

## RESPONSIBLE PERSONS CONFIRMATION

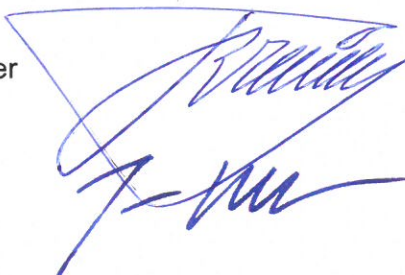
04.04.2018

Following Article 23 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Rimantas Vaitkus, General Manager of Vilniaus baldai, AB, and Jonas Krutinis, Head of Finance of Vilniaus baldai, AB, hereby confirm that, to the best of our knowledge, the not audited VILNIAUS BALDAI, AB Interim Consolidated Financial Statements for the six months of FY2018 ended 28 February 2018, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of VILNIAUS BALDAI, AB and the Group of undertakings

### APPENDIX:

1. Interim Condensed Consolidated Financial Statement for the six months of FY2018 ended February 28, 2018.
2. Interim Consolidated Report for the six months of FY2018 ended February 28, 2018.

Chief Executive Officer



Rimantas Vaitkus

Head of Finance

Jonas Krutinis





**VILNIAUS  
BALDAI**

ANNO 1883

*... Better  
Faster  
Stronger ...*

# Vilniaus Baldai AB

INTERIM CONDENSED  
CONSOLIDATED REPORT  
FOR THE SIX MONTHS  
OF FY 2018 ENDED  
FEBRUARY 28, 2018



(all amounts are in EUR thousand unless otherwise stated)

## COMPANY INFORMATION

### 1. Reporting period covered by this Financial Statement

The Financial Statements for the six months of the financial year (FY) 2018 ended February 28, 2018.

### 2. Main data about the issuer

Name of the issuer	Joint stock company (AB) VILNIAUS BALDAI
Code	121922783
LEI code	529900MJDB8L13ZF6G26
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 sales of the furniture

Information about the subsidiary company of the issuer one

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 Vilnius AB, Central Storage Facility – information database.

(all amounts are in EUR thousand unless otherwise stated)

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(all amounts are in EUR thousand unless otherwise stated)

#### 4. Board

Chairman of the Board: Vytautas Bucas,  
Members of the 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

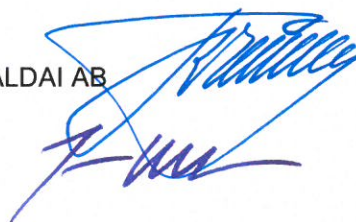
Jonas Krutinis, Head of Finance, tel. (+370~5) 252 57 00.

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, 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 of VILNIAUS BALDAI AB



Date of signing the Report – 04 April 2018.

(all amounts are in EUR thousand unless otherwise stated)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE SIX MONTHS OF FY2018  
ENDED FEBRUARY 28, 2018**

The auditors reviewed the Financial Statement of 31.08.2017, while the Statements as of 28.02.2018 and 28.02.2017 are unaudited.

**1. STATEMENT OF FINANCIAL POSITION**

	28.02.2018	31.08.2017	28.02.2017
<b>Assets</b>			
<b>Non - current assets</b>			
Non - current tangible assets	14 672	13 365	12 427
Intangible assets	35	34	39
Deferred income tax asset	106	126	73
<b>Total non - current assets</b>	<b>14 813</b>	<b>13 525</b>	<b>12 539</b>
<b>Current assets</b>			
Inventories	6 999	6 493	7 783
Trade debtors	5 224	4 607	4 410
Current income tax prepayment	58	-	-
Loans granted	2 161	506	
Other accounts receivable	1 038	888	719
Cash and cash equivalents	240	954	195
<b>Total current assets</b>	<b>15 720</b>	<b>13 448</b>	<b>13 107</b>
<b>Total assets</b>	<b>30 533</b>	<b>26 973</b>	<b>25 646</b>
<b>Shareholders' equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	4 508	4 508	4 508
Legal reserve	451	451	451
Retained earnings	9 956	9 687	7 028
<b>Total capital and reserves</b>	<b>14 915</b>	<b>14 646</b>	<b>11 987</b>
<b>Non - current liabilities</b>			
Grants and subsidies	53	55	56
<b>Total grants and subsidies</b>	<b>53</b>	<b>55</b>	<b>56</b>
Provision for employee benefits	708	708	643
Loans and other interest bearing payables	-	-	810
<b>Total non - current liabilities</b>	<b>708</b>	<b>708</b>	<b>1 453</b>
<b>Current liabilities</b>			
Loans and other interest bearing payables	5 500	3 810	4 930
Debts to suppliers	6 653	4 838	4 801
Current income tax payable	-	109	98
Other liabilities	2 704	2 807	2 321
<b>Total current liabilities</b>	<b>14 857</b>	<b>11 564</b>	<b>12 150</b>
<b>Total liabilities</b>	<b>15 565</b>	<b>12 272</b>	<b>13 603</b>
<b>Total equity and liabilities</b>	<b>30 533</b>	<b>26 973</b>	<b>25 646</b>



(all amounts are in EUR thousand unless otherwise stated)

## 2. STATEMENT OF COMPREHENSIVE INCOME

	FY2018 I half, ended February 28	FY2017 I half, ended February 28	FY2018 II quarter, ended February 28	FY2017 II quarter, ended February 28
Revenue	31 390	29 443	13 751	13 400
Cost of sales	(27 975)	(25 455)	(12 853)	(11 373)
Gross profit	<b>3 415</b>	<b>3 988</b>	<b>898</b>	<b>2 027</b>
Distribution costs	(659)	(625)	(314)	(307)
Administrative costs	(1 293)	(1 309)	(784)	(679)
Other operating income, net	116	63	66	41
Profit from operating activities	<b>1 579</b>	<b>2 117</b>	<b>(134)</b>	<b>1 082</b>
Financial income	6	2	4	-
Financial costs	(28)	(34)	(16)	(17)
Financial income, net	<b>(22)</b>	<b>(32)</b>	<b>(12)</b>	<b>(17)</b>
Profit before taxes	<b>1 557</b>	<b>2 085</b>	<b>(146)</b>	<b>1 065</b>
Income tax	(239)	(315)	19	(162)
Profit (Loss) for the period	<b>1 318</b>	<b>1 770</b>	<b>(127)</b>	<b>903</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1 318</b>	<b>1 770</b>	<b>(127)</b>	<b>903</b>
<b>Attributable to Owners of the Company:</b>				
Profit (Loss)	1 318	1 770	(127)	903
Other comprehensive income	-	-	-	-
Total comprehensive income	<b>1 318</b>	<b>1 770</b>	<b>(127)</b>	<b>903</b>
Earnings per share (in EUR)	0.34	0.46	-0.03	0.23

