

For the Bank of Lithuania,  
Supervisory Authority  
Žirmūnų str. 151,  
LT-09128 Vilnius  
Lithuania

## CONFIRMATION OF RESPONSIBLE PERSONS

2013-08-29

In accordance with Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodical and Additional Information adopted by the Securities Commission of the Republic of Lithuania, we, Vidas Mišeikis, Director of Klaipėdos baldai, AB and Audronė Mineikienė, Chief Accountant, hereby confirm that, to the best of our knowledge, the attached unaudited Interim Financial Statements of Klaipėdos baldai, AB for the the six months ended 30 June 2013, prepared in accordance with the International Financial Reporting Standards as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flow of the Company. Present Interim Report includes a fair review of the development and performance of the business.

Enclosed: Klaipėdos baldai, AB unaudited Interim Financial Statements for the six months ended 30 June 2013 and Interim Report for six months of 2013.

Director



Vidas Mišeikis

Chief Accountant



Audronė Mineikienė

**KLAIPĖDOS BALDAI, AB**

COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 30 JUNE 2013  
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL  
REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION  
AND INTERIM REPORT (UNAUDITED)

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**KLAIPĖDOS BALDAI AB**  
**Unaudited Interim Financial Statements**  
**for the six months ended 30 June 2013**

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(All the sums in the table are shown in thousands litas, unless specified otherwise)

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**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**Statement of comprehensive income**

	Notes	January-June 2013	April-June 2013	January-June 2012	April-June 2012
Revenue	2	92 111	43 306	90 921	44 758
Cost of sales	3	(88 465)	(41 495)	(87 297)	(43 045)
<b>Gross profit</b>		<b>3 646</b>	<b>1 811</b>	<b>3 624</b>	<b>1 713</b>
Selling costs	3	( 184)	(113)	(116)	(116)
Administrative expenses	3	(1 649)	( 843)	(1 608)	(794)
Other income	4	1 066	582	945	555
Other expenses	5	( 452)	( 240)	(418)	(214)
Other gains/(losses) - net	6	24	-	154	-
<b>Operating profit</b>		<b>2 451</b>	<b>1 197</b>	<b>2 581</b>	<b>1 144</b>
Finance income	7	85	54	113	61
Finance costs	7	( 175)	( 85)	(302)	(133)
<b>Profit before income tax</b>		<b>2 361</b>	<b>1 166</b>	<b>2 392</b>	<b>1 072</b>
Income tax income/(expense)		( 250)	( 71)	(354)	(156)
<b>Profit for the year</b>		<b>2 111</b>	<b>1 095</b>	<b>2 038</b>	<b>916</b>
<b>Attributable to:</b>					
Shareholders of the Company		2 111	1 095	2 038	916
		<u>2 111</u>	<u>1 095</u>	<u>2 038</u>	<u>916</u>


**Earnings per share  
attributable to the owners of  
the Company during the  
year (expressed in LTL per  
share)**

- basic and diluted	1	0,28	0,14	0,26	0,12
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Director

**Vidas Mišeikis**

Chief accountant

**Audronė Mineikienė**

**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)


**Statement of financial position**

	Notes	30 June 2013	31 December 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	31 330	32 478
Investment property	9	5 562	5 562
Intangible assets	10	19	6
Available-for-sale financial assets	12	288	288
Other receivables	13	3 562	3 562
Other non-current assets	11	23	23
		<b>40 784</b>	<b>41 919</b>
<b>Current assets</b>			
Inventories	14	18 977	20 769
Trade and other receivables	15	46 898	42 768
Cash and cash equivalents	16	60	63
		<b>65 935</b>	<b>63 600</b>
<b>Total assets</b>		<b>106 719</b>	<b>105 519</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Ordinary shares	17	7 749	7 749
Own shares	18	(820)	(418)
Reserves	19	20 170	19 822
Retained earnings		55 247	53 484
<b>Total equity</b>		<b>82 346</b>	<b>80 637</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		2 418	2 418
Borrowings	20	2 634	2 779
Defined benefit obligations	21	442	442
		<b>5 494</b>	<b>5 639</b>
<b>Current liabilities</b>			
Borrowings	20	11 438	13 270
Trade and other payables	22	7 005	5 787
Current income tax liabilities		436	186
		<b>18 879</b>	<b>19 243</b>
<b>Total liabilities</b>		<b>24 373</b>	<b>24 882</b>
<b>Total equity and liabilities</b>		<b>106 719</b>	<b>105 519</b>

Director

  
Vidas Mišeikis

Chief accountant

  
Audronė Mineikienė

**AB „KLAIPĖDOS BALDAI“**

2013 m. šešių mėnesių, pasibaigusių 2013 m. birželio 30 d.,

neauditotos tarpinės finansinės ataskaitos

(Visos sumos lentelėse yra tūkst. litų, jei nenurodyta kitaip)

