

JSC “KLAIPEDOS BALDAI”

INTERMEDIATE FINANCIAL REPORTING

12 MONTH PERIOD FOR 2007



**KLAIPĖDOS
BALDAI**

AKCINĖ BENDROVĖ
Joint-stock company „Klaipėdos baldai“

For the Stocks committee of the Republic of Lithuania,
Konstitucijos pr. 23
LT-08105 Vilnius

THE CONFIRMATION BY THE RESPONSIBLE INDIVIDUALS

Following the 22nd article of the Lithuania's Republic's stocks law and also following the laws of the periodic and fill-in information arrangements and presentations, I, Joint-stock company's „Klaipėdos baldai“ director, Eimuntas Jankauskas, confirm that to my knowledge, there is an attached financial accountability of twelve month period in 2007 of the joint-stock company's „Klaipėdos baldai“ which is not verified by auditors, made accordingly to the international financial accountability standards initiated by the European Union, coincide with the reality and fairly indicate the company's wealth, obligations, financial state, profit or detriment.

Attached: financial accountability of twelve month period in 2007 of the joint-stock company's „Klaipėdos baldai“.

Director

Eimuntas Jankauskas

JSC "KLAIPEDOS BALDAI"

Company code: 140656052, Joniskes St., 21, Klaipeda

PROFIT (LOSS) REPORT

31 December , 2007

Prepared in accordance with TFAS

(in thousands litas)

#	Accounts		January- December 2007	January- December 2006
I.	SALE INCOME		154 330	119 512
II.	SALE PRIME COSTS		(146 233)	(112 088)
III.	TOTAL PROFIT (LOSS)		8 097	7 424
IV.	ACTIVITY EXPENSES		(3 778)	(3 948)
IV.1.	Sale		(48)	(32)
IV.2.	General and administrative		(3 730)	(3 916)
V.	PROFIT (LOSS) OF TYPICAL ACTIVITY		4 319	3 476
VI.	OTHER ACTIVITY		1 348	1 752
VI.1.	Income		2 001	2 575
VI.2.	Expenditures		(653)	(823)
VII.	FINANCIAL AND INVESTMENT ACTIVITY		(1 588)	(999)
VII.1.	Income			
VII.2.	Expenditures		(1 588)	(999)
VIII.	INCOME OF (LOSS) ORDINARY ACTIVITY		4 079	4 229
IX.	WINDFALL PROFITS		-	-
X.	LOSSES		-	-
XIII.	PROFIT (LOSS) BEFORE TAXES		4 079	4 229
XIV.	PROFIT TAX		(1 063)	(1 198)
XV.	NET PROFIT (LOSS)		3 016	3 031

Director


 Eimuntas Jankauskas

JSC "KLAIPEDOS BALDAI"

Company code: 140656052, Joniskes St., 21, Klaipeda

BALANCE

31 December, 2007

(Thousands litas)

#	Accounts	2007	2006
A.	LONG-TERM ASSETS	51 841	56 784
I.	INTANGIBLE ASSETS	161	488
I.1.	Patents, licenses	26	107
I.2.	Programming equipment	135	381
I.3.	Other intangible assets	-	-
II.	TANGIBLE ASSETS	49 249	53 635
II.1.	Land	-	-
II.2.	Buildings and constructions	32 621	34 239
II.3.	Machinery and equipment	16 290	18 986
II.4.	Transportation means	235	299
II.5.	Other equipment, devices, instruments and units	44	74
II.6.	Construction in progress	-	-
II.7.	Other tangible assets	59	37
III.	FINANCIAL ASSETS	2 431	2 661
III.1.	Investments in affiliate and associated companies	22	22
III.2.	Credits to associated and affiliate companies	-	-
III.3.	Accounts receivable in one year	2 121	2 351
III.4.	Other financial assets	288	288
B.	SHORT-TERM ASSETS	42 752	36 376
I.	STOCK, ADVANCE PAYMENTS AND CONTRACTS IN PROGRESS	13 472	16 054
I.1.	Stock	13 195	15 026
I.1.1.	Raw materials and component parts	6 360	6 580
I.1.2.	Production in process	2 693	2 221
I.1.3.	Produced products	4 142	6 225
I.2.	Advance payments	277	1 028
I.3.	Contracts in process	-	-
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	29 231	19 880
II.1.	Buyers' debts	24 944	15 566
II.2.	Debts of affiliate and associated companies	-	-
II.3.	Other accounts receivable	4 287	4 314
III.	OTHER SHORT-TERM ASSETS	-	-
III.1.	Short-term investments	-	-
III.2.	Time deposits	-	-
III.3.	Other short-term assets	-	-
IV.	MONEY AND MONEY EQUIVALENTS	49	442
	TOTAL ASSETS:	94 593	93 160