(all amounts are in EUR thousand unless otherwise stated)

### 3. STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
<b>Balance as of 31 August 2016</b>	<b>4 508</b>	<b>451</b>	-	<b>6 307</b>	<b>11 266</b>
Net profit	-	-	-	1 770	1 770
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 770</b>	<b>1 770</b>
Dividends	-	-	-	(1 049)	(1 049)
<b>Balance as of 28 February 2017</b>	<b>4 508</b>	<b>451</b>	-	<b>7 028</b>	<b>11 987</b>
Net profit	-	-	-	2 680	2 680
Other comprehensive income	-	-	-	(21)	(21)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 659</b>	<b>2 659</b>
Legal reserve accrual	-	-	-	-	-
Dividends	-	-	-	-	-
<b>Balance as of 28 August 2017</b>	<b>4 508</b>	<b>451</b>	-	<b>9 687</b>	<b>14 646</b>
Net profit	-	-	-	1 318	1 318
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 318</b>	<b>1 318</b>
Legal reserve accrual	-	-	-	-	-
Dividends	-	-	-	(1 049)	(1 049)
<b>Balance as of 28 February 2018</b>	<b>4 508</b>	<b>451</b>	-	<b>9 956</b>	<b>14 915</b>



(all amounts are in EUR thousand unless otherwise stated)

#### 4. STATEMENT OF CASH FLOWS

	28.02.2018	28.02.2017
Net profit (loss)	1 318	1 770
Adjustments:		
Depreciation and amortization	748	630
Result on disposal, writing off, etc. of non -current	55	3
Changes in provisions	-	-
Interest (income) expenses	12	27
Deferred income tax (income) expenses	20	8
Income tax expenses	219	307
Other expenses (income)	2	2
<b>Cash flows from ordinary activities before changes</b>	<b>2 374</b>	<b>2 747</b>
Changes in trade receivables and other amounts	(820)	662
Changes in inventories	(515)	(1 141)
Changes in debts to suppliers and other liabilities	1 368	(410)
Income tax paid	-	-
<b>Cash flows from operating activities</b>	<b>2 407</b>	<b>1 858</b>
(Acquisition) of tangible non - current assets	(2 102)	(1 325)
Sale / writing of non - current tangible assets	-	14
Transfer (to) from time deposits	9	-
Grants received	-	-
<b>Cash flows from investing activities</b>	<b>(2 093)</b>	<b>(1 311)</b>
Loans (granted) / repaid	(1 660)	-
Loans received / (repaid)	1 690	(56)
Interest (paid) / received	(18)	(29)
Dividends (paid)	(1 040)	(1 022)
<b>Cash flows from financing activities, net</b>	<b>(1 028)</b>	<b>(1 107)</b>
<b>Cash flows from operating, investing and financing</b>	<b>(714)</b>	<b>(560)</b>
<b>Cash and cash equivalents as of 1 September</b>	<b>954</b>	<b>755</b>
<b>Cash and cash equivalents as of 28 February</b>	<b>240</b>	<b>195</b>

(all amounts are in EUR thousand unless otherwise stated)

## **5. EXPLANATORY NOTES**

### **1 SUMMARY OF THE BASIC ACCOUNTING PRINCIPLES AND PRACTICES**

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

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

As of February 28, 2018 the Group employed 698 people, the Company employed 644 people (on August 31, 2017 the Group employed 636 employees, the Company – 586).

#### **Main 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 based on acquisition cost principle.

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

The interim condensed consolidated financial statements for the six months of FY2018 ended February 28, 2018 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 for of FY2017.

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 December 31, 2014) are converted from Litas to Euro at the Official Exchange rate 1 EUR = 3,45280 LTL.

#### **Financial year**

On 8 October 2014 the Extraordinary General Shareholders Meeting of VILNIAUS BALDAI AB has resolved to change the financial year, which earlier started 1 January and ended 31 December, to the financial year beginning on 1 September and ending on 31 August of the next year in order to coordinate the period of financial year of VILNIAUS BALDAI AB and its main customer.



(all amounts are in EUR thousand unless otherwise stated)

### **Principles of consolidation**

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

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

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

### **Intangible assets**

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

#### Software

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

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

### **Property, plant and equipment**

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

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

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

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

Buildings	10 - 66 years
Machinery and equipment	6 - 15 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.



(all amounts are in EUR thousand unless otherwise stated)

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 instruments - assets**

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

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

The Group's/ Company's financial assets include cash, time deposits, trade receivables and other receivables and loans.

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.



(all amounts are in EUR thousand unless otherwise stated)

#### **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. Short term trade receivables are not discounted.

#### **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.

(all amounts are in EUR thousand unless otherwise stated)

## **Leases**

*The Company and the Group are the lessees*

### *(a) Finance lease*

Leases of property, plant and equipment where the Company and the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for installments due within 12 months which are included in current liabilities.

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

### *(b) Operating lease*

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

*The Company and the Group are the lessors*

### *(c) Operating lease*

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

## **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.



(all amounts are in EUR thousand unless otherwise stated)

**(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 2018 (15 % in 2017).

Starting from 2014 tax losses, except for losses due to sale of securities and (or) derivatives (of nonfinancial 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.



(all amounts are in EUR thousand unless otherwise stated)

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.