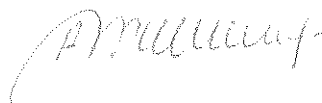
**Nuosavo kapitalo pokyčių ataskaita**

	Pas- taba	Priskirtinas Bendrovės akcininkams						Iš viso nuosavo kapitalo	
		Akcinis kapitalas	Nuosa- vos akcijos	Perkaino- jimo rezervas	Įstatymo numatyti rezervai	Rezervas savoms akcijoms įsigyti	Kiti rezervai		Nepaskirs- tytas pelnas
<b>Likutis 2011 m. gruodžio 31 d.</b>		<b>8 166</b>	<b>(1 506)</b>	<b>8 391</b>	<b>817</b>	<b>3 500</b>	<b>7 698</b>	<b>49 068</b>	<b>76 134</b>
Bendrųjų pajamų iš viso		-	-	-	-	-	-	2 038	2 038
Perkeltas nusidėvėjimas bendraja verte	19	-	-	(706)	-	-	-	706	-
Pervedimai į rezervus	19	-	-	-	-	500	-	(500)	-
<b>Likutis 2012 m. birželio 30 d.</b>		<b>8 166</b>	<b>(1 506)</b>	<b>7 685</b>	<b>817</b>	<b>4 000</b>	<b>7 698</b>	<b>51 312</b>	<b>78 172</b>
<b>Likutis 2011 m. gruodžio 31 d.</b>		<b>8 166</b>	<b>(1 506)</b>	<b>8 391</b>	<b>817</b>	<b>3 500</b>	<b>7 698</b>	<b>49 068</b>	<b>76 134</b>
Pelnas už metus Ilgalaikio atlygio darbuotojams pasikeitimas, atėmus mokesčius		-	-	-	-	-	-	4 995	4 995
Bendrųjų pajamų iš viso		-	-	-	-	-	-	4 921	4 921
Perkeltas nusidėvėjimas bendraja verte		-	-	(1 275)	-	-	-	1 275	-
Perkeltas nusidėvėjimas- mokesčiai		-	-	191	-	-	-	(191)	-
Pervedimai į rezervus		-	-	-	-	500	-	(500)	-
Savų akcijų įsigijimas		-	(418)	-	-	-	-	-	(418)
Savų akcijų anuliavimas		(417)	1 506	-	-	-	-	(1 089)	-
<b>Likutis 2012 m. gruodžio 31 d.</b>		<b>7 749</b>	<b>(418)</b>	<b>7 307</b>	<b>817</b>	<b>4 000</b>	<b>7 698</b>	<b>53 484</b>	<b>80 637</b>
Bendrųjų pajamų iš viso		-	-	-	-	-	-	2 111	2 111
Perkeltas nusidėvėjimas bendraja verte	19	-	-	(652)	-	-	-	652	-
Pervedimai į rezervus	19	-	-	-	-	1 000	-	(1 000)	-
Savų akcijų įsigijimas	18	-	(402)	-	-	-	-	-	(402)
<b>Likutis 2013 m. birželio 30 d.</b>		<b>7 749</b>	<b>(820)</b>	<b>6 655</b>	<b>817</b>	<b>5 000</b>	<b>7 698</b>	<b>55 247</b>	<b>82 346</b>

Direktorius


 Vidas Mišeikis

Vyr. buhalterė


 Audronė Mineikienė

**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**Cash flow statement**

	Notes	30 June 2013	30 June 2012
Net profit		2 111	2 038
<i>Adjustments for:</i>			
Income tax expenses		250	354
Depreciation	8	2378	2 289
Amortisation	10	2	3
Loss (gain) on disposal of property, plant and equipment and write-off	6	(24)	(154)
Interest expenses	7	174	300
Interest received	7	(62)	(92)
Dividend received	7	(23)	(21)
Change in working capital:			
– amounts receivable and prepayments		(4 130)	5 126
– inventories		1 792	(6 787)
– amounts payable		1 363	1 004
Cash generated from operations		<u>3 831</u>	<u>4 060</u>
Interest paid	7	(174)	(300)
Income tax paid		(145)	(289)
Net cash generated from operating activities		<u>3 512</u>	<u>3 471</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(1 252)	(1 985)
Purchase of intangible assets	10	(15)	(5)
Disposal of property, plant and equipment		46	160
Interest received	7	62	92
Dividend received	7	23	21
Net cash used in investing activities		<u>(1 136)</u>	<u>(1 717)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		970	532
Repayment of borrowings		(2 930)	(2 262)
Finance lease principal payments		(402)	-
		(17)	(35)
Net cash used in financing activities		<u>(2 379)</u>	<u>(1 765)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		(3)	(11)
Cash and cash equivalents at beginning of year	16	63	102
Cash and cash equivalents at end of year	16	<u>60</u>	<u>91</u>

Director

  
Vidas Mišeikis

Chief accountant

  
Audronė Mineikienė

**KLAIPĖDOS BALDAI AB**  
**Unaudited Interim Financial Statements**  
**for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

## 1. General information

JSC "Klaipėdos baldai" (further – the Company) is registered as a joint-stock company on March 3, 1993. The Company's registration No. AB 93-59. The Company's office address is:  
Joniskės St., 21, LT-91267 Klaipėda  
Lithuania

Shareholders of the Company as at 30 June 2013 were as follows:

	Number of shares held	Shares of the share capital, %	Shares of votes, %
SBA Furniture Group UAB	6 055 566	78,14	79,97
Other shareholders	1 516 259	19,57	20,03
Own shares	177 424	2,29	-
<b>Total</b>	<b>7 749 249</b>	<b>100,00</b>	<b>100,00</b>

The Company's ordinary registered shares are quoted in the Current list of securities of Vilnius stock exchange.