BALANCE (continued)
31 December , 2007

#	Accounts	2007	2006
C.	EQUITY CAPITAL	59 580	56 363
I.	CAPITAL	8 166	8 166
I.1.	Statutory (subscribed)	8 166	8 166
II.	REEVALUATION RESERVE (RESULTS)	11 789	12 668
III.	RESERVES	8 515	8 515
III.1.	Obligatory	817	817
III.3.	Other reserves	7 698	7 698
IV.	UNDISTRIBUTED PROFITS (LOSS)	31 110	27 014
IV.1.	Profit (loss) of the reporting year	3 016	3 031
IV.2.	Profit (loss) of the previous year	28 094	23 983
D.	DOTATIONS, SUBSIDIES	-	-
E.	ACCOUNTS PAYABLE AND LIABILITIES	35 013	36 797
I.	ACCOUNTS PAYABLE IN ONE YEAR AND LONG-TERM LIABILITIES	9 633	11 092
I.1.	Financial debts	6 855	8 103
I.1.1.	Leasing (financial rent) and similar liabilities	2 715	3 446
I.1.2.	To credit institutions	4 140	4 658
I.1.3.	Other financial debts	-	-
I.2.	Debts to providers		
I.3.	Received advanced payments	-	-
I.4.	Provisions	-	-
I.4.1.	To cover liabilities and demands	-	-
I.4.2.	Other provisions	-	-
I.5.	Deferred taxes	2 778	2 775
I.6.	Other accounts payable and long-term liabilities		214
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	25 380	25 705
II.1.	The current year part of long-term debts	3 563	2 234
II.2.	Financial debts	16 654	18 749
II.2.1.	To credit institutions	16 654	18 749
II.2.2.	Other debts	-	-
II.3.	Debts to providers	1 611	1 291
II.4.	Received advanced payments	-	17
II.5.	Profit tax liabilities	-	-
II.6.	Liabilities connected with labor relations	1 445	1 912
II.7.	Provisions	-	-
II.8.	Other accounts payable and short-term liabilities	2 107	1 502
	TOTAL EQUITY CAPITAL AND LIABILITIES	94 593	93 160

Director



Eimuntas Jankauskas

Report on changes of equity capital

31 December , 2007

(Thousands litas)

	Share capital	Reevaluation reserve	Reserves set forth by law	Other reserves	Undistributed profit	Total
The year finished on December 31, 2006						
Balance as of January 1, 2006	8 166	5 792	817 -	7 698	23 121	45 594
Used reserves	-	(862)	- -	-	862	-
Reevaluation of buildings	-	9 103	- -	-		9 103
Recognition of deferred profit tax liabilities		(1 365)				(1 365)
Net profit					3 031	3 031
Balance as of December 31, 2006	8 166	12 668	817	7 698	27 014	56 363
Recognition of deferred profit tax liabilities	-	201	- -	-		201
Used reserves	-	(1 080)	- -	-	1 080	
Net profit (loss)	-	-	- -	-	3 016	3 016
Balance as of September 30, 2007	8 166	11 789	817 -	7 698	31 110	59 580

Director



Eimuntas Jankauskas

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 31 December , 2007

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

Cash flows report

Cash flows in thousands LTL	Thousands litas	
	31 December , 2006	31 December , 2007
Cash flows from ordinary activity		
Net result	3 031	3 016
Corrections adjusting net profit with cash flows from ordinary activity	-	-
Corrections	-	-
Wear and amortization	6 105	7 279
Value decrease	464	250
Written-off sums		
Elimination of profit (loss) from sale of long-term assets	(35)	(2)
Elimination of results of connected companies and minority part	-	-
	9 564	10 543
Changes of short-term assets and short-term liabilities		
Decrease (increase) of buyers' debts	(7 445)	(9 172)
Decrease (increase) of other accounts receivable within one year	184	(605)
Decrease (increase) of stock	(4 915)	1 780
Decrease (increase) of advance payments	222	545
Decrease (increase) of accumulated income and expenditures of future periods	42	194
Increase (decrease) of short-term debts to providers	(706)	319
Increase (decrease) of provisions and deferred taxes	1 365	(201)
Increase (decrease) of accumulated expenditures and income of future periods	402	309
Sums received in advance under signed contracts	(508)	(17)
Taxes, salaries and social insurance	114	(154)
Increase (decrease) of other payable sums and short-term liabilities	(9)	(5)
Net cash flows from ordinary activity	(1 689)	3 536
Acquisition of long-term assets by net value	(20 255)	(2 833)
Changes of share capital	7 738	201
Acquisition (sale) of long-term financial assets	(78)	-
Net cash flows (used) for investment activity	(12 593)	(2 632)
Changes of long-term financial debts	6 590	(13 034)
Changes of other accounts payable and long-term liabilities	(137)	(246)
Changes of accounts receivable in one year	2 404	300
Changes of short-term financial debts	4 971	11 683
Changes of investments and time deposits	-	-
Net cash flows (used) for financial activity	13 828	(1 297)
Increase (decrease) of money and its equivalents	(454)	(393)
Money and its equivalents in the beginning of the period	896	442
Money and its equivalents in the end of the period	442	49

Director

 Eimuntas Jankauskas

(All the sums in the tables 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 # AB 93-59. The Company's office address is:

Joniskės St., 21, LT-91267 Klaipėda
Lithuania

31 December, 2007, the Company's shareholders were:

	Number of shares, pcs.	Share of the share capital, %
"SBA furniture group"UAB	5 608 441	68,68
Hansabank Clients	441 694	5,41
Association Industry and Marketing Business center	262 374	3,21
Virgilijus Rancys	300 000	3,67
"Skandinaviska Enskilda Banken"	295 327	3,62
Other shareholders	1 258 476	15,41
Total	8 166 312	100

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

During the 12 months of the year 2007 average number of the Company's employees was 652 (During the 9 months of 2006 – 717).