(all amounts are in EUR thousand unless otherwise stated)

### **Impairment of assets**

#### **Financial assets**

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

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

#### **Non-financial assets**

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

### **Segment information**

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

### **Related parties**

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

### **Contingencies**

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

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

### **Subsequent events**

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

### **Offsetting and comparative figures**

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

(all amounts are in EUR thousand unless otherwise stated)

### **Use of estimates in the preparation of financial statements**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### Estimates and assumptions

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

#### *Property, plant and equipment – useful life*

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

#### *Tax liabilities*

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

#### *Related party transactions*

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

#### *Pension and jubilee benefits*

Key assumptions used in determining the provision for pension and jubilee benefits are as follows: employee turnover rate by age group, discount rate, and wage and salary growth. The Company's management makes judgments in relation to these assumptions.



(all amounts are in EUR thousand unless otherwise stated)

## 2 SEGMENT REPORTING

Management of the Company has determined the business segments based on the reports reviewed by the board of directors that are used to make strategic decisions. Consequently it was decided that the Company has only one business segment – furniture production and trade.

Breakdown of revenue by the sales markets is as follows

	Sales	
	FY2018 I half, ended February 28	FY2017 I half, ended February 28
European Union countries	18 657	19 306
Other than European Union countries	12 131	9 819
Lithuania	602	318
	<b>31 390</b>	<b>29 443</b>

## 3 DISTRIBUTION COSTS

	FY2018 I half, ended February 28	FY 2017 I half, ended February 28
Transportation and storage costs	610	592
Remuneration and social insurance	-	-
Depreciation and amortization	5	6
Other	44	27
	<b>659</b>	<b>625</b>

## 4 ADMINISTRATIVE COSTS

	FY2018 I half, ended February 28	FY2017 I half, ended February 28
Remuneration and social insurance	633	684
Depreciation and amortization	33	36
Operation taxes expenses	81	79
Employee training and consultation	113	92
Insurance	26	23
Business trips	32	22
Waste utilization expenses	21	32
Utilities and communication	31	21
Bank services	8	1
Other	315	319
	<b>1 293</b>	<b>1 309</b>

(all amounts are in EUR thousand unless otherwise stated)

#### 5 OTHER OPERATING INCOME, NET

	FY2018 I half, ended February 28	FY2017 I half, ended February 28
Rent income	101	58
Other income and costs	16	5
	<b>117</b>	<b>63</b>

#### 6 FINANCIAL INCOME, NET

	FY2018 I half, ended February 28	FY2017 I half, ended February 28
Loan interest income	(12)	(27)
Currency exchange profit, less loss	(10)	(5)
Other financial and investment income and expenses	-	-
	<b>(22)</b>	<b>(32)</b>

#### 7 PERSONNEL COSTS

	FY2018 I half, ended February 28	FY2017 I half, ended February 28
Production and product development costs	4 634	4 248
Sales, administrative and other costs	633	684
	<b>5 267</b>	<b>4 932</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.

	FY2018 I half, ended February 28	FY2017 I half, ended February 28
Net annual profit	1 318	1 770
Weighted average number of the shares (thousand)	3 886	3 886
<b>Earnings per share (EUR)</b>	<b>0.34</b>	<b>0.46</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.



(all amounts are in EUR thousand unless otherwise stated)

## 9 NON - CURRENT TANGIBLE ASSETS

	Buildings	Machinery and equipment	Vehicles	Other non-current assets	Total
Costs as of 1 September 2017	4 515	28 469	96	1 411	34 491
Increase	81	1 933	-	75	2 089
Sales	-	-	-	-	-
Writing off	-	(364)	-	(3)	(367)
Reclassified from/ to	-	187	-	(187)	-
Costs as of 28 February 2018	4 596	30 225	96	1 296	36 213
Depreciation as of 1 September 2017	2 263	17 947	92	824	21 126
Depreciation	79	652	1	51	783
Sales	-	-	-	-	-
Writing off	-	(364)	-	(3)	(367)
Depreciation as of 28 February 2018	2 342	18 235	93	872	21 542
<b>Net carrying value as of 28 February 2017</b>	<b>2 254</b>	<b>11 990</b>	<b>3</b>	<b>424</b>	<b>14 671</b>
Net carrying value as of 1 September 2017	2 252	10 522	4	587	13 365
Depreciation period	10-66 years	6-15 years	5-10 years	2-6 years	-

Depreciation distribution is as follows:

	FY2018 I half, ended February 28	FY2017 I half, ended February 28
Production and product development costs	756	598
Sales, administrative and other costs	27	28
	<b>783</b>	<b>626</b>

## 10 INVENTORIES

	28.02.2018	31.08.2017
Raw materials	4 614	3 253
Production in progress	245	220
Finished products	2 139	3 018
Goods for resale	1	2
	<b>6 999</b>	<b>6 493</b>

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

(all amounts are in EUR thousand unless otherwise stated)

## 11 OTHER ACCOUNTS RECEIVABLE

	28.02.2018	31.08.2017
VAT recoverable	782	612
Other amounts receivable and future costs	256	82
	<b>1 038</b>	<b>694</b>

## 12 CASH AND CASH EQUIVALENTS

	28.02.2017	31.08.2017
Cash in banks	240	954
	<b>240</b>	<b>954</b>

## 13 CAPITAL AND RESERVES

### Share capital

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

### Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The legal reserve of the Company has decreased by EUR 1 thousand due to conversion from Litas to EUR. As of 31 August 2016, the Company's legal reserve is fully formed.

## 14 LOANS AND OTHER BORROWINGS

	28.02.2018	31.08.2017
<b>Non – current liabilities</b>		
Loans	-	-
<b>Net carrying value, eop.</b>	<b>-</b>	<b>-</b>
<b>Short – term liabilities</b>		
Loans	-	810
Credit line	5 500	3 000
<b>Net carrying value, eop.</b>	<b>5 500</b>	<b>3 810</b>
<b>Total liabilities</b>	<b>5 500</b>	<b>3 810</b>

	Maturity term	28.02.2017	31.08.2017
Credit line Danske Bank A/S	2020	5 500	3 000
Credit Danske Bank A/S	2018	-	810

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.