During the 6 months of the year 2013, the Company's average number of employees was 699 (2012: 724).

### Earnings per share

Earnings per share are calculated as follows:

	January-June 2013	January-June 2012
Profit attributable to equity holders of the Company	2 111	2 038
Weighted average number of shares in issue (thousands)	7 611	7 749
Basic earnings per share (LTL)	0,28	0,26

## 2. Segment reporting

The Company operates in one business segment, i.e. manufacturing of furniture, as well as one geographical segment – Lithuania, with 99,8 per cent of the Company's total sales made to the SBA Baldų Kompanija UAB and all assets of Company are located in Lithuania.

Analysis of sales revenue by category	January-June 2013	January-June 2012
Sales of goods	92 089	90 913
Revenue from services	22	8
	<b>92 111</b>	<b>90 921</b>



**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**3. Expenses by nature****Sale cost**

	January-June 2013	January-June 2012
Raw materials	(69 827)	(68 290)
Remuneration and social security	(13 374)	(14 078)
Depreciation and amortization	(1 922)	(1 835)
Utilities	(2 041)	(1 979)
Repairs	(701)	(663)
Other	(600)	(452)
	<u>(88 465)</u>	<u>(87 297)</u>

**Selling costs**

	January-June 2013	January-June 2012
Logistics	(184)	(116)
	<u>(184)</u>	<u>(116)</u>

**Administrative expenses**

	January-June 2013	January-June 2012
Remuneration and social security	(308)	(277)
Communication and IT maintenance expenses	(216)	(208)
Depreciation and amortization	(106)	(103)
Consulting, training, accounting services	(195)	(192)
Taxes other than income tax	(84)	(210)
Other	(740)	(618)
	<u>(1 649)</u>	<u>(1 608)</u>
Total cost of sales, selling costs and administrative expenses	(90 298)	(89 021)

**4. Other income**

	January-June 2013	January-June 2012
Sales of heat	673	585
Rent income	232	240
Income from holiday houses	112	78
Other	49	42
	<u>1066</u>	<u>945</u>

**5. Other expenses**

	January-June 2013	January-June 2012
Expenses of holiday houses	(406)	(383)
Other rental expenses	(1)	(2)
Direct operating expenses arising from investment property	(43)	(33)
Other	(2)	-
	<u>(452)</u>	<u>(418)</u>

**6. Other gains/ (losses) net**

	January-June 2013	January-June 2012
Gain on disposal of property, plant and equipment	24	154
	<u>24</u>	<u>154</u>

**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**7. Financial activities****Income**

	January-June 2013	January-June 2012
Interest received	62	92
Dividend received	23	21
	85	113

**Expenses**

	January-June 2013	January-June 2012
Interest expenses	(174)	(300)
Other	(1)	(2)
	(175)	(302)

**8. Property plant and equipment**

	Buildings	Plant and machinery	Vehicles	Total
<b>At 1 January 2012</b>				
Cost or revalued amount	39 436	50 455	1 012	90 903
Accumulated depreciation and impairment	(20 976)	(35 815)	(831)	(57 622)
Net book amount	18 460	14 640	181	33 281
<b>Year ended 31 December 2012</b>				
Opening net book amount	18 460	14 640	181	33 281
Additions	1 342	2 271	36	3 649
Sold / written off assets acquisition value	-	(2 637)	(344)	(2 981)
Sold / written off assets accumulated depreciation	-	2 624	344	2 968
Depreciation	(2 057)	(2 322)	(60)	(4 439)
Closing net book amount	17 745	14 576	157	32 478
<b>At 31 December 2012</b>				
Cost or revalued amount	40 778	50 089	704	91 571
Accumulated depreciation and impairment	(23 033)	(35 513)	(547)	(59 093)
Net book amount	17 745	14 576	157	32 478
<b>At 30 June 2013</b>				
Opening net book amount	17 745	14 576	157	32 478
Additions	267	985	-	1 252
Sold / written off assets acquisition value	-	( 66)	-	( 66)
Sold / written off assets accumulated depreciation	-	44	-	44
Depreciation	( 1 082)	(1 265)	(31)	(2 378)
Closing net book amount	16 930	14 274	126	31 330
<b>At 30 June 2013</b>				
Cost or revalued amount	41 045	51 008	704	92 757
Accumulated depreciation and impairment	(24 115)	(36 734)	( 578)	(61 427)
Net book amount	16 930	14 274	126	31 330

