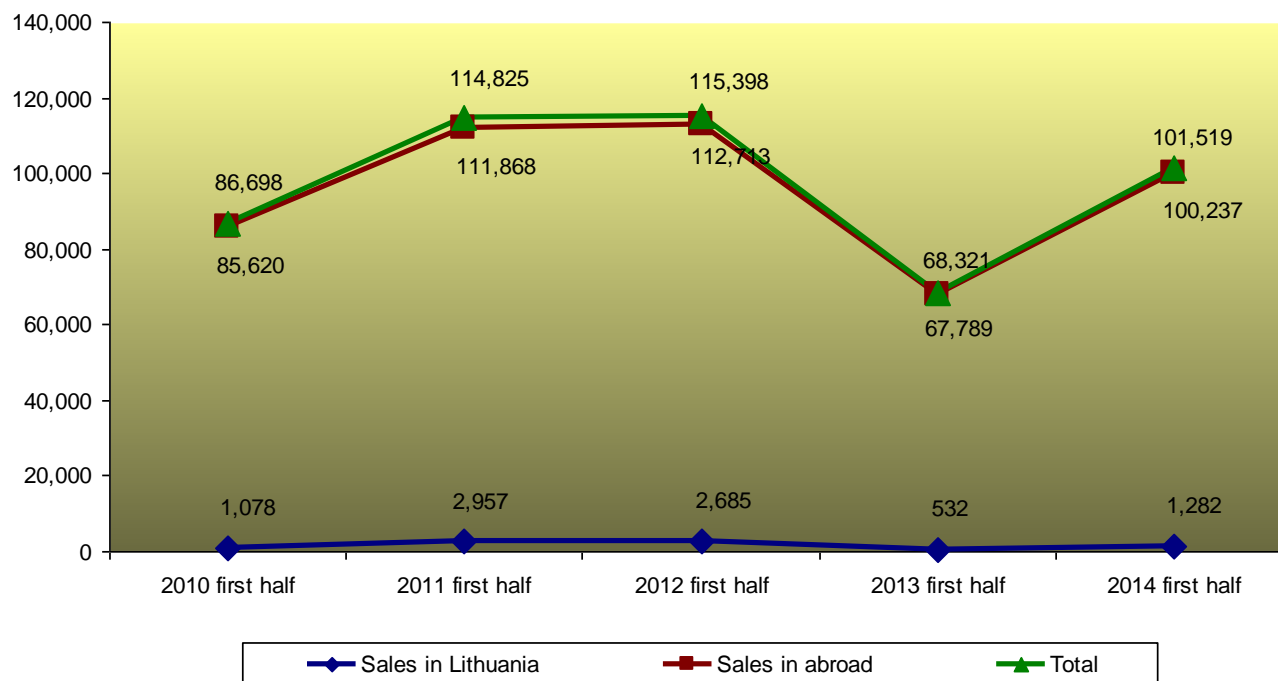


Production sales according to the markets in the period of 2010 – 2014 first half:

Sales	2014 I half, ended 30 June		2013 I half, ended 30 June		2012 I half, ended 30 June		2011 I half, ended 30 June		2010 I half, ended 30 June	
	LTL thousand	%	LTL thousand	%	LTL thousand	%	LTL thousand	%	LTL thousand	%
In Lithuania	1 282	1.3	532	0.8	2 685	2.3	2 957	2.6	1 078	1.2
In abroad	100 237	98.7	67 789	99.2	112 713	97.7	111 868	97.4	85 620	98.8
Total	101 519	100.0	68 321	100.0	115 398	100.0	114 825	100.0	86 698	100.0

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

Sales of the Company in the period of 2010 – 2014 first half, in LTL thousand:



Supply

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

Vilniaus Baldai AB establishes the long-term contracts with the suppliers. The Company acquires the main raw materials from the local, Slovak, Polish and German producers. The main suppliers are IKEA Industry Lietuva UAB, IKEA Components S.R.O, IKEA Industry Polska Sp.zo.o., Sherwin – Williams Lietuva UAB, Rehau UAB, DS Smith Packaging Lithuania UAB. The local supply of the raw materials is pre-conditioned by the cheap transportation costs and good relations with the major suppliers.

Employees

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

During the first half 2014 the number of work places at the Group and the Company was increase, this was caused by the increase in production capacity and sales. 606 employees worked in the Group and 558 employees in the Company at the end first half of 2014 (488 in the Group and 454 in the Company on 31 December 2013). The average age of the employees is 40 years.