(all amounts are in EUR thousand unless otherwise stated)

Based on Management Board decision as of 2 January 2018 loan agreement from 17 September 2013 was amended by prolonging of credit line and credit limit allocation for investments into new equipment and renovation of current equipment.

#### Interest risk

Euribor related floating interest rates are applied to the loans extended to the Company.

As of 28 February 2018 the Company used no financial instruments as interest risk hedging.

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

	Total amount payable as of February 28 FY2018	2017	2018
Credit line	5 500	-	5 500
Credit	-	-	-
	<b>5 500</b>	<b>-</b>	<b>5 500</b>

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

	28-02-2018	31.08.2017
Post-employment and other long term employee benefits	708	708
	<b>708</b>	<b>708</b>

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

#### 16 OTHER LIABILITIES

	28-02-2018	31.08.2017
Remuneration and social insurance	873	1 099
Holiday pay reserve	785	671
Dividends payable	1 020	1 011
Operating taxes	6	6
Other accounts payable and accrued taxes	20	20
	<b>2 704</b>	<b>2 807</b>

#### Currency risk

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

(all amounts are in EUR thousand unless otherwise stated)

## 17 RELATED PARTY TRANSACTIONS

28.02.2018	Purchases	Loans and accounts receivable	Receivables	Payables
UAB „Invalda privatus kapitalas“	-	3	2 161	-
UAB „Bordena“	304	243	134	190
UAB „Švytėjimas“	168	-	-	45
UAB „Inreal valdymas“	7	-	-	-
	<b>479</b>	<b>246</b>	<b>2 295</b>	<b>235</b>

28.02.2017	Purchases	Loans and accounts receivable	Receivables	Payables
UAB „Akvilas“	-	2	-	-
UAB „Švytėjimas“	104	-	-	3
UAB „Inreal valdymas“	-	1	10	-
	<b>104</b>	<b>3</b>	<b>10</b>	<b>3</b>

## DEALS WITH THE COMPANY'S SUBSIDIARY

2018-02-28	Purchases	Loans and accounts receivable	Receivables	Payables
UAB „ARI-LUX“	173	3	-	16
	<b>173</b>	<b>3</b>	<b>-</b>	<b>16</b>

2017-02-28	Purchases	Loans and accounts receivable	Receivables	Payables
UAB „ARI-LUX“	140	1	-	12
	<b>140</b>	<b>1</b>	<b>-</b>	<b>12</b>



(all amounts are in EUR thousand unless otherwise stated)

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

During the first half of FY2018 the Company was specifically focusing on productivity, improvement of internal processes and quality, production of the new products.

In January 2018, VILNIAUS BALDAI AB and Vilniaus silumos tinklai AB signed the preliminary heat energy purchase and sale agreement. The heat energy will be produced in the new boiler-house into which company has invested more than EUR 1.5 million.

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

On the 20th of December 2017 the Annual General Shareholders Meeting of VILNIAUS BALDAI AB adopted the following resolutions:

Agenda item #1: Consolidated annual report.

The Company's consolidated annual report for the FY 2017 ended 31 August 2017.

Agenda item #2: Company's auditor's report.

The report of auditor KPMG Baltics UAB for the FY 2017 ended 31 August 2017 was presented.

Agenda item #3: Approval of the Consolidated and Company's financial statements for the FY 2017 ended 31 August 2017.

Resolution: to approve Consolidated and Company's financial statements for the FY 2017 ended 31 August 2017.

Agenda item #4: Approval of the Company's profit distribution.

Resolution: to approve Company's profit distribution.

Undistributed retained earnings, brought forward	5 233 266 EUR
Net result for the current year	4 422 779 EUR
Profit (loss) not recognized in the income statement of the reporting financial year	(21 479) EUR
Distributable result	9 634 566 EUR
Transfers to the obligatory reserves	-
Transfers to other reserves	-
To be paid as dividends*	1 049 292 EUR
To be paid as annual payments (bonus) to the Board members	-
Undistributed retained earnings, carried forward	8 585 274 EUR

\* 0.27 EUR dividends per one ordinary share.

Agenda item #5: Approval of the new wording of the provisions of the Audit Committee.

Resolution: to approve the regulations of the Audit Committee of VILNIAUS BALDAI AB.

Agenda item #6: Approval of the new wording of the provisions of the Audit Committee.

Resolution: to approve composition of the Audit Committee of 3 (three) members elected for a term of 4 (four) years: independent members Tomas Bubinas and Danute Kadanaite, Audit Committee members Vaidas Savukynas. To elect Tomas Bubinas, Chairman of the Audit Committee.

(all amounts are in EUR thousand unless otherwise stated)

**Agenda item #7: Approval of the new wording of the provisions of the Audit Committee.**

**Resolution:** to approve to set a rate not higher than EUR 100 per hour for a work in the Audit Committee of VILNIAUS BALDAI AB. To delegate to the Board of the Company to determine the remuneration payment procedure for the Audit Committee members.

#### **Financial results of activities**

The Group Revenue stood at 17 639 thousand EUR during September – November of 2017.

Net profit of the Group during September – November of 2017 was 1 445 thousand EUR, while EBITDA was 2 079 thousand EUR.

The Group Revenue stood at 13 751 thousand EUR during December of 2017 – February of 2018.

Net loss of the Group during December of 2017 – February of 2018 was 127 thousand EUR, while EBITDA was 243 thousand EUR.

The Group Revenue stood at 31 390 thousand EUR during September of 2017 – February of 2018.

Net profit of the Group during September of 2017 – February of 2018 was 1 318 thousand EUR, while EBITDA was 2 322 thousand EUR.