**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**9. Investment property**

	<b>Total investment property</b>
<b>At 31 December 2012</b>	
Investment property at fair value as at 1 January	5 562
Change during the period	-
Investment property at fair value as at 31 December	<u>5 562</u>
<b>At 30 June 2013</b>	
Investment property at fair value as at 1 January	5 562
Change during the period	-
Investment property at fair value as at 30 June	<u>5 562</u>

**10. Intangible assets**

	<b>Computer software and other intangible assets</b>
<b>At 1 January 2012</b>	
Cost	1333
Accumulated amortisation	<u>(1 331)</u>
Net book amount	<u>2</u>
<b>At 31 December 2012</b>	
Opening net book amount	2
Additions	7
Amortisation	<u>(3)</u>
Closing net book amount	<u>6</u>
<b>At 31 December 2012</b>	
Cost	1 340
Accumulated amortisation	<u>(1 334)</u>
Net book amount	<u>6</u>
<b>At 30 June 2013</b>	
Opening net book amount	6
Additions	15
Amortisation	<u>(2)</u>
Closing net book amount	<u>19</u>
<b>At 30 June 2013</b>	
Cost	1 355
Accumulated amortisation	<u>(1 336)</u>
Net book amount	<u>19</u>

**11. Other non-current assets**

	<b>30 June 2013</b>	<b>31 December 2012</b>
Investments in associated and affiliate companies	<u>23</u>	<u>23</u>
	23	23

**12. Available-for-sale financial assets**

	<b>30 June 2013</b>	<b>31 December 2012</b>
Available for sale financial assets	<u>288</u>	<u>288</u>
	288	288

**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**13. Long-term receivable accounts**

	30 June 2013	31 December 2012
Non-current part of loans granted to related parties	3 562	3 562
	<u>3 562</u>	<u>3 562</u>

**14. Stock**

	30 June 2013	31 December 2012
Raw materials	4 527	3 866
Construction in process	2 346	1 922
Produced products and goods meant for resale	12 138	15 022
Reduction in price to the net value of possible realization	(34)	(41)
	<u>18 977</u>	<u>20 769</u>

**15. Trade and other receivables**

	30 June 2013	31 December 2012
Receivables from related parties including current portion of long-term debts	46 537	42 554
Trade receivables	145	94
Other amounts receivable and prepayments	216	120
	<u>46 898</u>	<u>42 768</u>

**16. Cash and cash equivalents**

	30 June 2013	31 December 2012
Cash at bank	53	59
Cash in hand	7	4
	<u>60</u>	<u>63</u>

**17. Share capital**

As at 30 June 2013 the share capital comprised 7 749 249 ordinary registered shares with par value of LTL 1 each. All the shares are fully paid.

**18. Own shares**

As at 30 June 2013 the Company had 177 424 of its own shares and paid for them LTL 820 thousand. Own shares are accounted for by the amount paid as a reduction in shareholders' equity.

**19. Reserves**

	30 June 2013	31 December 2012
<i>Reserves:</i>		
- reevaluation reserve	6 655	7 307
- reserve presupposed by law	817	817
- reserve for acquisition of own shares	5 000	4 000
- other reserves	7 698	7 698
	<u>20 170</u>	<u>19 822</u>

*Revaluation reserve*

During the 1-st half of the year 2013 as a result of depreciation of revalued assets, revaluation reserve was decreased by the amount of LTL 652 thousand ( 2012: LTL 706 thousand), where as the retained result was increased by the same amount accordingly.

**KLAIPĖDOS BALDAI AB****Unaudited Interim Financial Statements  
for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

*Legal reserve*

Legal reserve is a compulsory reserve under the Lithuanian legislation. The legal reserve cannot be distributed as dividends and is formed to cover future losses. A part of legal reserve in excess of 10 per cent of the authorized share capital may be redistributed when appropriation of profit for the following financial year is performed.

*Reserve for acquisition of own shares*

This reserve is established following the decision made during the annual general meeting of shareholders in relation to distribution of profit available for appropriation. This reserve may be used only for the acquisition of the Company's shares. During the 1-st half this reserve was increased by 1 000 thousand.

*Other reserves*

Other reserves are established following the decision made during the annual general meeting of shareholders in relation to distribution of profit available for appropriation. These reserves may be used only for the purposes approved by annual general meeting of the shareholders.

**20. Borrowings**

	<b>30 June 2013</b>	<b>31 December 2012</b>
<i>Short-term credits</i>		
Short-term loans received from banks	-	-
Current portion of long-term loans received from banks	11 438	13 253
Finance lease liabilities	-	17
	<u>11 438</u>	<u>13 270</u>
<i>Long-term borrowings</i>		
Long-term loans received from banks	2 634	2 779
Finance lease liabilities	-	-
	<u>2 634</u>	<u>2 779</u>
Total borrowings	<u>14 072</u>	<u>16 049</u>

**21. Defined benefit obligations**

As at 30 June 2013 the Company accounted for defined benefit obligations for employees leaving the Company at the age of retirement and other benefits foreseen in the collective agreement. During the 1-st half of the year 2013 additional accruals have not been performed. Outstanding amount of the liability is presented under the defined benefit obligations caption and other in the statement of financial position.