The average number of the recorded employees in the period of 2011 – 2013 and during the first half 2014:

	2014 first half	2013	2012	2011
Executive personnel	4	4	4	4
Specialists	35	33	35	35
Workers	460	368	388	406
Total	499	405	427	445

Remuneration comprises a basic and variable component. A variable component of remuneration depends on the Company's results of operations. The Company is proud of its highly experienced and qualified employees.

The average wages of the employees in the period of 2011 – 2013 and during the first half 2014:

	2014 first half	2013	2012	2011
Executive personnel	20 610	20 568	19 766	18 756
Specialists	5 181	4 886	4 971	4 422
Workers	2 782	2 810	2 964	2 757
Total	3 106	3 159	3 283	3 063

The collective agreement is concluded in the Company. The agreement is mandatory for all the employees of the Company. The purpose of this agreement is to ensure the harmonious work of the staff, high level of working conditions of different categories of employees, salary and other working conditions also to ensure additional social guarantees which are not stated according to the regulations of Lithuanian legislations for the employees of the Company. The collective agreement includes the working contract formation, change, termination, work and rest time, payment for work done, improvement of the qualification of the employees, safety at work and medical assistance, social care, trade - union activity and guarantees of the elected employees.

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

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

4. INFORMATION ABOUT THE OWN SHARES

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

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

The Company does not have any branches or representative offices.

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

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

On 22 April, 2014 Vilniaus Baldai AB announces unfortunate death of Dalius Aleksandravicius the director of the company.

Since 22 April, 2014 until new CEO of Vilniaus Baldai AB is appointed, Rasa Cencoviene will temporary serve as the CEO of the company.

Vilniaus Baldai AB received notification regarding Vilniaus Baldai AB shares sale purchase agreement signed on 28 April, 2014, under which Invalda LT AB transfers 45.4 % (1 764 405 shares) of Vilniaus Baldai AB shares to Invalda privatus kapitalas AB.

On the initiative and decision of the Company's Management Board the Ordinary General Shareholders Meeting of Vilniaus Baldai AB is to be held on 29 April, 2014 at 10 a. m. in Savanoriu ave. 178B, Vilnius.

On 29 April, 2014 the Annual General Shareholders Meeting of Vilniaus Baldai AB shareholders was held. The meeting resolved to:

Item1 of the Agenda: Consolidated annual report.
The Company's consolidated annual report for 2013 was presented.

Item2 of the Agenda: Company's auditor's report.
The report of auditor PricewaterhouseCoopers UAB for 2013 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2013.
Resolution: to approve Company's financial statements for 2013.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2013.
Resolution: to approve Company's consolidated financial statements for 2013.

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

Undistributed retained earnings, brought forward	29 857 089 LTL	8 647 210 EUR
Net result for the current year	14 339 430 LTL	4 152 986 EUR
Profit (loss) not recognized in the income statement of the reporting financial year	57 789 LTL	16 737 EUR
Transfer from the reserve for own shares acquisition	25 000 000 LTL	7 240 500 EUR
Distributable result	69 254 308 LTL	20 057 433 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends for the period shorter than financial year (30 June, 2013)*	34 976 403 LTL	10 129 866 EUR

To be paid as dividends**	34 199 150 LTL	9 904 758 EUR
To be paid as annual payments (bonus) to board of	-	-
Undistributed retained earnings, carried forward	78 755 LTL	22 809 EUR
*9 LTL (2.61 EUR) of dividends per one ordinary share		
**8.8 LTL (2.55 EUR) of dividends per one ordinary share.		

The Management Board of Vilniaus Baldai AB appointed Rimantas Vaitkus, who has long-term experience in managing companies, to lead Vilniaus Baldai AB since 12 May, 2014.

On 28 May, 2014, Invalda privatus kapitalas AB and Invalda LT AB completed Vilniaus Baldai AB shares sale purchase transaction after which Invalda privatus kapitalas AB acquired ownership right to 45.40 percent of Vilniaus Baldai AB shares and votes (together with shares already owned – 86 percent of shares and votes).

On 28 May, 2014 Vilniaus Baldai AB received a notification from the Board member Darius Sulnis regarding resignation from the Board from 11 June, 2014.

On 29 May, 2014 Vilniaus Baldai AB received notification from shareholder Invalda LT AB about disposal of voting rights. The threshold that was crossed – 40 percent. The event resulting in the change of the number of the voting rights held the disposal of shares granting voting rights.

On 29 May, 2014 Vilniaus Baldai AB received notification from shareholder Invalda privatus kapitalas AB about acquisition of voting rights. The threshold that was crossed – 75 percent. The event resulting in the change of the number of the voting rights held the acquisition of shares granting voting rights.

