

## RESPONSIBLE PERSONS CONFIRMATION

04.08.2015

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 2015 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, while Company's Interim Consolidated Report discloses fair view on business development and performance.

### APPENDIX:

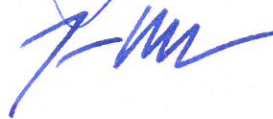
1. Interim Condensed Consolidated Financial Statement for the six months of 2015.
2. Interim Consolidated Report for the six months of 2015.

Chief Executive Officer



Rimantas Vaitkus

Head of Finance department



Jonas Krutinis



**VILNIAUS  
BALDAI**

ANNO 1883

*... Better  
Faster  
Stronger ...*

# Vilniaus Baldai AB

INTERIM  
CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENT  
FOR THE SIX MONTHS  
OF 2015

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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 2015.

### 2. Main data about the issuer

Name of the issuer	Joint stock company (AB) Vilniaus Baldai
Code	121922783
Authorized capital	4 508 069.72 EUR
Office address	Savanoriu Ave. 178B, LT - 03154 Vilnius
Telephone	(+370~5) 252 57 00
Fax	(+370~5) 231 11 30
E-mail	<a href="mailto:info@vilniausbaldai.lt">info@vilniausbaldai.lt</a>
Website	<a href="http://www.vilniausbaldai.lt">www.vilniausbaldai.lt</a>
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

Name of the issuer	Limited liability company (UAB) ARI-LUX
Code	120989619
Authorized capital	2 896 EUR
Share of (AB) Vilniaus Baldai in the company	100 %
Office address	Savanoriu Ave. 178B, LT - 03154 Vilnius
Telephone	(+370~5) 252 57 44
Fax	(+370~5) 252 57 44
E-mail	<a href="mailto:aleksas.rimkus@ari-lux.lt">aleksas.rimkus@ari-lux.lt</a>
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 to access the Financial Statement and the underlying documents, name of the designated mass media for announcements

The Financial Statement and underlying supporting documents can be accessed at the Company's headquarters at Savanoriu Ave. 178B, Vilnius. Designated mass media for Vilniaus Baldai AB announcements: NASDAQ OMX Vilnius AB, Central Storage Facility – information database.

#### 4. Board

President of Board: Vytautas Bucas,  
Members of Board: Dalius Kaziunas,  
Vaidas Savukynas.

#### 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:

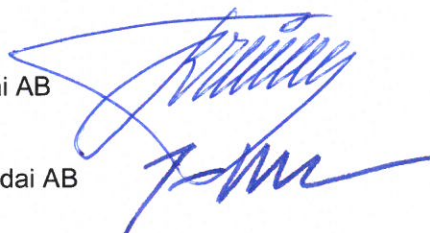
Rimantas Vaitkus, Chief Executive Officer, tel. (+370~5) 252 57 00, fax. (+370~5) 231 11 30,  
Jonas Krutinis, Head of Finance department, tel. (+370~5) 252 57 00.

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 Jonas Krutinis, Head of Finance department, 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

Jonas Krutinis, Head of Finance department of Vilniaus Baldai AB



Date of signing the Report – 4 August 2015.

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX MONTHS OF 2015

The auditors reviewed the Financial Statement of 31.12.2014, while Statements as of 30.06.2015 and 30.06.2014 are unaudited.

### 1. STATEMENT OF FINANCIAL POSITION

	30.06.2015	31.12.2014	30.06.2014
<b>Assets</b>			
<b>Non - current assets</b>			
Non - current tangible assets	13 272	13 907	14 508
Intangible assets	29	38	40
Deferred income tax asset	75	67	48
<b>Total non - current assets</b>	<b>13 376</b>	<b>14 012</b>	<b>14 596</b>
<b>Current assets</b>			
Inventories	8 007	4 540	5 186
Trade debtors	4 990	4 542	4 386
Time deposits	-	-	-
Current income tax prepayment	90	182	476
Other accounts receivable	1 257	442	1 038
Cash and cash equivalents	124	1 096	3 497
<b>Total current assets</b>	<b>14 468</b>	<b>10 802</b>	<b>14 583</b>
<b>Total assets</b>	<b>27 844</b>	<b>24 814</b>	<b>29 179</b>
<b>Shareholders' equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	4 508	4 502	4 502
Legal reserve	450	450	450
Reserve for acquisition of own shares	-	-	-
Retained earnings	6 423	4 783	2 730
<b>Total capital and reserves</b>	<b>11 381</b>	<b>9 735</b>	<b>7 682</b>
<b>Non - current liabilities</b>			
Grants and subsidies	36	-	-
Provision for employee benefits	595	595	481
Loans and other interest bearing payables	977	3 584	65
<b>Total non - current liabilities</b>	<b>1 608</b>	<b>4 179</b>	<b>546</b>
<b>Current liabilities</b>			
Loans and other interest bearing payables	5 758	5 146	12 614
Debts to suppliers	6 081	3 583	5 862
Other liabilities	3 016	2 171	2 475
<b>Total current liabilities</b>	<b>14 855</b>	<b>10 900</b>	<b>20 951</b>
<b>Total liabilities</b>	<b>16 463</b>	<b>15 079</b>	<b>21 497</b>
<b>Total equity and liabilities</b>	<b>27 844</b>	<b>24 814</b>	<b>29 179</b>

## 2. STATEMENT OF COMPREHENSIVE INCOME

	2015 I half, ended 30 June	2014 I half, ended 30 June	2015 II quarter, ended 30 June	2014 II quarter, ended 30 June
Revenue	32 596	29 402	16 088	14 077
Cost of sales	(29 058)	(25 210)	(14 319)	(12 206)
Gross profit	<b>3 538</b>	<b>4 192</b>	<b>1 769</b>	<b>1 871</b>
Distribution costs	(559)	(426)	(298)	(207)
Administrative costs	(1 129)	(871)	(543)	(437)
Other operating income, net	117	92	46	37
Profit from operating activities	<b>1 967</b>	<b>2 987</b>	<b>974</b>	<b>1 264</b>
Financial income	4	1	3	0
Financial costs	(70)	(34)	(35)	(24)
Financial income, net	(66)	(33)	(32)	(24)
Profit before taxes	<b>1 901</b>	<b>2 954</b>	<b>942</b>	<b>1 240</b>
Income tax	(261)	(254)	(120)	(129)
Profit for the period	<b>1 640</b>	<b>2 700</b>	<b>822</b>	<b>1 111</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1 640</b>	<b>2 700</b>	<b>822</b>	<b>1 111</b>
<b>Attributable to Owners of the Company:</b>				
Profit	1 640	2 700	822	1 111
Other comprehensive income	-	-	-	-
Total comprehensive income	1640	2 700	822	1 111
Earnings per share (in EUR)	0.42	0.69	0.21	0.29