	<b>30 June 2013</b>	<b>31 December 2012</b>
Non-current liabilities	442	301
Current liabilities	140	153
	<u>582</u>	<u>454</u>

**22. Trade and other payable sums**

	<b>30 June 2013</b>	<b>31 December 2012</b>
Trade payable sums	1 470	1 510
Sums payable to affiliated parties (23 note)	593	395
Taxes	1 478	548
Salary and social insurance payable	1 643	1 521
Vacation reserve and bonuses	1 597	1 593
Current portion of non-current employee benefits	140	140
Other payable sums and accumulated expenditures	84	80
	<u>7 005</u>	<u>5 787</u>

**KLAIPĖDOS BALDAI AB**  
**Unaudited Interim Financial Statements**  
**for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**23. Related-party transactions**

<b>Sales of goods and services</b>	<b>January-June 2013</b>	<b>January-June 2012</b>
<i>- Ultimate parent company:</i>		
Koncernas SBA UAB	1	-
<i>- Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	91 906	90 933
Šilutės baldai UAB	32	169
Germanika UAB	19	-
Kauno baldai AB	167	1
Baldstata UAB	9	9
Mebelain OOO	156	-
	<b>92 290</b>	<b>90 959</b>

<b>Interest received</b>	<b>January-June 2013</b>	<b>January-March 2012</b>
<i>- Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	61	81
Klaipėdos baldų prekyba UAB	-	10
	<b>61</b>	<b>91</b>

<b>Purchases of goods and services</b>	<b>January-June 2013</b>	<b>January-June 2012</b>
<i>- Ultimate parent company:</i>		
Koncernas SBA UAB	153	136
<i>- Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	66 252	73 556
Visagino linija UAB	67	74
Baldstata UAB	299	202
Association Industry Marketing and Business Centre	9	9
Šilutės baldai AB	1	1
Germanika UAB	-	10
Kauno baldai AB	2	-
Klaipėdos baldų prekyba UAB	1	-
Šatrija AB	30	16
	<b>66 814</b>	<b>74 004</b>

Related party transactions mostly comprise sales and purchases of furniture and materials.

<b>Amounts receivable within one year</b>	<b>30 June 2013</b>	<b>31 December 2012</b>
<i>- Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	46 055	42 024
Šilutės baldai AB	52	450
Kauno baldai AB	171	-
Germanika UAB	23	-
Mebelain RAUB	236	80
	<b>46 537</b>	<b>42 554</b>

**KLAIPĖDOS BALDAI AB**  
**Unaudited Interim Financial Statements**  
**for the six months ended 30 June 2013**

(All the sums in the table are shown in thousands litas, unless specified otherwise)

**Related-party transactions (continued)**

*Amounts receivable within one year*

	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
SBA baldų kompanija UAB	3 562	3 562
	<u>3 562</u>	<u>3 562</u>

*Amounts payable within one year*

	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
- <i>Ultimate parent company:</i>		
Koncernas SBA UAB	340	156
- <i>Subsidiaries of ultimate parent company:</i>		
Baldstata UAB	142	123
Kauno baldai AB	-	29
Visagino linija UAB	111	30
Association Industry Marketing and Business Centre	-	57
	<u>593</u>	<u>395</u>

**KLAIPEDOS BALDAI, AB**  
INTERIM REPORT FOR 6 MONTHS  
ENDED 30 JUNE 2013



**1. Reporting cycle, for which interim report is prepared.**

The interim report of JSC "Klaipėdos baldai" is prepared for six months of 2013<sup>th</sup>.

**2. Main data about an issuer.**

Name of the issuer	JSC "KLAIPEDOS BALDAI"
Authorized capital	8 166 312 LTL
Residence address	Joniskės Str. 21; 91267 Klaipėda, Lithuanian Republic
Telephone	(46) 31 39 35 (46) 31 39 60
Fax	(46) 31 39 51
E-mail address	info@kbaldai.lt
Juridical-organizational form	Joint-stock company
Date and place of registration	The 3 <sup>rd</sup> of March, 1993, Administration of Klaipėda City
Registration Nr.	AB 93-59
Company registry code	140656052

**3. Format of main issuer's activity.**

Furniture trade.

**4. Information about contracts with agents of public turnover securities.**

On the 30<sup>th</sup> of November, 2006, JSC "Klaipėdos baldai" and JSC SEB Vilnius bank (Gedimino Str. 12, LT-01103 Vilnius, tel.(5)268 2687, Fax(5)262 6043) concluded the following contract Nr.S-Gend-231 on the Securities accounts administration and service.

**5. Information about issuer's securities dealings on the controlled markets.**

JSC "Klaipėdos baldai" securities are entered into the lists of Vilnius Stock Exchange on the 9<sup>th</sup> of August, 1994. At the 30<sup>th</sup> of June, 2013 in the additional dealings list of VSE there were 7 749 249 common inscribed paperless shares of JSC "Klaipėdos baldai" at par value of one litas, which aggregate par value – 7 749 249 litas.