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 2014.

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

In 2014 the Company focuses on the increase of productivity and improvement of quality. The Company achieves these objectives through the introduction of the LEAN methodology in the areas of manufacturing processes, operational management, improvement of professional skills of employees and their involvement in a process of continuous development. In 2014, the Company expects to see a consistent growth of sales revenue and production volumes, earn profit and create over 100 new workplaces.

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

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

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

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

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

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

11. STRUCTURE OF THE ISSUER'S AUTHORIZED CAPITAL

Structure of the authorized capital of Vilniaus Baldai AB:

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

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

Rights and obligations carried by the shares

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

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

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

The shareholders have the following property and moral rights:

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

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

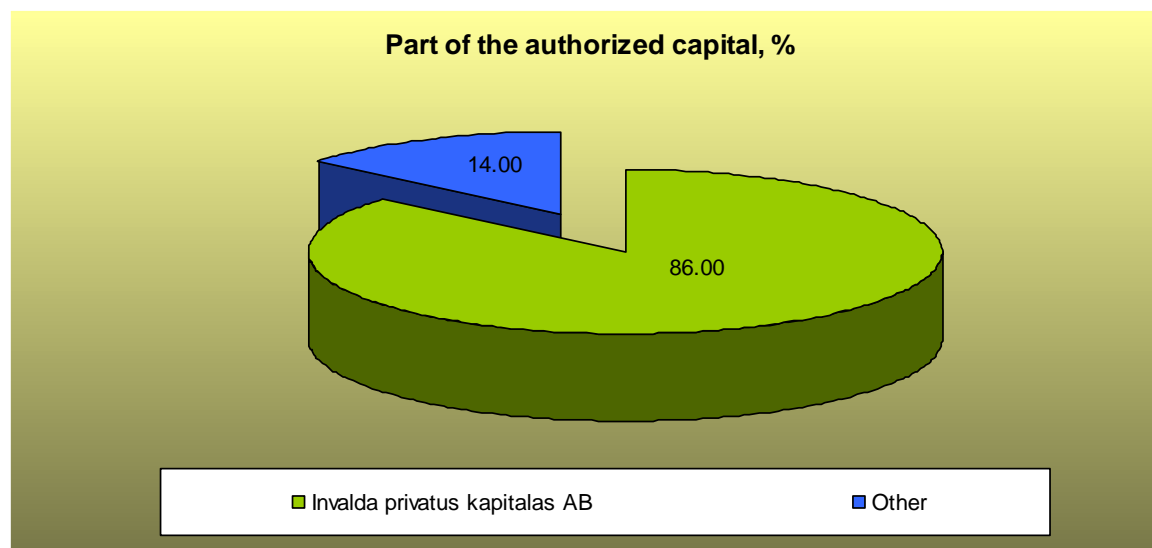
10. to submit the questions related to the agenda of general shareholders' meetings to the Company in advance;
11. to vote at general shareholders' meetings according to voting rights carried by their shares. Each registered ordinary share carries one vote at the general shareholders' meeting except 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 2014 was 1 339.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2014:

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 privatus kapitalas AB, company code 303075527, Seimyniskiu Str. 1 A, Vilnius	3 342 160	86.00	86.00



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

The are no voting rights restrictions.