### 3. STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
Balance as of 31 December 2013	4 502	450	7 241	2 694	14 887
Net profit	-	-	-	2 700	2 700
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2 700	2 700
Transactions with owners					
Dividends to equity holders of the Company	-	-	-	(9 905)	(9 905)
Total transactions with owners	-	-	-	(9 905)	(9 905)
The recovery obligatory reserve	-	-	(7 241)	7 241	-
Balance as of 30 June 2014	4 502	450	-	2 730	7 682
Net profit	-	-	-	2 070	2 070
Other comprehensive income	-	-	-	(17)	(17)
Total comprehensive income	-	-	-	2 053	2 053
Transactions with owners					
Dividends to equity holders of the Company	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance as of 31 December 2014	4 502	450	-	4 783	9 735
Net profit	-	-	-	1 640	1 640
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1 640	1 640
Transactions with owners					
Dividends to equity holders of the Company	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Result of conversion of the Authorized capital	6	-	-	-	6
Balance as of 30 June 2015	4 508	450	-	6 423	11 381



#### 4. STATEMENT OF CASH FLOWS

	30.06.2015	30.06.2014
Net profit (loss)	1 640	2 700
Adjustments:		
Depreciation and amortization	897	816
Result on disposal, writing off, etc. of non -current	(12)	1
Changes in provisions	-	-
Interest (income) expenses	54	28
Deferred income tax (income) expenses	(8)	(2)
Income tax expenses	269	256
Other expenses (income)	105	18
<b>Cash flows from ordinary activities before changes</b>	<b>2 945</b>	<b>3 817</b>
Changes in trade receivables and other amounts	(1 439)	(1 771)
Changes in inventories	(3 467)	(1 265)
Changes in debts to suppliers and other liabilities	3 339	1 959
Income tax paid	-	-
<b>Cash flows from operating activities</b>	<b>1 378</b>	<b>2 740</b>
(Acquisition) of tangible non - current assets	(357)	(1 161)
Sale / writing of non - current tangible assets	15	-
Interest received	1	-
Grants received	36	-
Transfer (to) from time deposits	-	-
<b>Cash flows from investing activities</b>	<b>(305)</b>	<b>(1 161)</b>
Loans (granted) / repaid	-	-
Loans received / (repaid)	(1 994)	10 992
Interest (paid) / received	(46)	(14)
Dividends (paid)	(5)	(9 663)
<b>Cash flows from financing activities, net</b>	<b>(2 045)</b>	<b>1 315</b>
<b>Cash flows from operating, investing and financing</b>	<b>(972)</b>	<b>2 894</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>1 096</b>	<b>603</b>
<b>Cash and cash equivalents as of 30 June</b>	<b>124</b>	<b>3 497</b>

## **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 2015 the Group employed 755 people, the Company employed 701 people (on 31 December 2014 the Group employed 671 employees, the Company – 629). 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.

#### **Basis for drawing up of the interim condensed consolidated statement**

The interim condensed consolidated financial statements for the three months ended 30 June 2015 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 2014.

In the financial statements, all figures are provided in EUR 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**

Starting from 1 January 2015 the Company's Financial statements currency is Euro.

The Company's' accounting data nominated in Litas prior to Euro adoption in Lithuania (as of 31 December 2014) are converted from Litas to Euro at the Official Exchange rate 1 EUR = 3,45280 LTL.

Differences derived from assets and liabilities balances, income and costs denominated in Litas conversion to Euro are recognized as current period financial and investment income or cost. Conversion result (income or loss) is reported in the Statement of Comprehensive Income as financial income or cost.

#### **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 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 are 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, and, 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 instalments due within 12 months, which are included in current liabilities.

The property, plant and equipment acquired under finance leases are 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.

## **Grants**

Grants are registered in accounting when they are actually received. Grants related to the tangible assets are recognized in amounts equal to depreciation of respective tangible assets. If Grant is received for tangible assets acquisition, it is not recognized until tangible assets are started to depreciate. Grants for expenses reimbursement are recognized in amounts of incurred expenses. Unused grants are disclosed in the Statement of Financial position under Grants and subsidies.

## **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 re-evaluations of the pension benefit obligation in 'Other comprehensive income that will not be reclassified to profit or losses, while service cost and net interest in recognized within profit or loss. The Company within profit or loss accounts for jubilee benefits and long-service benefits.

**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 2015 (15% in 2014).

Starting from 2014 tax losses, except for losses due to sale of securities and (or) derivatives (of non-financial institutions), may be carried forward for an unlimited period of time, however carrying forward is stopped, if the company stops its activities due to such losses, except when the company stops its activities due to reasons beyond its control. Deductible tax losses carried forward may not exceed 70 percent of the taxpayer's taxation period income, calculated as income net of tax-exempt income, regular deductions, deductions of limited amounts, with the exception of the previous year losses.

Losses due to sale of securities and (or) derivatives (of non-financial institutions) are carried forward no more than five consecutive tax periods starting from the tax period following the tax period during which the loss was incurred. While deducting previous years' sale of securities losses from current year's securities sales income restriction (of up to 70 percent sale of securities income) does not apply.