**6. Structure of issuer's authorized capital.**

Authorized capital of the company registered at the LR Board of Agriculture is 7 749 249 Lt. Structure of JSC "KLAIPEDOS BALDAI" authorized capital by stock type

Stock type	Stock number	Nominal value (Lt)	Aggregate par value	Part of authorized capital (%)
Common inscribed paperless share	7 749 249	1	7 749 249	100,00
<b>In total:</b>	<b>7 749 249</b>	<b>-</b>	<b>7 749 249</b>	<b>100,00</b>

All stock of JSC "KLAIPEDOS BALDAI" is paid. There were no changes in the authorized capital at the recent time.

An ordinary registered share grants to its owner (shareholder) the following property rights:

- To receive a portion of the Company's profit (dividend);
- To receive a portion of the assets of the Company in liquidation;
- To receive shares free of charge when the authorised capital is increased from the Company's funds, save exceptions stipulated in the Law on Companies of the Republic of Lithuania;
- To acquire shares or convertible bonds issued by the Company by the right of pre-emption, except when the general shareholders meeting decides to recall the right of pre-emption for all the shareholders in accordance with the procedure prescribed by the Law on Companies of the Republic of Lithuania;
- To lend money to the Company in any manner prescribed by the laws; however, when borrowing money from its shareholders, the Company has no right to mortgage its property to the shareholders. When the Company borrows money from its shareholder, interest rate may not exceed the average interest rate of commercial banks located in the lender's place of residence or

- business, that is effective at the time of concluding a loan agreement. In such a case the Company and shareholders are forbidden to agree upon higher interest rates;
6. To transfer all shares or part thereof to other persons;
  7. To demand that other shareholders would compulsorily sell their shares to them, or to demand that other shareholders would compulsorily buy shares from them in cases and in the order prescribed by the Law on the Securities Market;
  8. Other property rights established by the laws.

An ordinary registered share grants to its owner (shareholder) the following personal non-property rights:

1. To attend general shareholders meetings;
2. To vote at general shareholders meetings under the rights granted by the shares. One ordinary registered share grants one vote;
3. To receive information about the Company to the extent prescribed by the laws;
4. Other non-property rights established by the laws.

## 7. Shareholders.

Total number of JSC "KLAIPEDOS BALDAI" shareholders for the 30th of June, 2013, is 467.

The table below lists the major shareholders of the Company.

Name, surname (company name, type, residence address, company register code) of a shareholder	Number of common inscribed paperless share, belonging to a shareholder by right of ownership (pcs)	Part of authorized capital in stock (%)	Part of votes, provided by stock, belonging by right of ownership (%)
CJSC "SBA furniture group", 300103836 Laisves Av. 3, Vilnius	6 055 566	78,1	80,0
Association "Business centre of industry and marketing" 134292039 K. Donelaicio Str. 62, Kaunas	262 374	3,4	3,5
Klaipedos baldai AB, 140656052, Joniskes 21, Klaipeda	177 424	2,3	
Other shareholders	1 253 885	16,2	16,5
In total	7 749 249	100,0	100,0

There are no shareholders holding special control rights.

There are no restrictions imposed on voting rights.

There are no mutual agreements between shareholders of which the Issuer is aware and due to which restrictions on transfer of securities and/or voting rights may be imposed.

Klaipedos Baldai AB have 177 424 units own shares.

## 8. Information about issuer's activity results.

Six-month sales of AB "Klaipedos baldai" in 2013 amounted to 92 111 thousands Lt, in comparison with the same period of time in 2012 sales increased for 1,3 %. Six-month pre-tax profit in 2013 - 2 361 thousands Lt.

Company, pursuing its activity, faces different risks.

Financial risk management is performed by the administration. More information about financial-risk management can be found in Company annual reports .

Credit risk. Conservative management of liquidity risk allows holding the due amount of cash and money equivalents, required to cover the planned expenses. The company performs short forecast of money flows and it is concluded contracts with banks on the opportunity to borrow money, if necessary.

Market risk: main company production is marketed by CJSC "SBA Baldu kompanija". Marketing and selling functions are performed by CJSC "SBA Baldu kompanija".

Stores (materials) risk issues from constantly varying costs of raw materials. Materials are bought through CJSC "SBA Baldu kompanija", that allows to expect beneficial prices from raw supplier by uniting purchases of several companies.

Product quality risk: From 1997 Quality Management System, competent to requirements of new standard LST EN ISO 9001:2001, is operating effectively at the Company. TUV CERT experts confirm every year during regulatory audits. Rising problems are constantly analyzed and solved; work is improved by choosing masterly stage of Quality Management Development – General Quality Management (GQM).

Ecology risk. At JSC "Klaipėdos baldai" is operating Environment Protection Management System competent to requirements of standards ISO 14001, implemented and certified in 1999. New, proprietary and of cleaner production technology is obtained by modernizing production. Environment Protection Management System requires permanent and systematic supervision, evaluation and effect (result) prognostication of system efficiency. To perform this, monitoring is pursued to supervise changes during particular period of time (ratio of energy input and furniture production, power resources input for 1000 m<sup>2</sup> of made production and so on). Internal and external audits of functional system are also performed.

