



**VILNIAUS  
BALDAI**

ANNO 1883

*... 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	<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	LTL 10 000
Office address	Savanoriu Ave. 178, LT - 03154 Vilnius
Telephone	(8~5) 252 57 44
Fax	(8~5) 252 57 44
E-mail	<a href="mailto:aleksas.rimkus@ari-lux.lt">aleksas.rimkus@ari-lux.lt</a>
Internet website	-
Registration date and place	28 October 1991, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of legal entities
Main type of the activity	Packaging

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

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

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:

<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 Audit Committee (cont'd):

<b>Andrius Dauksas (till 11.06.2014)</b>	
<b>Position</b>	
Member of the Audit Committee, elected to the Audit Committee 16.09.2013	
<b>Work experience</b>	
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	
<b>Education</b>	
Master degree in banking of Vilniaus University	
<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 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
<b>Total assets</b>	<b>100 748</b>	<b>80 025</b>
<b>Capital and reserves</b>	<b>26 524</b>	<b>51 401</b>
<b>Total liabilities</b>	<b>74 224</b>	<b>28 624</b>
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:

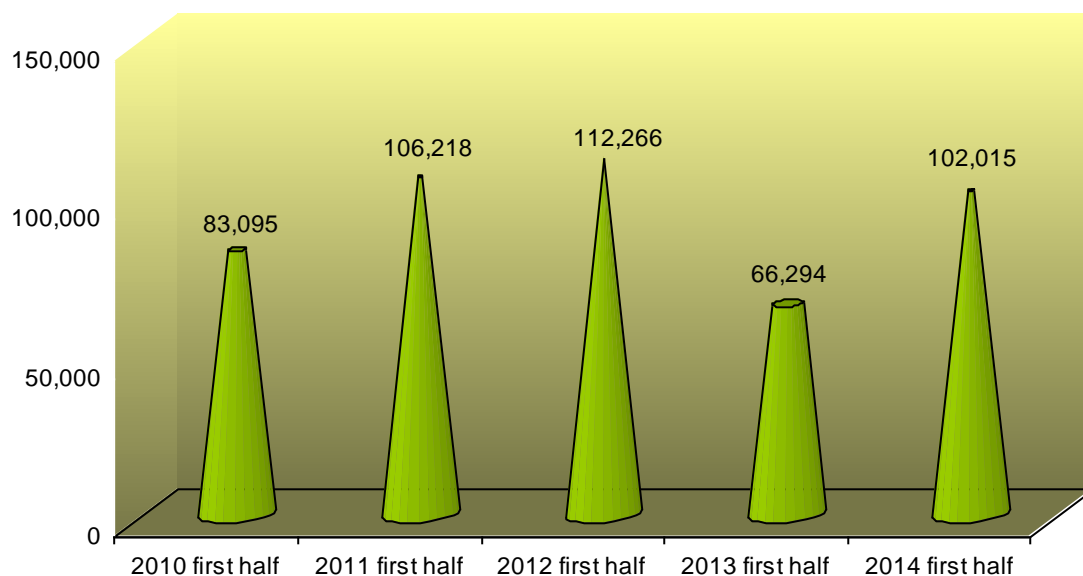
	2014 first half	2013 first half
<b>Sales income, LTL thousand</b>	<b>101 519</b>	<b>68 321</b>
- in Lithuania	1 282	532
- in EU countries	56 069	41 193
- other countries	44 168	26 596
<b>Gross profit, LTL thousand</b>	<b>14 473</b>	<b>9 586</b>
Gross profit margin, %	14.26	14.03
<b>Operating profit,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