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 are 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 any time 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 analysed 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:

	<b>Sales</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>
European Union countries	18 381	16 239
Other than European Union countries	13 720	12 792
Lithuania	495	371
	<b>32 596</b>	<b>29 402</b>

### 3 DISTRIBUTION COSTS

	<b>30.06.2015</b>	<b>30.06.2014</b>
Transportation and storage costs	439	308
Remuneration and social insurance	67	52
Depreciation and amortization	5	5
Other	48	61
	<b>559</b>	<b>426</b>

### 4 ADMINISTRATIVE COSTS

	<b>30.06.2015</b>	<b>30.06.2014</b>
Remuneration and social insurance	673	490
Depreciation and amortization	49	47
Operation taxes expenses	54	38
Employee training and consultation	41	34
Insurance	27	22
Business trips	17	17
Waste utilisation expenses	43	20
Utilities and communication	14	12
Bank services	2	12
Other	209	179
	<b>1 129</b>	<b>871</b>

### 5 OTHER OPERATING INCOME, NET

	<b>30.06.2015</b>	<b>30.06.2014</b>
Rent income	99	90
Other income and costs	18	2
	<b>117</b>	<b>92</b>

## 6 FINANCIAL INCOME, NET

	30.06.2015	30.06.2014
Loan interest income	(54)	(28)
Currency exchange profit, less loss	(6)	(5)
Other financial and investment income and expenses	(6)	-
	<b>(66)</b>	<b>(33)</b>

## 7 PERSONNEL COSTS

	30.06.2015	30.06.2014
Production and product development costs	4 326	3 103
Sales, administrative and other costs	739	541
	<b>5 065</b>	<b>3 644</b>

## 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.

	30.06.2015	30.06.2014
Net annual profit	1 640	2 700
Weighted average number of the shares (thousand)	3 886	3 886
<b>Earnings per share (EUR)</b>	<b>0.42</b>	<b>0.69</b>

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

	Buildings	Machinery and equipment	Vehicles	Other non - current assets	Total
Costs as of 1 January 2015	6 959	26 894	189	1 138	35 180
Increase	40	172	-	142	354
Sales	-	(185)	-	(4)	(189)
Writing off	(2)	(1)	(16)	(10)	(29)
Reclassified from/ to	-	31	-	(31)	-
Costs as of 30 June 2015	6 997	26 911	173	1 235	35 316
Depreciation as of 1 January 2014	3 664	16 688	103	818	21 273
Depreciation	89	823	30	44	986
Sales	-	(185)	-	(1)	(186)
Writing off	(2)	(1)	(16)	(10)	(29)
Depreciation as of 30 June 2015	3 751	17 325	117	851	22 044
<b>Net carrying value as of 30 June 2015</b>	<b>3 246</b>	<b>9 586</b>	<b>56</b>	<b>384</b>	<b>13 272</b>
Net carrying value as of 1 January 2015	3 295	10 206	86	320	13 907
Depreciation period	40 years	6 – 10 years	5 – 10 years	2 – 6 years	-

Depreciation was broken down as follows:

	30.06.2015	30.06.2014
Production and product development costs	843	765
Sales, administrative and other costs	54	43
Production in progress and finished products inventories	89	18
	<b>986</b>	<b>826</b>

## 10 INVENTORIES

	30.06.2015	31.12.2014
Raw materials	1 618	1 507
Production in progress	1 227	1 213
Finished products	5 161	1 817
Goods for resale	1	3
	<b>8 007</b>	<b>4 540</b>

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

## 11 OTHER ACCOUNTS RECEIVABLE

	30.06.2015	31.12.2014
VAT recoverable	982	353
Other amounts receivable and future costs	275	89
	<b>1 257</b>	<b>442</b>

## 12 CASH AND CASH EQUIVALENTS

	30.06.2015	31.12.2014
Cash in banks	124	1 096
	<b>124</b>	<b>1 096</b>

## 13 CAPITAL AND RESERVES

### Share capital

The share capital is made up of 3 886 267 common shares of the nominal value of EUR 1.16, while the total value of the share capital amounts to EUR 4 508 thousand.

### Legal reserve

The reserve of EUR 450 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

	30.06.2015	31.12.2014
<b>Non - current liabilities</b>		
Finance lease	31	32
Borrowings	946	3 552
<b>Net carrying value as end of period</b>	<b>977</b>	<b>3 584</b>
<b>Short - term liabilities</b>		
Current portion of finance lease	26	34
Current portion of borrowings	1 776	3 552
Credit line	3 956	1 560
<b>Net carrying value as end of period</b>	<b>5 758</b>	<b>5 146</b>
	<b>6 735</b>	<b>8 730</b>

	<b>Maturity term</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Finance lease Danske Bank A/S	2017	57	66
Credit line Danske Bank A/S	2015	3 956	1 560
Credit Danske Bank A/S	2016	2 722	7 104

Vilniaus Baldai AB has signed the credit facility agreement with Danske Bank A/S on 17 September 2013 for working capital and investments into equipment financing. Based on the Board of Directors decision of 06 February 2015, an amendment to the original agreement was adopted stipulating shorter facility repayment term.

The Company's buildings, machinery 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 2015, the Company used no financial instruments as interest risk hedging.

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

	<b>Total amount payable as of 30 June 2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Finance lease	57	26	14	17
Credit lines	3 956	3 956	-	-
Credit	2 722	1 776	946	-
	<b>6 735</b>	<b>5 758</b>	<b>960</b>	<b>17</b>

#### 15 POST – EMPLOYMENT ANT OTHER LONG TERM EMPLOYEE BENEFITS

	<b>30.06.2015</b>	<b>31.12.2014</b>
Post – employment and other long term employee benefits	595	595
	<b>595</b>	<b>595</b>

Provision for pension and jubilee benefits comprises 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

	30.06.2015	31.12.2014
Remuneration and social insurance	984	313
Holiday pay reserve	1 018	818
Dividends payable	977	982
Amounts payable for the take-over of tax losses	-	-
Operating taxes	13	35
Other accounts payable and accrued taxes	24	23
	<b>3 016</b>	<b>2 171</b>

### Currency risk

The Company's currency risk is mainly related to PLN.

## 17 RELATED PARTY TRANSACTIONS

30.06.2015	Purchases	Sales	Receivables	Payables
Inreal valdymas UAB	35	58	-	5
Invalda privatus kapitalas UAB	-	1	-	-
	<b>35</b>	<b>59</b>	<b>-</b>	<b>5</b>

30.06.2014	Purchases	Sales	Receivables	Payables
Inreal valdymas UAB	27	60	1	-
BAIP UAB	19	-	-	-
Acena UAB	3	-	-	-
Inservis UAB	1	-	-	-
Kelio zenklai UAB	-	-	-	-
	<b>50</b>	<b>60</b>	<b>1</b>	<b>-</b>

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

In 2015 the Company will specifically focus on productivity and quality improvement. This will be achieved by applying LEAN methodology in such areas as production processes, performance management, employee skills and their involvement in continuous improvement activities. The Company plans consistent sales and production output growth, profitability improvement in 2015. The Company plans to create over 50 new workplaces.

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

On the initiative and decision of the Company's Board of Directors the Ordinary General Shareholders Meeting of Vilniaus baldai AB was held on 30 April, 2015. The meeting resolved to:



Item1 of the Agenda: Consolidated annual report.  
The Company's consolidated annual report for 2014 was presented.