Personnel risk: the number of fired workers has decreased in 2013. It was conditioned by effective policy of incentive of workers, as well as capacity of newly employed workers to adjust to requirements and aims, raised by the company. The company considers its priority to increase productivity of workers and also salaries.

The Company's Board is responsible for the development and verification of the sequence and directions of the Company's internal-control actions, while the Company's Director is responsible for the implementation thereof. The following sequence of internal-control actions is established in the Company:

1. Determination of standards (control standards define effectiveness indicators);
2. Comparison of actual data with planned data;
3. Decision-making.

Internal-control directions vary depending on changes inside the Company and in the external environment.

More information about company's six-month work and financial results is given in financial accountability report.

## 9. Personnel and investments.

According to the information on the 30<sup>th</sup> of June, 2013, listing number of operatives at the company was 714 workers, 672 of them are workers, what makes 94.1 % of all operatives, 28 managers – 3,9% of all operatives and 14 specialists – 2.0 % of all operatives. 63 workers with higher education, 32 – with further education, 196 – with vocational-technical education, 55 – with professional secondary education, 332 – with secondary education and 36 – with uncompleted secondary education worked in the company in 2013.

Company spent 19 098 Lt for personnel training during the half-year of 2013.

Average number of workers and average salary:

	Half-year of 2013
Average number of workers, prs.	699
Average salary or worker per month, Lt	2642
Average salary of managers per month, Lt	5387
Average salary of specialists per month, Lt	4172
Average salary of workman per month, Lt	2492

Rights and obligations of issuer's workers, covered in the collective agreement of the company didn't change since information representation in the annual report of 2012.

The company invested 1.3 million Lt during the first half of 2013. The major part of investments was intended for the development of technologies, the increasement of the production efficiency and optimization of costs, what allows to maintain a competetiveness of the company and ensures the stability and continuity of the activity. Next half-year the company is planning to maintain the strategy of investment, which was already mentioned.

#### **10. Order of changing issuer's regulations.**

Regulations of JSC "Klaipedos baldai" cover, that only general meeting of JSC "Klaipedos baldai" shareholders has an exclusive right to change company regulations, except cases, covered by the law of joint-stock company of Lithuanian Republic. For making a decision on regulations change 2/3 votes of shareholders, majority of participating in the general meeting, are needed.

#### **11. Issuer's organs.**

According to regulations of JSC "Klaipedos baldai", Company regulatory bodies are General Meeting of Shareholders, Council of Supervisors, The Management and Company Director. Resolutions of the General Meeting of Shareholders, accepted on the questions, covered by Company regulations, within the competence of General Meeting of Shareholders, are compulsory for shareholders, Council of Supervisors, Management, Director and other Company workers.

Shareholders, who were Company shareholders at the end of the accounting day of the General Meeting of Shareholders, have a right to participate in the General Meeting of Shareholders. Company meeting accounting day is the fifth working day to the General Meeting of Shareholders or the fifth working day to the repeated General Meeting of Shareholders. The person, participating in the General Meeting of Shareholders and having a right to vote, has to present personal identity document. The person, who is not a shareholder, besides personal identity document, should present a document, confirming a right to vote.

Collegial supervision organ - Council of Supervisors is chosen by the General Meeting of Shareholders in the order, covered by the law of joint-stock company of Lithuanian Republic. The Council of Supervisors consists of 3 (three) Council members. The Council of Supervisors is chosen for the period of 4 (four) years. The Council of Supervisors is choosing the council chairman from its members. The General Meeting of Shareholders can cancel all Council of Supervisors or its individual members till the end of tenure of Council of Supervisors. If individual members of the Council are chosen, they are chosen only till the end of functional council tenure.

The Council of Supervisors choose and destitute management members, supervises management and work of company director, presents responses and offers to the General Meeting of Shareholders on the strategy of company activity, annual financial accountability, project of profit distribution and company annual report, as well as on the management and work of company director, lays proposals to management and company director to cancel their resolutions, which contradict law and other legal acts, company regulations or resolutions of the General Meeting of Shareholders. It also solves other questions on the company and its management work supervision, which are assigned to the competence of the Council of Supervisors by resolutions at the General Meeting of Shareholders. The Council of Supervisors doesn't have a right to consign or pass functions, assigned to its competence in the joint-stock company law of Lithuanian Republic, for performing to other company organs.

The Management is a collegial organ of company administration, which consists of 3 (three) management members. The Council of Supervisors is choosing The Management for a period of 4 (four) years. The Council of Supervisors can cancel all Management or its individual members till the end of their tenure. If individual members of the Management are chosen, they are chosen only till the end of functional management tenure. The Management is choosing the management chairman from its members.

The Management choose and destitute the company director, sets his salary, other conditions of employment contract, official provisions, stimulates him and fines him.

The Director is a head of the Company. The head of the company is a one-man company management organ, which organizes company's activity. Authorizations and responsibility of the company administration members are determined by an order of the director.