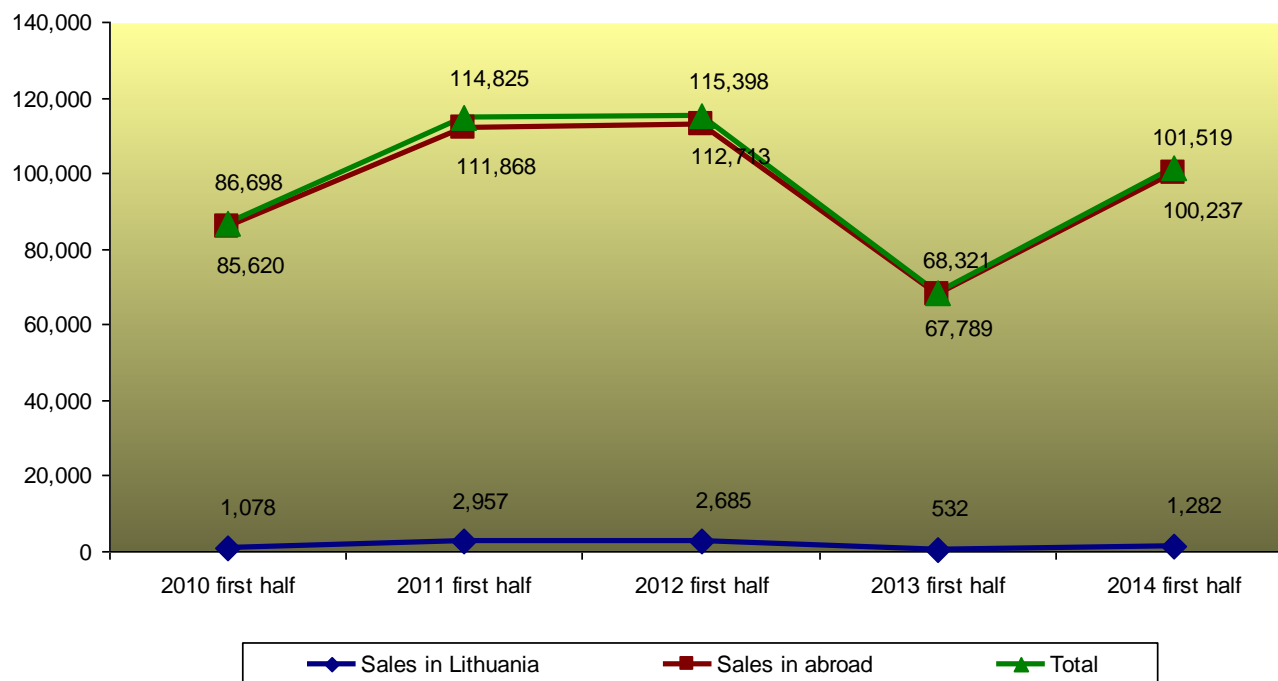
Production sales according to the markets in the period of 2010 – 2014 first half:

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
<b>Total</b>	<b>101 519</b>	<b>100.0</b>	<b>68 321</b>	<b>100.0</b>	<b>115 398</b>	<b>100.0</b>	<b>114 825</b>	<b>100.0</b>	<b>86 698</b>	<b>100.0</b>

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
<b>Total</b>	<b>499</b>	<b>405</b>	<b>427</b>	<b>445</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 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
<b>Total</b>	<b>3 106</b>	<b>3 159</b>	<b>3 283</b>	<b>3 063</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

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):

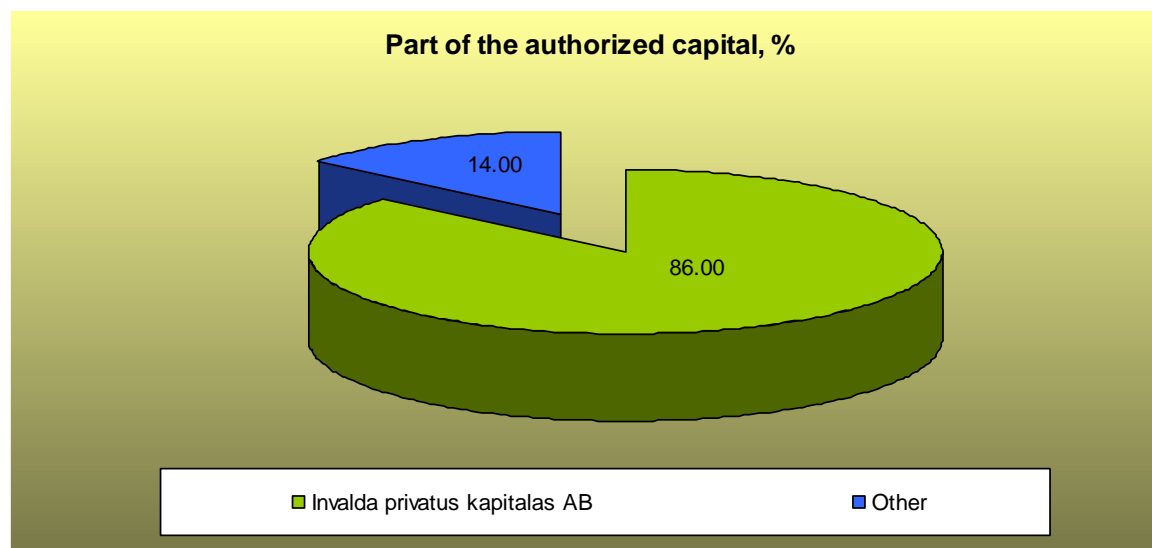
10. to submit the questions related to the agenda of general shareholders' meetings to the Company in advance;
11. to vote at general shareholders' meetings according to voting rights carried by their shares. Each registered ordinary share carries one vote at the general shareholders' meeting except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