Item2 of the Agenda: Company's auditor's report.  
The report of auditor KPMG Baltics UAB for 2014 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2014.  
Resolution: to approve Company's financial statements for 2014.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2014.  
Resolution: to approve Company's consolidated financial statements for 2014.

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

Undistributed retained earnings, brought forward	78 755 LTL	22 809 EUR
Net result for the current year	16 440 625 LTL	4 761 534 EUR
Profit (loss) not recognized in the income statement of the reporting financial year	(60 185) LTL	(17 431) EUR
Transfer from the reserve for own shares acquisition	-	-
Distributable result	16 459 195 LTL	4 766 912 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends	-	-
To be paid as annual payments (bonus) to Board	-	-
Undistributed retained earnings, carried forward	16 459 195 LTL	4 766 912 EUR

Item6 of the Agenda: Approval of the change of expression of nominal value of shares and Authorised capital in litas into expression in euro.

Resolutions:

1. To change an expression of nominal value of shares and Authorised capital in litas into expression in euro.
2. To set that nominal value of one share is 1.16 (one euro 16 euro cents) EUR.
3. To set that Authorized capital of the Company is 4.508.069.72 (four million five hundred eight thousand sixty nine euro and 72 euro cents) EUR.

Item7 of the Agenda: Approval of the new edition of the Company Regulation.  
Resolution:

Taking into consideration the adopted decision to change the expression of the nominal value of shares and authorized capital in litas into expression in euro, pursuant to the amendment of the Company Law of the Republic of Lithuania, entered into force since the last version of the Company's Regulations registration, to approve new edition of the Company Regulations. To authorize general manager Rimantas Vaitkus to sign the new edition of Vilniaus baldai AB Regulations.

There were no other important events, which have occurred since the end of the last fiscal year until the date of signing of interim consolidated statements.

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**VILNIAUS  
BALDAI**

ANNO 1883

*... Better  
Faster  
Stronger ...*

# Vilniaus Baldai AB

INTERIM  
CONSOLIDATED REPORT  
FOR THE SIX MONTHS OF 2015

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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	EUR 4 508 069.72 divided into 3 886 267 ordinary registered shares with the par value of EUR 1.16 each
Office address	Savanoriu Ave. 178B, LT - 03154 Vilnius
Telephone	(8~5) 252 57 00
Fax	(8~5) 231 11 30
E-mail	<a href="mailto:info@vilniausbaldai.lt">info@vilniausbaldai.lt</a>
Internet website	<a href="http://www.vilniausbaldai.lt">www.vilniausbaldai.lt</a>
Registration date and place	9 February 1993, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Main type of the activity	Design, production and selling of the office, bedroom, living-room and hall furniture

### GENERAL INFORMATION ABOUT THE SUBSIDIARY:

Name	Limited liability company ARI – LUX UAB
Legal form	Limited liability company
Code	120989619
VAT payer's code	LT209896113
Authorised capital	EUR 2 896
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(8~5) 252 57 44
Fax	(8~5) 252 57 44
E-mail	<a href="mailto:aleksas.rimkus@ari-lux.lt">aleksas.rimkus@ari-lux.lt</a>
Internet website	-
Registration date and place	28 October 1991, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Main type of the activity	Packaging



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

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

The activity of Vilniaus Baldai was successful during the first half of 2015. The revenue grew to EUR 33 million. In 2015 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.

### **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 2015 (in 2014 – 98 %, in 2013 – 98 %). In the first half 2015, the Company's sales revenue comprised sales of furniture which account for 99 % of total sales (in 2014 – 99 %, in 2013 – 99 %) and sales of raw materials and waste of raw materials.

The Company competes with the world furniture producers.

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

**Social risk factors.** The increasing competition in the business affects the Company as well, and this results in the need for changes to be introduced in the Company's organisational structure, the need for higher labour productivity, introduction of an effective system of the purchase of raw materials and services, a continuous enhancement of technology. 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 2015. There aren't identified any non - conformances. During the first half of 2015 Vilniaus Baldai AB paid EUR 2 thousand of the environment pollution taxes, as well as EUR 43 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 2015 (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:

<b>Tomas Bubinas</b>	
<b>Position</b> Independent Member of the Audit Committee, elected to the Audit Committee 16.09.2013, end of the term – 2017	
<b>Work experience</b>  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	
<b>Education</b>  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.	
<b>Participation in Vilniaus Baldai AB authorised capital</b> -	<b>Number of shares and of voting rights</b> -

<b>Vaidas Savukynas</b>	
<b>Position</b> Member of the Audit Committee, elected to the Audit Committee 16.09.2013, end of the term – 2017	
<b>Work experience</b>  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	
<b>Education</b>  Vilnius University diploma in economics, Master degree in Social Sciences of Stockholm University (Sweden), Financial sector schemes introductory courses in Leeds University (Great Britain)	
<b>Participation in Vilniaus Baldai AB authorised capital</b> -	<b>Number of shares and of voting rights</b> -

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 the first three months of 2015 stood at 16 508 thousand EUR, while at the same time last year – 15 325 thousand EUR. Net profit of the Group during the first quarter in 2015 was 818

thousand EUR, while in during respective period of 2014 it was 1 589 thousand EUR. EBITDA was 1 494 thousand EUR. Year ago it was 2 126 thousand EUR.

The Group Revenue stood at 16 088 thousand EUR during April-June of 2015, while revenue for the same period of 2014 was 14 077 thousand EUR. Net profit of the Group during April-June of 2015 was 822 thousand EUR, while net profit during the same period of 2014 was 1 111 thousand. EBITDA of the Group was 1 370 thousand EUR in the second quarter of 2015, while at the same time last year it was 1 676 thousand EUR.

The Group Revenue stood at 32 596 thousand EUR during January-June of 2015, while revenue for the same period of 2014 was 29 402 thousand EUR. Net profit of the Group during January-June of 2015 was 1 640 thousand EUR, while net profit during the same period of 2014 was 2 700 thousand. EBITDA of the Group was 2 864 thousand EUR in the first half of 2015, while at the same time last year it was 3 802 thousand EUR.