## 12. Members of collegial organs, company director, committees.

### COUNCIL OF SUPERVISORS (the 30<sup>th</sup> of June, 2013)

Nr.	Post	Name, Surname	Start of tenure	End of tenure	Participation in issuer's capital (stock) %	Part of votes, %	Qualification
1.	Chairman	Egidijus Valentinavicius	2012-04-25	2016-04-25	-	-	Higher education in the field of economy (economics and management) Vice President of Business Management (Private Limited Liability Company (UAB) Concern "SBA")
2.	Member	Dalia Maleckiene	2012-04-25	2016-04-25	-	-	Higher education in the field of engineering (production management) Head of Business Planning (Private Limited Liability Company (UAB) Concern "SBA")
3.	Member	Virgilijus Rancys	2012-04-25	2016-04-25	-	-	Higher education in the field of economy (finance and credit) Head of Treasury (Private Limited Liability Company (UAB) Concern "SBA")

### THE MANAGEMENT (the 30<sup>th</sup> of June, 2013)

Nr.	Post	Name, Surname	Start of tenure	End of tenure	Participation in issuer's capital (stock) %	Part of votes, %
1.	Chairman	Vytautas Vaškys	2012-09-20	2016-09-20	-	-
2.	Member	Rasa Žvirblienė	2012-09-20	2016-09-20	-	-
3.	Member	Eimuntas Jankauskas	2012-09-20	2016-09-20	-	-

### ADMINISTRATION DIRECTOR (the 30<sup>th</sup> of June, 2013)

Post	Name, Surname	Works at this post	Participation in issuer's capital (available stock)	Participation in issuer's capital (available stock)
Director	Ramunas Marozas	01 04 2008	-	-

### Audit Committee (the 30<sup>th</sup> of June, 2013)

Nr.	Workplace	Position	Name, Surname	Start of tenure	End of tenure	Participation in issuer's capital (stock) %	Part of votes, %
1.	UAB "Grant Thornton Rimess"	Member	Genadij Makušev	2013.05.18	2017.05.18	-	-
2.	Concern „SBA“	Member	Jolanta Gulbinaitė	2013.05.18	2017.05.18	-	-
3.	AB Satrija	Member	Giedrius Grondskis	2013.05.18	2017.05.18	-	-

Key functions of Audit Committee include the following:

- supervision of preparation of financial accounts;
- supervision of functional internal control of the company, risk management and internal audit system, if it is running in the company.
- supervision of the Company's auditing process;
- supervision how an auditor pursues the principles of independency and impartiality;
- Provides the Supervisory Board written recommendations for the general meeting to elect audit company candidacy;
- Immediately notify the Manager of the company's audit the information provided by the audit committee to audit-related matters, especially when significant control related to the financial statements have been identified.

Members of the Audit Committee are elected and recalled by the company's Council of Supervisors.

The Audit Committee shall act at meetings. During the voting, each member of the Audit Committee shall have one vote. Audit Committee decision is adopted if it receives more votes "for" than "against." If votes "for" and "against" are equal, determine the independent audit committee member's voice.

**13. Information on transactions that would be harmful may have had or will have a negative impact on the Company's operations and (or) performance.**

There were no significant transactions on behalf of the Company that would be harmful may have had or will have a negative impact on the Company's operations and (or) performance during the reporting period.

**14. Information on transactions made under a conflict of interests between the Company's managers, controlling shareholders or other related parties obligations to the Company and their private interests and (or) other duties.**

There were no material transactions on behalf of Company that would enter a conflict of interests between the

Company's managers, controlling shareholder or other related parties obligations to the Company and their private interests and (or) other duties during the reporting period.

**15. Essential and newest events in the issuer's activity.**

All essential events, which happened in 2013, are presented to Vilnius Stock Exchange and Stock Commission as it is required by rules of periodic display of information about issuer's work and their stock. Any information about the company essential events can be found at: [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com).

In first half of 2013 the Company publicly disclosed in NASDAQ OMX GlobeNewswire system the following information:

- 07.06.2013 AB "Klaipėdos baldai" Board decision concerning purchase of own shares
- 29.04.2013 Preliminary unaudited results for the first quarter of the year 2013
- 25.04.2013 Annual information for the year 2012
- 25.04.2013 Resolutions adopted by the General Shareholders meeting, held on 2013 April 25th  
RESOLUTION PROJECTS FOR GENERAL STOCKHOLDER'S MEETING HELD ON 2013 APRIL
- 03.04.2013 25th
- 03.04.2013 Concerning general shareholder meeting
- 03.04.2013 Klaipėdos baldai AB, purchase of own shares
- 05.03.2013 AB "Klaipėdos baldai" Board decision concerning purchase of own shares
- 28.02.2013 Result and interim financial report for the year 2012

**16. Information about pursuance of Management Code.**

JSC "Klaipėdos baldai" mainly follows listing company Management Code of recommendatory nature, confirmed in August of 2006 at Vilnius Stock Exchange.

In 2009 Company established internal Audit Committee. Audit Committee consist from three members. One member of Audit Committee are independent.

JSC "KLAIPEDOS BALDAI"

Director

Vidas Mišeikis