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

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

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

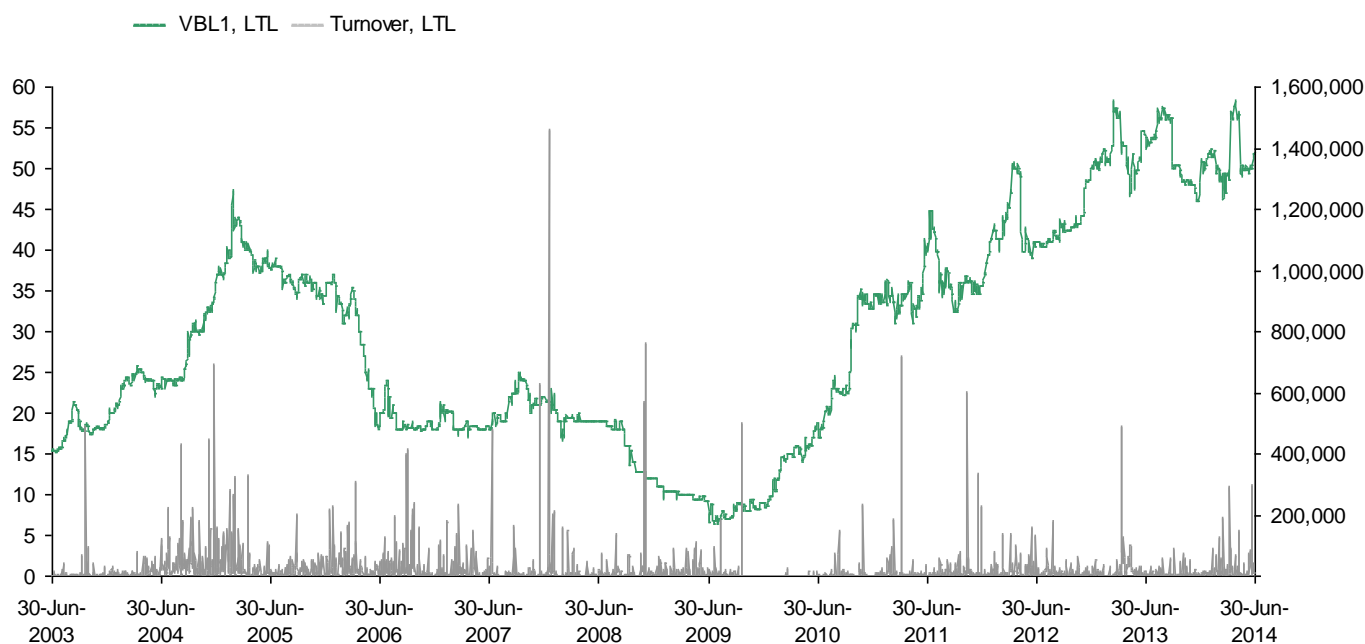
The main characteristics of the shares:

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

The trade of the shares of the Company:

	2014 first half	2013 first half
Price of the shares, LTL:		
- opening	48.34	50.07
- highest	58.35	58.35
- lowest	45.23	46.61
- closing	52.14	53.86
Turnover of shares, units	54 073	57 989
Turnover of shares, LTL	2 838 899	3 011 484
Total number of transactions, units	901	884
Capitalization, million LTL	202.63	209.31

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



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



Index/Equity	30.06.2010	30.06.2014	+/-%
—OMX Baltic Benchmark GI	410.43	611.24	48.93
—OMX Vilnius	308.77	471.95	52.85
—VBL1L	5.44 EUR	15.10 EUR	177.33

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


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


15. ISSUER'S BODIES

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



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

The Board and Administration of the Company:


	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, Chairman of the Board of Invalda privatus kapitalas AB	
	2006 – May 2013 Adviser of Invalda AB, Board member (since May 2007 till May 2013 Chairman of the Board)	
	2006 – 2007 Director of Invaldos Nekilnojamojo Tuto 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

	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 CEO, Board member 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	Akcijų ir balsų skaičius
	CEO and Board member of Invalda privatus kapitalas AB	0.60 % of shares and of voting rights
	Chairman of the Board of Kulpes slenis AB	-
	Chairman of the Board of Lauko gelininkystės bandymu stotis UAB	-
	Member of the Supervisory Board at Vernitas AB	-

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

	Mr. Darius Sulnis (till 11.06.2014)	
	Position	
	Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008 and 27.04.2012	
	Work experience	
	Since May 2013 President of Invalda LT AB	
	2012 – May 2013 Adviser of Invalda 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	0.00 % of shares and of voting rights; together with related parties 91.59 % of voting rights
	Board member of Invaldos Nekilnojamojo Turto Fondas AB	-
	Board member of Litagra UAB	-
	Chairman of the Board of BAIP grupe UAB	-
	CEO and Board member of Invalda LT Investmens UAB	-
	CEO and Board member of INVL Technology AB	-
	CEO and Board member of INVL Baltic Farmland AB investmens UAB	-
	CEO and Board member of INVL Baltic Real Estate AB	-
	Lucrum investicija UAB	100 %
	Golfas UAB	31 %
	Mr. Rimantas Vaitkus	
	Position	
	General director since 12.05.2014	
	Work experience	
	2013 – 2014 m. Project Office Director of Lietuvos energija UAB	
	2011 – 2013 m. CEO of Visagino atominė elektrinė UAB	
	2011 – 2011 m. External Relation Director of Visagino atominė elektrinė UAB	
	2010 – 2011 m. CEO of VST AB	
	2009 – 2010 m. CEO of LEO LT UAB	
	2008 – 2009 m. CEO of Rytu skirstomieji tinklai AB	
	2001 – 2008 m. Country General Manager of IBM Lietuva UAB	
	1998 – 2001 m. Vice-Minister of the Ministry of Economy	
	Participation in the activities of other companies	Number of shares and of voting rights
	Board member of KIRIGAMI DESIGN UAB	-