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

	30.06.2015	31.12.2014
Non - current assets	13 376	14 012
Current assets	14 468	10 802
<b>Total assets</b>	<b>27 844</b>	<b>24 814</b>
<b>Capital and reserves</b>	<b>11 381</b>	<b>9 735</b>
<b>Total liabilities</b>	<b>16 463</b>	<b>15 079</b>
Non - current liabilities	1 608	4 179
<i>Financial debts</i>	977	3 583
Current liabilities	14 855	10 900
<i>Financial debts</i>	5 758	5 146

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

	2015 first half	2014 first half
<b>Sales income, EUR thousand</b>	<b>32 596</b>	<b>29 402</b>
- in Lithuania	495	371
- in EU countries	18 381	16 239
- other countries	13 720	12 792
<b>Gross profit, EUR thousand</b>	<b>3 538</b>	<b>4 192</b>
Gross profit margin, %	10.85	14.26
<b>Operating profit, EUR thousand</b>	<b>1 967</b>	<b>2 987</b>
Operating profit margin, %	6.03	10.16
<b>Profit before taxes, EUR thousand</b>	<b>1 901</b>	<b>2 954</b>
Profit before taxes margin, %	5.83	10.05
<b>Net profit, EUR thousand</b>	<b>1 640</b>	<b>2 700</b>
Net profit margin, %	5.03	9.18
<b>EBITDA, EUR thousand</b>	<b>2 864</b>	<b>3 802</b>
EBITDA margin, %	8.79	12.93

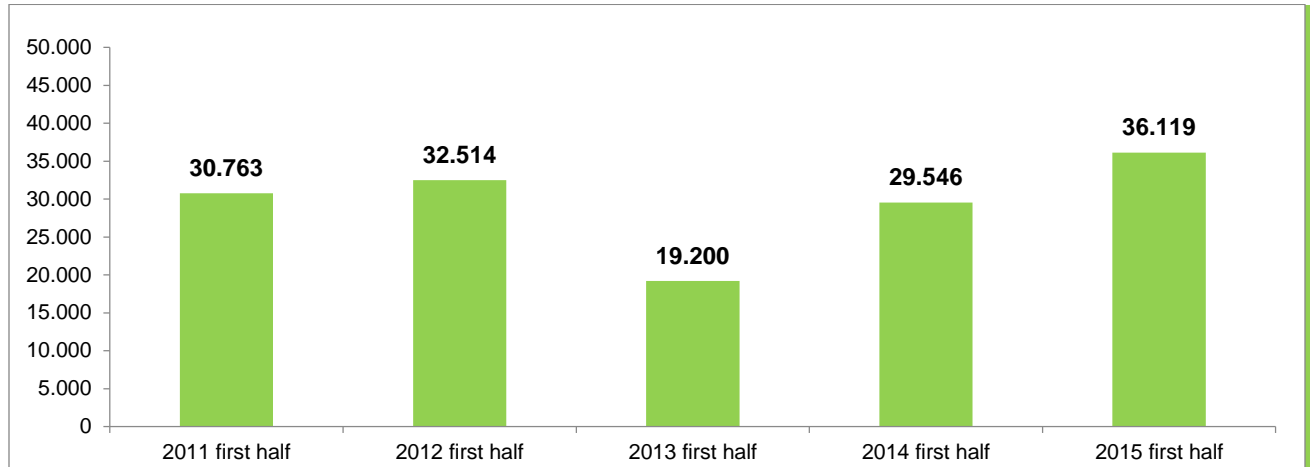
## Production and sales

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 2011 – 2015 first half, EUR thousand:

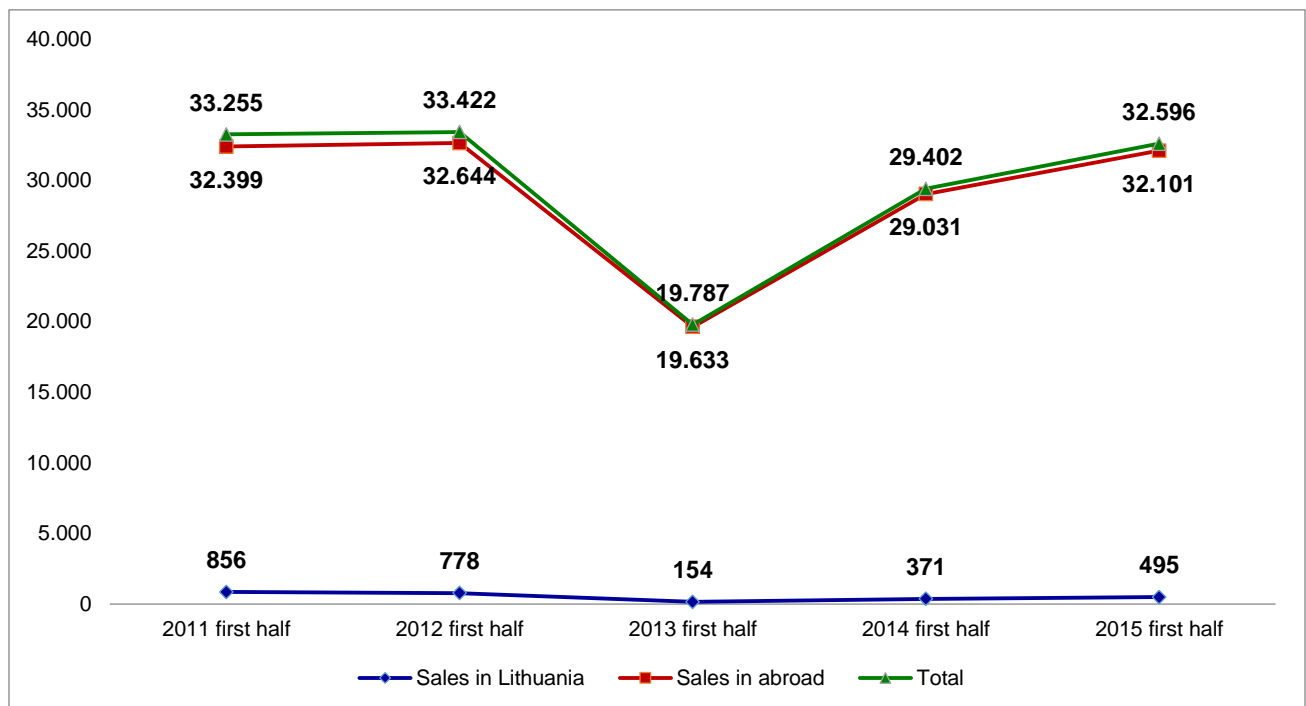


Production sales according to the markets in the period of 2011 – 2015 first half:

Sales	2015 I half		2014 I half		2013 I half		2012 I half		2011 I half	
	EUR th	%	EUR th	%	EUR th	%	EUR th	%	EUR th	%
In Lithuania	495	1.5	371	1.3	154	0.8	778	2.3	856	2.6
In abroad	32 101	98.5	29 031	98.7	19 633	99.2	32 644	97.7	32 399	97.4
<b>Total</b>	<b>32 596</b>	<b>100</b>	<b>29 402</b>	<b>100</b>	<b>19 787</b>	<b>100</b>	<b>33 422</b>	<b>100</b>	<b>33 255</b>	<b>100</b>

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

Sales of the Company in the period of 2011 – 2015 first half, in EUR 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, P.U.P. Senko Sp. Z o.o. The local supply of the raw materials is pre-conditioned by the cheap transportation costs and good relations with the major suppliers.