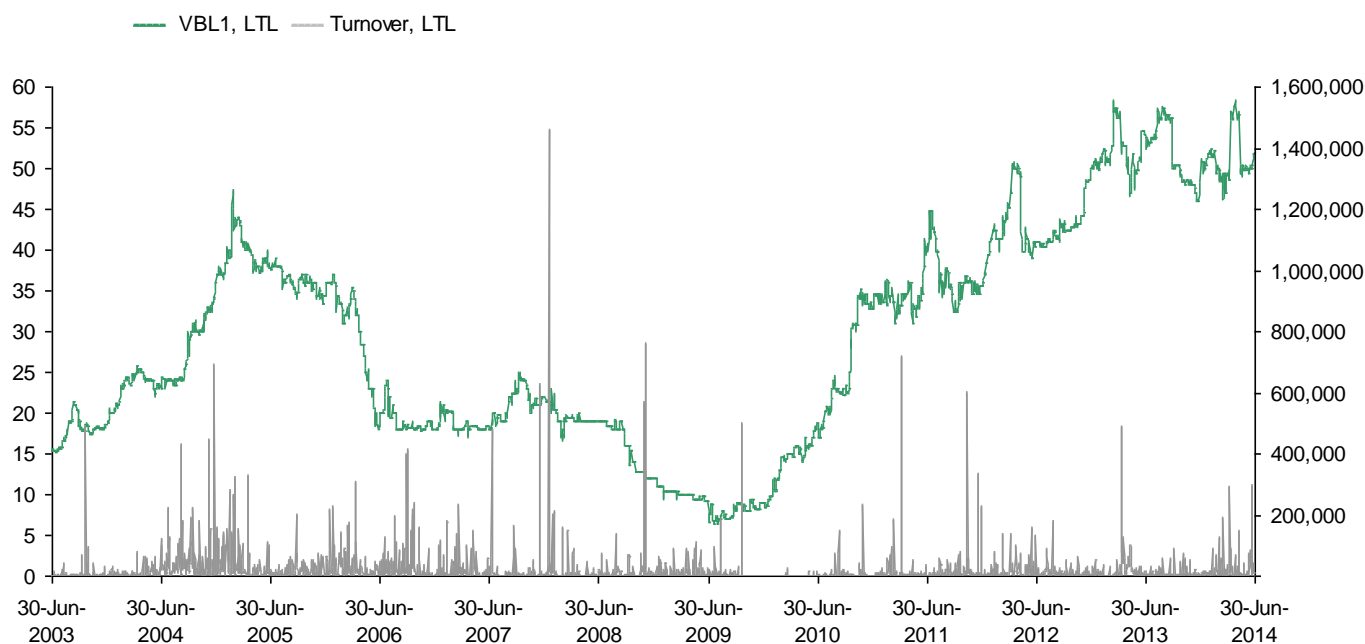
The main characteristics of the shares:

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:

	<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 Tutro 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>Akcijų ir balsų skaičius</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. Darius Sulnis (till 11.06.2014)</b>	
	<b>Position</b>	
	Board member, elected to the Board on 12.04.2007, re-elected on 29.04.2008 and 27.04.2012	
	<b>Work experience</b>	
	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	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	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 %	

	<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 atomine elektrine UAB 2011 – 2011 m. External Relation Director of Visagino atomine elektrine 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>Mrs. Ausra Kibirksiene</b>	
	<b>Position</b>	
	Chief accountant since 18.08.2008	
	<b>Work experience</b>	
	2001 – 2008 Manager of accounting system Navision of Litesko UAB 2005 – 2008 Chief accountant of Druskininku dujos UAB 1996 – 2001 Accountant of Bite Lietuva UAB	
	<b>Participation in the activities of other companies</b>	<b>Number of shares and of voting rights</b>
	-	-

The 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
<b>Total</b>	<b>533</b>	<b>563</b>

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](http://www.vilniausbaldai.lt).

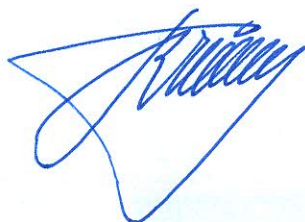
Summary of publicly disclosed information:

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

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



Rimantas Vaitkus

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