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



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**VILNIAUS  
BALDAI**

ANNO 1883

*... Better  
Faster  
Stronger ...*

# Vilniaus Baldai AB

INTERIM CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENT  
FOR THE SIX MONTHS  
OF FY 2018 ENDED  
FEBRUARY 28, 2018



(all amounts are in EUR thousand unless otherwise stated)

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INTERIM CONDENSED CONSOLIDATED REPORT  
FOR THE SIX MONTHS OF FY 2018  
ENDED FEBRUARY 28, 2018



(all amounts are in EUR thousand unless otherwise stated)

## COMPANIES COMPOSING THE GROUP

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

### GENERAL INFORMATION ABOUT THE COMPANY:

Name	Joint stock company VILNIAUS BALDAI AB
Legal form	Joint stock company
Code	121922783
VAT payer's code	LT219227811
LEI code	529900MJDB8L13ZF6G26
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	info@vilniausbaldai.lt
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 activity	Design, production and selling of 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. 178B, 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



(all amounts are in EUR thousand unless otherwise stated)

## **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-honored traditions, applies modern technologies and enjoys a stable and continuous business growth.

The Company income grew to 31 MEUR in the first half of 2018.

From February 2018 the Company has started to supply heat energy to Vilnius city.

The Company focused on quality improvement, processes optimization and equipment utilization improvement with the help of LEAN methodology.

The Company has created 50 new workplaces during the first half of 2018.

### **Main risks faced by the Group:**

**Economic risk factors.** The sales to the main customer Swedish IKEA constituted approximately 98% of total sales of VILNIAUS BALDAI AB during the first half of 2018 (99% during 2017). Furniture accounted for 98% of the Company's sales during the first half of 2018 (99% during 2017), while the rest came from sales of raw materials and waste of raw materials.

Global economy development trends do have an impact on the Company's main customer development pace as well as demand fluctuation for products produced by the Company.

The Company competes with the world furniture producers.

**Political risk factors.** Changing geopolitical situation has an impact on the international trade flows at the same time having an impact on the Company's costs and profitability. There are no requirements and restrictions established by the State to the issuer's activity.

**Social risk factors.** Demographic situation and migration processes have a negative influence on the Lithuanian labour market, therefore, the Company is constantly improving its organisational structure, increasing productivity, allocating resources to improve work conditions, training and competence development. Trade Union, representing interests of the employees, operates actively in the Company.

**Supply.** The Company aims to establish a long-term partnership with reliable suppliers, and at the same time secure alternatives for supply of the main raw materials.

**Technical and technological risk factors.** The Company owns modern production equipment. VILNIAUS BALDAI AB pays significant attention to the maintenance of production equipment, optimization of technological processes and increase of working efficiency. The physical and moral condition of the main facilities is good and does not cause any risk to the activity of the Company.

**Ecological risk factors.** There is a quality, environment protection and FSC production management system introduced in the Company in compliance with the ISO 9001, ISO 14001 and FSC-STD-40-004 standards requirements. Purpose of this system is to ensure production of high quality, compliant with customer needs products, usage of FSC certified raw materials, save environment, decrease pollution, materials usage and sorting of waste. During the first six month of FY2018 VILNIAUS BALDAI AB has incurred expenses for waste utilisation services of EUR 21 thousand.

**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

(all amounts are in EUR thousand unless otherwise stated)

liabilities, credit of the Group is provided in the Notes to the interim condensed consolidated financial statements for the six months of 2017 (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 December 20, 2017.

The Audit Committee:

**Tomas Bubinas**

**Position**

Independent Member of the Audit Committee, elected to the Audit Committee 20.12.2017, end of the term – 2021

**Work experience**

Since 2013 Chief Operating Officer at Biotechpharma UAB  
2010 – 2012 Senior Director of Operations at TEVA Biopharmaceuticals USA  
2001 – 2010 Chief Financial Officer at SICOR Biotech / TEVA Baltic  
1999 – 2001 Senior Manager at PricewaterhouseCoopers  
1994 – 1999 Senior Auditor, Manager at Coopers & Lybrand

**Education**

Master degree in Economics of Vilnius University and Executive MBA of BMI (Baltic Management Institute), a fellow member of the Association of Chartered Certified Accountants (ACCA) and a registered Lithuanian Sworn Auditor.

**Participation in Vilniaus Baldai AB authorised capital**

-

**Number of shares and of voting rights**

-

**Vaidas Savukynas**

**Position**

Member of the Audit Committee, elected to the Audit Committee 20.12.2017, end of the term – 2021

**Work experience**

Since 2013 Chief Financial Officer at Invalda privatus kapitalas AB  
2011 – 2013 Chief Financial Officer at food retail chain Narodnyi in Kyrgyz Republic  
2010 – 2010 Director of Administration at Zemaitijos pienas AB  
1998 – 2009 Chief Financial Officer and Financial Analyst at concern MG Baltic and its companies (MG Baltic Trade, Apranga, Minvista)  
1993 – 1995 Chief Executive Officer at brokerage company Bankoras  
1990 – 1993 Marketing Manager at Lietuvos birza AB

**Education**

Vilnius University diploma in economics, Master degree in Social Sciences of Stockholm University (Sweden), Financial sector schemes introductory courses in Leeds University (Great Britain)

**Participation in Vilniaus Baldai AB authorised capital**

-

**Number of shares and of voting rights**

-



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#### **Danute Kadanaite**

##### **Position**

Member of the Audit Committee, elected to the Audit Committee 20.12.2017, end of the term – 2021

##### **Work experience**

from 2014 Head of Verus Sensus UAB From 2014 UAB „Verus sensus“

2009 UAB "Legisperitus" - a lawyer

2008 - 2009 AB FMĮ "Finasta" - a lawyer

2008. AB Invalda – lawyer

1999 - 2002 Attorney Artūras Šukevičius office - administrator,

1994 - 1999 UAB FMĮ "Apyvarta" is a legal adviser

##### **Education**

Master of Finance Law at M. Romeris University, Bachelor of Law at Faculty of State Governance Vilnius University, Manager at International Business School.

##### **Participation in Vilniaus Baldai AB authorised capital**

##### **Number of shares and of voting rights**

-

-

The Company's Head of Finance 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**

The Group Revenue stood at 17 639 thousand EUR during September – November of 2017.