## 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 2015 the number of work places at the Group and the Company was increase, this was caused by the increase in production capacity and sales. 755 employees worked in the Group and 701 employees in the Company at the end first half of 2015 (671 in the Group and 629 in the Company on 31 December 2014). The average age of the employees is 42 years.



The average number of the recorded employees in the period of 2012 – 2014 and during the first half 2015:

	2015 first half	2014	2013	2012
Executive personnel	4	4	4	4
Specialists	36	35	33	35
Workers	588	460	368	388
<b>Total</b>	<b>628</b>	<b>499</b>	<b>405</b>	<b>427</b>

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 2012 – 2014 and during the first half 2015:

	2015 first half	2014	2013	2012
Executive personnel	5 402	5 969	5 957	5 725
Specialists	1 681	1 501	1 415	1 440
Workers	930	806	814	858
<b>Total</b>	<b>1 000</b>	<b>900</b>	<b>915</b>	<b>951</b>

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

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

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

### 4. INFORMATION ABOUT THE OWN SHARES

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

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

The Company does not have any branches or representative offices.

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

On the initiative and decision of the Company's Board of Directors the Ordinary General Shareholders Meeting of Vilniaus baldai AB was held on 30 April, 2015 at 10 a. m. in Savanoriu ave. 178B, Vilnius.

The meeting resolved to:

Item1 of the Agenda: Consolidated annual report.  
The Company's consolidated annual report for 2014 was presented.

Item2 of the Agenda: Company's auditor's report.  
The report of auditor KPMG Baltics UAB for 2014 was presented.

Item3 of the Agenda: Approval of the Company's financial statements for 2014.  
Resolution: to approve Company's financial statements for 2014.

Item4 of the Agenda: Approval of the Company's consolidated financial statements for 2014.  
Resolution: to approve Company's consolidated financial statements for 2014.

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

Undistributed retained earnings, brought forward	78 755 LTL	22 809 EUR
Net result for the current year	16 440 625 LTL	4 761 534 EUR
Profit (loss) not recognized in the income statement of the reporting financial year	(60 185) LTL	(17 431) EUR
Transfer from the reserve for own shares acquisition	-	-
Distributable result	16 459 195 LTL	4 766 912 EUR
Transfers to the obligatory reserves	-	-
Profit transfers to the reserves for own shares acquisition	-	-
Transfers to other reserves	-	-
To be paid as dividends	-	-
To be paid as annual payments (bonus) to Board	-	-
Undistributed retained earnings, carried forward	16 459 195 LTL	4 766 912 EUR

Item6 of the Agenda: Approval of the change of expression of nominal value of shares and Authorised capital in litas into expression in euro.

Resolutions:

1. To change an expression of nominal value of shares and Authorised capital in litas into expression in euro.
2. To set that nominal value of one share is 1.16 (one euro 16 euro cents) EUR.
3. To set that Authorized capital of the Company is 4.508.069.72 (four million five hundred eight thousand sixty nine euro and 72 euro cents) EUR.

Item7 of the Agenda: Approval of the new edition of the Company Regulation.

Resolution:

1. Taking into consideration the adopted decision to change the expression of the nominal value of shares and authorised capital in litas into expression in euro, pursuant to the amendment of the Company Law of the Republic of Lithuania, entered into force since the last version of the Company's Regulations registration, to approve new edition of the Company Regulations. To authorize general manager Rimantas Vaitkus to sign the new edition of Vilniaus baldai AB Regulations.

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

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

In 2015 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 2015, the Company expects to see a consistent growth of sales revenue and production volumes, earn profit and create over 70 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, EUR	Total nominal value, EUR	Share in the authorised capital, %
Ordinary registered shares	3 886 267	1.16	4 508 069.72	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):

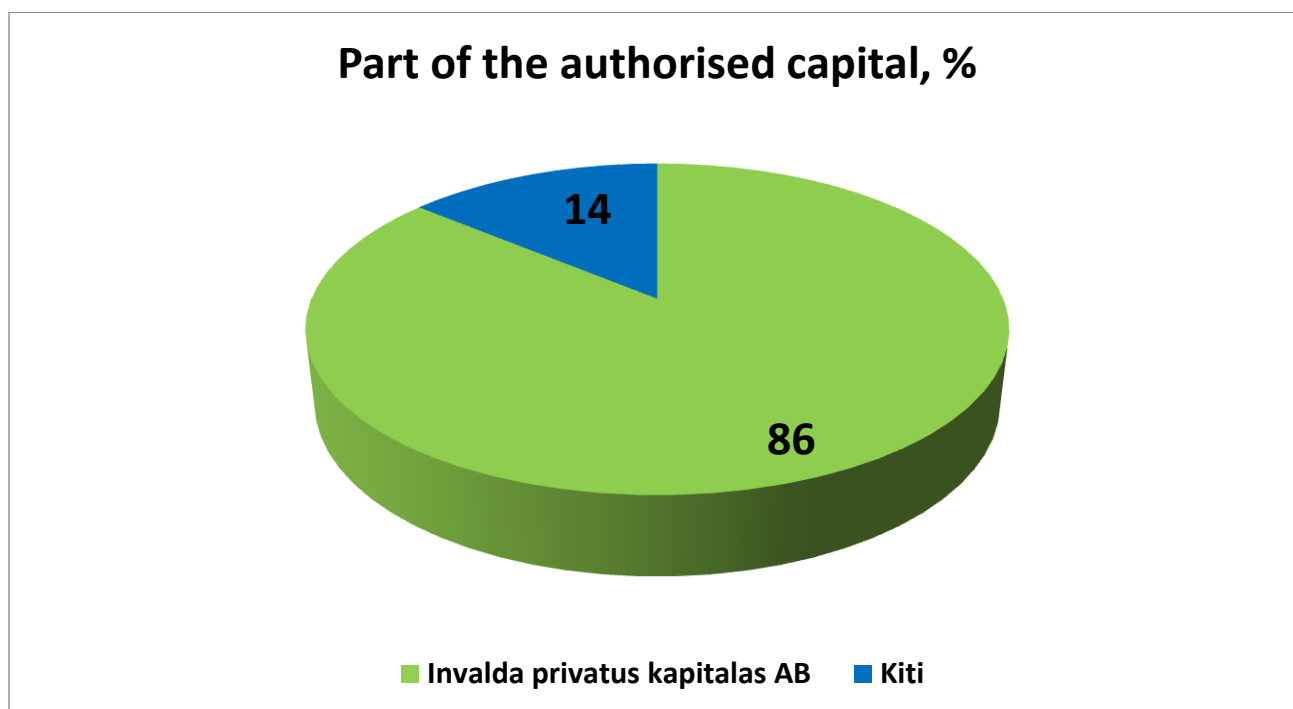
10. to submit the questions related to the agenda of general shareholders' meetings to the Company in advance;
11. to vote at general shareholders' meetings according to voting rights carried by their shares. Each registered ordinary share carries one vote at the general shareholders' meeting except 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 2015 was 1 365.