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

	Mrs. Ausra Kibirkstiene	
	Position	
	Chief accountant since 18.08.2008	
	Work experience	
	2001 – 2008 Manager of accounting system Navision of Litesko UAB	
	2005 – 2008 Chief accountant of Druskininku dujos UAB	
	1996 – 2001 Accountant of Bite Lietuva UAB	
	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. In the first half 2014 the average monthly remuneration to the management member of the Company amounted to LTL 44.42 thousand (in the first half 2013 – LTL 46.92 thousand). The remuneration is not paid to the Board members of the Company.

Remuneration to the management member of the Company:

	2014 I half, ended 30 June	2013 I half, ended 30 June
Wages, salaries	407	430
Social security	126	133
Total	533	563

During the first half of 2014 the Company did not transfer any assets for the Board members, Head of the Company, Chief accountant. Also any guarantees or warranties, by which the performance of their liabilities would be secured, were not made.

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

During the first half of 2014 no material agreements were signed which would become effective, would change or would be terminated if the control of issuer will change. Furthermore, there were no agreements signed during the first half of 2014 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 2014 were: Ari – Lux UAB (the subsidiary), Invalda Privatus Kapitalas AB (ultimate shareholder) and all companies controlled by Invalda Privatus Kapitalas AB (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. Transactions with related parties during the first half of 2014 and during the first half of 2013 and the balances as of 30 June 2014 and 2013 are provided in the Notes (Note 17) to the interim condensed consolidated financial statements for the six months of 2014.

18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2014 is presented on the Company's website www.vilniausbaldai.lt.

Summary of publicly disclosed information:

Date of disclosure	Brief description of disclosed information
08.01.2014	Vilniaus Baldai AB investor's calendar for year 2014
18.02.2014	Vilniaus Baldai AB sales and result for activity during period of January – December 2013
18.02.2014	Vilniaus Baldai AB non audited interim condensed consolidated financial statement for the twelve months of 2013
17.03.2014	Vilniaus Baldai AB annual audited information for the year 2013
08.04.2014	Convocation of Vilniaus Baldai AB Ordinary General Shareholders Meeting
08.04.2014	Draft resolutions of the Annual General Shareholders Meeting
15.04.2014	Vilniaus Baldai AB investor's calendar is changing
18.04.2014	Vilniaus Baldai AB sales and result for activity during period of January – March 2014
18.04.2014	Vilniaus Baldai AB non audited condensed interim consolidated financial statement for the three months of 2014
22.04.2014	Announcement regarding CEO of Vilniaus Baldai AB
22.04.2014	Regarding appointment of interim CEO of Vilniaus Baldai AB
28.04.2014	Vilniaus Baldai AB received notification of the shareholders of the company regarding signed Vilniaus Baldai AB shares sale purchase agreement
29.04.2014	Notification on transaction concluded by manager of the company
29.04.2014	Notification on transaction concluded by manager of the company
29.04.2014	Resolutions of the Annual General Shareholders Meeting of Vilniaus Baldai AB on 29/04/2014
07.05.2014	Vilniaus Baldai AB will be led by Rimantas Vaitkus
13.05.2014	Notification on transaction concluded by manager of the company
16.05.2014	Procedure for the pay-out of dividends for the year 2013
28.05.2014	Vilniaus Baldai AB received notification of the shareholders of the company regarding the closing of Vilniaus Baldai AB shares sale purchase deal
28.05.2014	Announcement regarding resignation of member of the Board of Vilniaus Baldai AB
29.05.2014	Notification about disposal of voting rights
29.05.2014	Notification about acquisition of voting rights

INTERIM CONSOLIDATED REPORT
FOR THE SIX MONTHS OF 2014
(all amounts are in LTL thousand unless otherwise stated)



Summary of the notifications on transactions in Vilniaus Baldai AB shares concluded by Managers of the Company during the first half of 2014:

Date	Person	Number of shares	Share price, EUR	Total value of transaction, EUR	Form of transaction	Type of transaction	Placement of transaction
28.04.2014	Invalda LT AB	1 764 405	13.16	23,226,885.01	Transfer	Sale - purchase	XOFF
28.04.2014	Invalda privatus kapitalas AB	1 764 405	13.16	23,226,885.01	Transfer	Sale - purchase	XOFF
08.05.2014	Invalda LT AB	460 000	13.29	6,117,968.02	Acquisition	Pledge without transfer of	XOFF

General Director

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