Net profit of the Group during September – November of 2017 was 1 445 thousand EUR, while EBITDA was 2 079 thousand EUR.

The Group Revenue stood at 13 751 thousand EUR during December of 2017 – February of 2018.

Net loss of the Group during December of 2017 – February of 2018 was 127 thousand EUR, while EBITDA was 243 thousand EUR.

The Group Revenue stood at 31 390 thousand EUR during September of 2017 – February of 2018.

Net profit of the Group during September of 2017 – February of 2018 was 1 318 thousand EUR, while EBITDA was 2 322 thousand EUR.

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

	28.02.2018	28.02.2017
Non - current assets	14 813	12 539
Current assets	15 720	13 107
<b>Total assets</b>	<b>30 533</b>	<b>25 646</b>
<b>Capital and reserves</b>	<b>14 915</b>	<b>11 987</b>
<b>Total liabilities</b>	<b>15 565</b>	<b>13 603</b>
Non - current liabilities	708	1 453
<i>Financial debts</i>	-	810
Current liabilities	14 857	12 150
<i>Financial debts</i>	5 500	4 930

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

	FY 2018 I half, ended February 28	FY 2017 I half, ended February 28
<b>Sales income, EUR thousand</b>	<b>31 390</b>	<b>29 443</b>
- in Lithuania	602	318
- in EU countries	18 657	19 306
- other countries	12 131	9 819
<b>Gross profit, EUR thousand</b>	<b>3 415</b>	<b>3 988</b>
Gross profit margin, %	10,88	13,54
<b>Operating profit, EUR thousand</b>	<b>1 579</b>	<b>2 117</b>
Operating profit margin, %	5,03	7,19
<b>Profit before taxes, EUR thousand</b>	<b>1 557</b>	<b>2 085</b>
Profit before taxes margin, %	4,96	7,08
<b>Net profit, EUR thousand</b>	<b>1 318</b>	<b>1 770</b>
Net profit margin, %	4,20	6,01
<b>EBITDA, EUR thousand</b>	<b>2 322</b>	<b>2 742</b>
EBITDA margin, %	7,40	9,31

#### Production and sales

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

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 plywood, pigment or foil.

The volumes of Company's production in terms of value in the period 2018 first half:

Production	2018 I half, ended February 28 EUR thousand	2017 I half, ended February 28 EUR thousand
Furniture	29 523	29 673
Other production	-	-
<b>Total</b>	<b>29 523</b>	<b>29 673</b>



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Production sales according to the markets in the period of 2018 first half:

Sales	2018 I half, ended February 28		2017 I half, ended February 28	
	EUR thousand	%	EUR thousand	%
In Lithuania	602	1.92	318	1.08
In abroad	30 788	98.08	29 125	98.92
<b>Total</b>	<b>31 390</b>	<b>100.0</b>	<b>29 443</b>	<b>100.0</b>

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

### Supply

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

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

### Employees

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

There were 698 employees working in the Group and 644 employees in the Company at the end of the first half of 2018 (636 in the Group and 586 in the Company as of 31 August 2017). The average age of the employees is 41 years.

The average number of the employees in the Company during the first half of 2018:

	2018 I half, ended February 28	2017 I half, ended February 28
Executive personnel	5	6
Specialists	45	35
Workers	507	488
<b>Total</b>	<b>557</b>	<b>529</b>

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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 during the first half 2018:

	2018 I half, ended February 28	2017 I half, ended February 28
Executive personnel	7 250	5 946
Specialists	1 518	1 486
Workers	1 054	1 079
<b>Total</b>	<b>1 145</b>	<b>1 163</b>

The collective agreement is concluded in the Company. The collective agreement was renewed on January 23, 2015. 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 legislation for the employees of the Company. The collective agreement includes the working contract formation, change, termination, work and rest time, payment for the 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. If the terms and conditions of the collective agreement are more favourable compared to the working contract, then the collective agreement is followed.

### 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 20th of December 2017 the Annual General Shareholders Meeting of VILNIAUS BALDAI AB adopted the following resolutions:

Agenda item #1: Consolidated annual report.

The Company's consolidated annual report for the FY 2017 ended 31 August 2017.

Agenda item #2: Company's auditor's report.

The report of auditor KPMG Baltics UAB for the FY 2017 ended 31 August 2017 was presented.

Agenda item #3: Approval of the Consolidated and Company's financial statements for the FY 2017 ended 31 August 2017.

Resolution: to approve Consolidated and Company's financial statements for the FY 2017 ended 31 August 2017.



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Agenda item #4: Approval of the Company's profit distribution.  
Resolution: to approve Company's profit distribution.

Undistributed retained earnings, brought forward	5 233 266 EUR
Net result for the current year	4 422 779 EUR
Profit (loss) not recognized in the income statement of the reporting financial year	(21 479) EUR
Distributable result	9 634 566 EUR
Transfers to the obligatory reserves	-
Transfers to other reserves	-
To be paid as dividends*	1 049 292 EUR
To be paid as annual payments (bonus) to the Board members	-
Undistributed retained earnings, carried forward	8 585 274 EUR

\* 0.27 EUR dividends per one ordinary share.

Agenda item #5: Approval of the new wording of the provisions of the Audit Committee.  
Resolution: to approve the regulations of the Audit Committee of VILNIAUS BALDAI AB.

Agenda item #6: Approval of the new wording of the provisions of the Audit Committee.  
Resolution: to approve composition of the Audit Committee of 3 (three) members elected for a term of 4 (four) years: independent members Tomas Bubinas and Danute Kadanaite, Audit Committee members Vaidas Savukynas. To elect Tomas Bubinas, Chairman of the Audit Committee

Agenda item #7: Approval of the new wording of the provisions of the Audit Committee.  
Resolution: to approve To set a rate not higher than EUR 100 per hour for a work in the Audit Committee of VILNIAUS BALDAI AB. To delegate to the Board of the Company to determine the remuneration payment procedure for the Audit Committee members.