The shareholders who had upon the property rights or possessed more than 5 % of the issuer's authorised capital on 30 June 2015:

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:

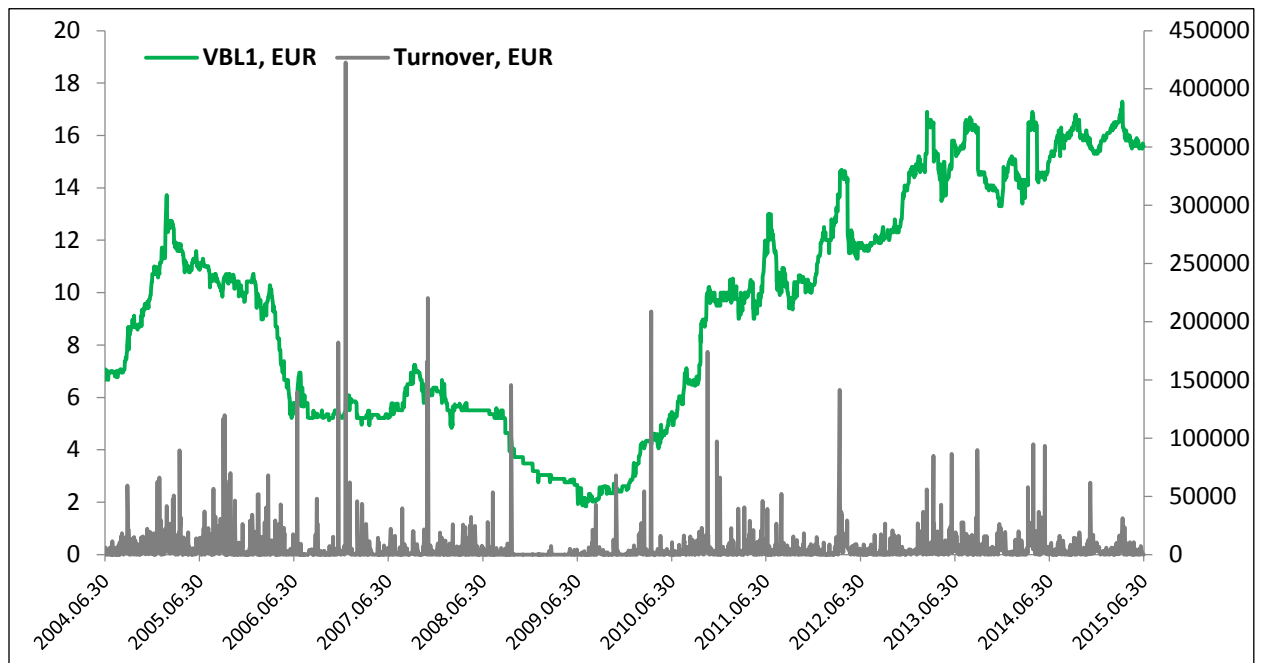
Type of shares	VP ISIN code	Abbreviation	Number of shares, units.	Nominal value, EUR	Total nominal value, EUR
Ordinary registered shares	LT0000104267	VBL1L	3 886 267	1.16	4 508 069.72

The trade of the shares of the Company:

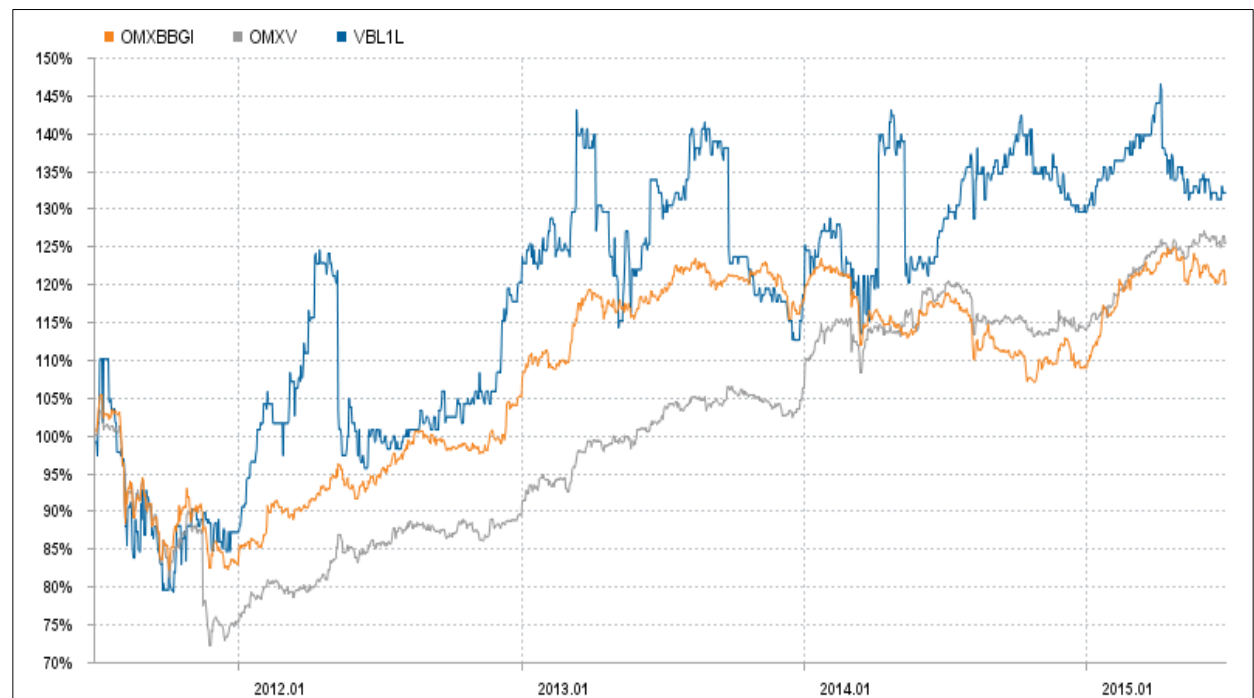
	2015 first half	2014 first half
Price of the shares, EUR:		
- opening	15.40	14.00
- highest	17.30	16.90
- lowest	15.40	13.10
- closing	15.70	15.10
Turnover of shares, units	24 663	57 989
Turnover of shares, EUR	399 196	822 202
Total number of transactions, units	521	901
Capitalization, million EUR	61.01	58.69



Vilniaus Baldai AB turnover and price since the end first half 2004:



Comparison of the price of shares of Vilniaus Baldai AB with the OMXBB index since the end first half 2011:



Index/Equity	30.06.2011	30.06.2015	+/-%
OMX Baltic Benchmark GI	518.62	625.19	20.55
OMX Vilnius	396.16	497.46	25.57
VBL1L	11.660 EUR	15.600 EUR	33.79

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



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

## 15. ISSUER'S BODIES



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

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


The Board and Administration of the Company:

	<b>Mr. Vytautas Bucas</b>	
	<b>Position</b>	
	Chairman of the Board, elected to the Board on 12.04.2007, re-elected on 29.04.2008 and 27.04.2012, end of the term – 2016.	
	<b>Work experience</b>	
	Since 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 Turo Fondas AB 2000 – 2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department 1992 – 2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Chairman of the Board of Invalda privatus kapitalas AB	39.63 % of shares and of voting rights
	<b>Mr. Dalius Kaziunas</b>	
	<b>Position</b>	
	Board member, elected to the Board on 29.04.2010, re-elected on 27.04.2012, end of the term – 2016.	
	<b>Work experience</b>	
	Since 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.	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	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 gelininkystes bandymu stotis UAB	-
	Member of the Supervisory Board at Vernitas AB	-

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

	<b>Mr. Vaidas Savukynas</b>	
	<b>Position</b>	
	Board member, end of the term – 2016.	
	<b>Work experience</b>	
	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	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	CFO at Invalda Privatus Kapitalas AB	
	Member of the Chairman of Invetex AB	-
	Board member of Lauko gelininkystes Bandymu stotis UAB	-
	CEO of Krevina UAB	-
	CEO of Investiciju Tinklas UAB	-
	CEO Justum UAB	-
	CEO Variagis UAB	-
	CEO Pluknis UAB	-
	Board member of Bordena UAB	-
	CEO Geruvis UAB	-
	<b>Mr. Rimantas Vaitkus</b>	
	<b>Position</b>	
	General director since 12.05.2014	
	<b>Work experience</b>	
	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	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Board member of KIRIGAMI DESIGN UAB	-

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

	<b>Mr. Jonas Krutinis</b>	
	<b>Position</b>	
	Head of Finance department since 2015-02-23	
	<b>Work experience</b>	
	2014 – 2015 m. Business intelligence manager at SEB Baltics	
	2006 – 2014 m. Deputy Chairman of the Management Board, head of business support, CFO at SEB Bank, Russia	
	2002 – 2006 m. Head of planning at SEB Vilniaus bankas AB	
	1999 – 2002 m. Business consultant at Arthur Andersen UAB	
	1997 – 1999 m. Analyst at VB Vilfima UAB	
	1995 – 1997 m. Specialist at CSDL	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	Board member of Autoverslas UAB	-

The Company's key management personnel includes the Company's General Director and Chief Accountant. In the first half 2015 the average monthly remuneration to the management member of the Company amounted to EUR 13.00 thousand (in the first half 2014 – EUR 12.83 thousand). The remuneration is not paid to the Board members of the Company.

Remuneration to the management member of the Company:

	<b>2015 I half, ended 30 June</b>	<b>2014 I half, ended 30 June</b>
Wages, salaries	119	118
Social security	37	36
<b>Total</b>	<b>156</b>	<b>154</b>

During the first half of 2015 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 2015 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 2015 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 as of 30 June 2015 were: Ari-Lux UAB (the subsidiary), Invalda Privatus Kapitalas AB (ultimate shareholder) and all companies controlled by Invalda Privatus Kapitalas AB (as of 30 June 2014 were: Ari-Lux UAB (the subsidiary), and Invalda privatus kapitalas AB (shareholder). Transactions with related parties during the first half of 2015 and during the first half of 2014 and the balances as of 30 June 2015 and 2014 are provided in the Notes (Note 17) to the interim condensed consolidated financial statements for the six months of 2015.

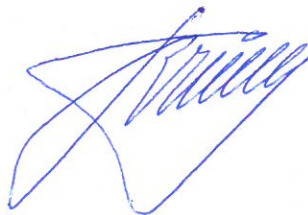
#### 18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2015 is presented on the Company's website [www.vilniausbaldai.lt](http://www.vilniausbaldai.lt).

Summary of publicly disclosed information:

Date of disclosure	Brief description of disclosed information
07.01.2015	Vilniaus baldai AB investor's calendar for year 2015
24.02.2015	Vilniaus Baldai AB result for activity and non audited interim condensed consolidated financial statement for the twelve months of 2014
17.03.2015	Vilniaus baldai AB annual audited information for the year 2014
08.04.2015	Convocation of Vilniaus baldai AB Ordinary General Shareholders Meeting
08.04.2015	Draft resolutions of the Annual General Shareholders Meeting
24.04.2015	Vilniaus Baldai AB result for activity and non audited condensed interim consolidated financial statement for the three months of 2015
30.04.2015	Resolutions of the Annual General Shareholders Meeting of Vilniaus baldai AB on 30/04/2015

General Director



Rimantas Vaitkus



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