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

Product range of the Company will change partly in FY2017, further automation and capacity increase projects are planned.

The Company will specifically focus on productivity, improvement of internal processes and quality, production of new products.

## 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**

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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 Siaulių bankas AB (Seimyniskiu Str. 1A, Vilnius) on the management of the Company's securities accounting and the payment of dividends 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 authorized 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;



(all amounts are in EUR thousand unless otherwise stated)

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.

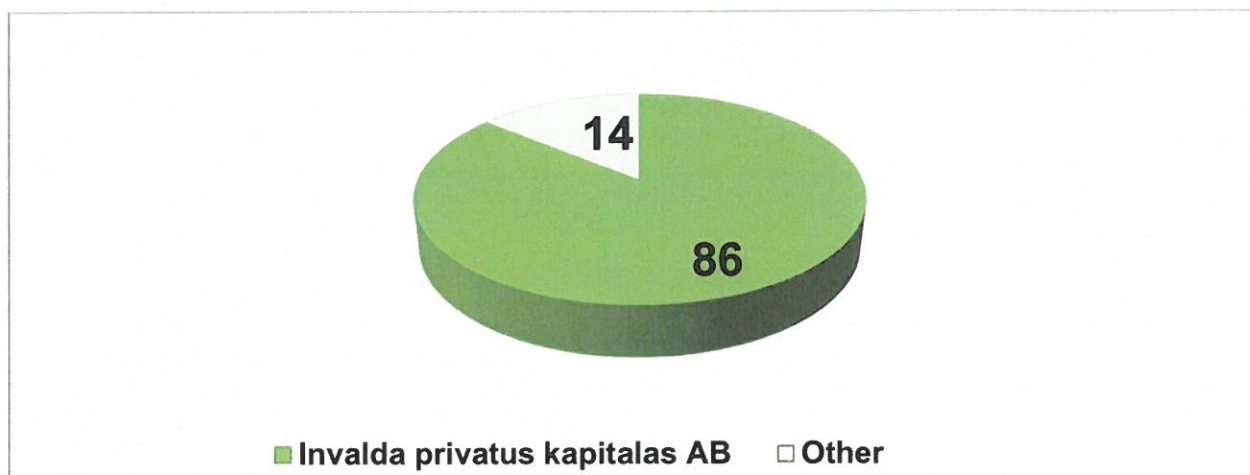
## 12. SHAREHOLDERS

Total number of the shareholders as of February 28, 2018 was 1 308.

The shareholders who had upon the property rights or possessed more than 5% of the issuer's authorised capital on February 28, 2018:

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

Structure of the authorized capital, %



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.

(all amounts are in EUR thousand unless otherwise stated)

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

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

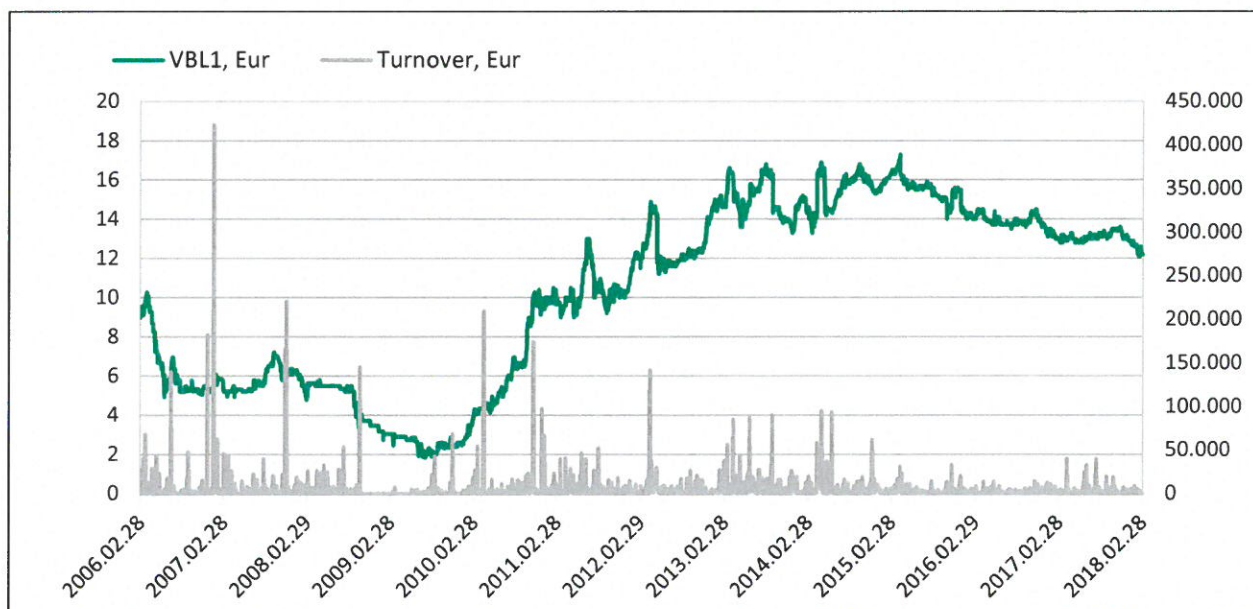
The main characteristics of the shares:

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:

	2018 I half, ended February 28	2017 I half, ended February 28
Price of the shares, EUR:		
- opening	13.10	13.70
- highest	13.60	14.50
- lowest	12.10	12.90
- closing	12.20	13.00
Turnover of shares, units	14 888	19 168
Turnover of shares, EUR	194 213	261 949
Total number of transactions, units	208	298
Capitalization, million EUR	47.41	50.52

Vilniaus Baldai AB turnover and price from 28.02.2006:



Comparison of the price of shares of Vilniaus Baldai AB with the OMXBB index from 28.02.2014:



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Index / Equity	28.02.2014	28.02.2018	+/-%
OMX Baltic Benchmark GI	630.62	998.35	58.31
OMX Vilnius	455.91	683.95	50.02
VBL1L	14.500 EUR	12.200 EUR	-15.86

#### 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.

(all amounts are in EUR thousand unless otherwise stated)

**The Board and Administration of the Company:**

	<table> <tr> <th colspan="2">Mr. Vytautas Bucas</th></tr> <tr> <td colspan="2"><b>Position</b></td></tr> <tr> <td colspan="2">Chairman of the Board, elected to the Board on 12.04.2007, re-elected on 29.04.2008, 27.04.2012, and 05.07.2016 end of the term – 2020.</td></tr> <tr> <td colspan="2"><b>Work experience</b></td></tr> <tr> <td colspan="2">Since May 2013 Adviser, Chairman of the Board of Invalda privatus kapitalas AB</td></tr> <tr> <td colspan="2">2006 – May 2013 Adviser of Invalda AB, Board member (since May 2007 till May 2013 Chairman of the Board)</td></tr> <tr> <td colspan="2">2006 – 2007 Director of Invaldos Nekilnojamojo Tuto Fondas AB</td></tr> <tr> <td colspan="2">2000 – 2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department</td></tr> <tr> <td colspan="2">1992 – 2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen</td></tr> <tr> <th>Participation in the activities of other companies</th><th>Shares and voting rights</th></tr> <tr> <td>Chairman of the Board of Invalda privatus kapitalas AB</td><td>39.63 %</td></tr> <tr> <td>Chairman of the Board of Bordena UAB</td><td>0.00 %</td></tr> </table>	Mr. Vytautas Bucas		<b>Position</b>		Chairman of the Board, elected to the Board on 12.04.2007, re-elected on 29.04.2008, 27.04.2012, and 05.07.2016 end of the term – 2020.		<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 Tuto Fondas AB		2000 – 2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department		1992 – 2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen		Participation in the activities of other companies	Shares and voting rights	Chairman of the Board of Invalda privatus kapitalas AB	39.63 %	Chairman of the Board of Bordena UAB	0.00 %																
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INTERIM CONDENSED CONSOLIDATED REPORT  
FOR THE SIX MONTHS OF FY 2018  
ENDED FEBRUARY 28, 2018



(all amounts are in EUR thousand unless otherwise stated)

The Board and Administration of the Company (cont.):

	<b>Mr. Rimantas Vaitkus</b>	
	<b>Position</b>	General Director since 12.05.2014
	<b>Work experience</b>	2013–2014 Project Office Director of Lietuvos Energija UAB 2011–2013 CEO of Visagino Atomine Elektrine UAB 2011–2011 External Relation Director of Visagino Atomine Elektrine UAB 2010–2011 CEO of VST AB 2009–2010 CEO of LEO LT UAB 2008–2009 CEO of Rytu Skirstomieji Tinklai AB 2001–2008 Country General Manager of IBM Lietuva UAB 1998–2001 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> -
	<b>Mr. Jonas Krutinis</b>	
	<b>Position</b>	Head of Finance department since 23-02-2015, Head of Finance since 12-10-2015
	<b>Work experience</b>	2014–2015 Business Intelligence Manager at SEB Baltics 2006–2014 Deputy Chairman of the Management Board, Head of Business Support, CFO at SEB Bank, Russia 2002–2006 Head of Planning at SEB Vilniaus bankas AB 1999–2002 Business Consultant at Arthur Andersen UAB 1997–1999 Analyst at VB Vilfima UAB 1995–1997 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 0.00 %

The Company's key management personnel includes the Company's General Director and Head of Finance. In the first half of FY2018 the average monthly remuneration to the management member of the Company amounted to EUR 12.75 thousand. The remuneration is not paid to the Board members of the Company.

Remuneration to the management member of the Company:

	2018 I half, ended February 28	2017 I half, ended February 28
Wages, salaries	117	112
Social security	36	35
<b>Total</b>	<b>153</b>	<b>147</b>

During the first half of FY2018 the Company did not transfer any assets for the Board members, Head of the Company, Head of Finance. 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 2018 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 2018 between the Company and its body, employees which allow

(all amounts are in EUR thousand unless otherwise stated)

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 28 February 2018 were: ARI-LUX UAB (the subsidiary), Invalda Privatus Kapitalas AB (ultimate shareholder) and all companies controlled by Invalda Privatus Kapitalas AB (as of 31 February 2017: ARI-LUX UAB (the subsidiary), Invalda Privatus Kapitalas AB (shareholder) and all companies controlled by Invalda Privatus Kapitalas AB) (Other related parties)).

Transactions with related parties during the first half of FY2018 and the balances as of August 31, 2017 are provided in the Notes (Note 17) to the interim condensed consolidated financial statements for the six months of 2018.

## 18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half of 2018 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
25-10-2017	VILNIAUS BALDAI AB result of activity and non-audited condensed interim consolidated financial statement for the twelve months of 2017
21-11-2017	VILNIAUS BALDAI AB annual audited information for the year 2017
28-11-2017	Convocation of the general shareholders meeting of VILNIAUS BALDAI AB and draft resolutions
08-12-2017	CORRECTION: Regarding additions to the agenda of the ordinary general meeting of shareholders of VILNIAUS BALDAI AB to be held on December 2017
08-12-2017	VILNIAUS BALDAI AB investors' calendar for 2018
20-12-2017	VILNIAUS BALDAI AB result for activity and non-audited condensed interim consolidated financial statement for the three months of FY2018
20-12-2017	Resolutions of the Annual General Shareholders Meeting of VILNIAUS BALDAI AB on 20.12.2017
12-01-2018	Procedure for the payout of dividends
01-02-2018	VILNIAUS BALDAI, AB - an independent heat producer, signed a preliminary contract for the supply of heat to Vilnius city

General Director



Rimantas Vaitkus



**AB „Vilniaus baldai“**

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**Rimantas Vaitkus**

General Manager  
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**Jonas Krutinis**

Head of Finance  
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Fax (+370 5) 23 11 130  
E-mail [jonas.krutinis@vilniausbaldai.lt](mailto:jonas.krutinis@vilniausbaldai.lt)

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