Information about segments

From May, 2004, the Company has been carrying on its activity in one business segment – furniture production, and in one geographic segment – in Lithuania. The Company's basic activity is production of furniture. During the 12 months of the year 2007 98,6 per cent of all the Company's sales were done to its affiliated party JSC "SBA baldų kompanija" (During the 12 months of the year 2006 98,1 %)

Sale cost	2007	2006
Raw materials	111 369	80 581
Salary and social insurance	21 913	20 471
Wear and tear	5 863	4 757
Utilities	2 811	2 223
Repairs	392	738
Other	3 885	3 254
	146 233	112 024

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

Sale and distribution expenditures

	2007	2006
Advertising	48	32
Salary and social insurance of sales personnel	-	-
Other expenditures	-	-
	48	32

General and administrative expenses

	2007	2006
Salary and social insurance	719	1399
Communication and informational technologies expenses	347	452
Taxes, except for profit tax	193	264
Wear and amortization	555	576
Consulting, audit, training, accounting services	688	357
Association fees and decrease of value	328	256
Security expenses	192	173
Writing off of stock and decrease of value	52	42
Materials and operation expenses	127	131
Business travel expenses	26	40
Written off long-term tangible assets	-	74
Other	503	517
	3 730	4 281

Income of another activity

	2007	2006
Rent income	570	535
Income from resorts	178	138
Interest income	363	311
Other	890	1 591
	2 001	2 575

Expenditures of another activity

	2007	2006
Expenditures of resort	506	475
Other	147	348
	653	823

JSC “KLAIPEDOS BALDAI”
 FINANCIAL REPORTING
 31 December , 2007

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

Expenditures of financial activity

	2007	2006
Interest expenditures	1 588	999
	1588	999

Investments in associated and affiliate companies

	2007	2006
In the beginning of the year	22	22
Contributions of shareholders to cover losses		
Sale of affiliate company – cost		
Minus decrease of value	-	-
Sale of affiliate company – contribution of shareholders to cover losses		
	-	-
	22	22

To sell owned investments

	2007	2006
In the beginning of the year	288	210
Acquisitions	-	-
Restoration of decrease of value	-	78
Transfers	-	-
Balance in the end of the period	288	288
Long-term	288	288
Short-term	-	-
	288	288

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 31 December , 2007

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

Long-term receivable accounts

	2007	2006
Long-term share of credits granted to affiliated parties	1 839	2 339
Credits granted to employees	12	12
	<u>270</u>	
	2 121	2 351

Stock

	2007	2006
Raw materials	6 496	6 775
Construction in process	2 693	2 221
Produced products and goods meant for resale	4 142	6 225
Reduction in price to the net value of possible realization	(136)	(195)
	<u>13 195</u>	<u>15 026</u>

As of December 31, 2007, the Company has mortgaged stock 12 000 thousand LTL of value in order to guarantee payment of credit (2006-10 000 thousand LTL).

Accounts receivable, advanced payments and expenditures of future period

	2007	2006
Accounts receivable from affiliated parties, including short-term share of long-term debts	28 972	19 571
Accounts receivable from trade	228	225
Receivable VAT	-	-
Profit tax paid in advance	24	681
Short-term share of credits granted to employees	36	46
Advanced payments and expenditures of future period	230	347
Other receivable accounts	19	38
Decrease of value of bad accounts receivable	-	-
	<u>29 509</u>	<u>20 908</u>

Money and money equivalents

	2007	2006
Money at the bank	38	429
Money in cash	11	13
	<u>49</u>	<u>442</u>

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 31 Decembre , 2007

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

Share capital

As of December 31, 2007, the share capital consisted of 8 166 312 ordinary registered shares, each of nominal value 1 LTL. All the shares are fully paid. During the 12 months of the year 2007 there were no changes of share capital.

Reserves

	2007	2006
Reserves:		
- reevaluation reserve	11 789	12 668
- reserve presupposed by law	817	817
- other reserves	7 698	7 698
	<u>20 304</u>	<u>21 183</u>

Credits

	2007	2006
Short-term credits		
Short-term bank credits	16 654	3 072
Short-term share of long-term credits received from banks and non-financial institutions	2 279	15 678
Leasing liabilities	1 285	2 201
	<u>19 218</u>	<u>20 951</u>

Long-term credits

	2007	2006
Long-term credits received from banks and non-financial institutions	4 140	4 658
Leasing liabilities	2 715	3 446
	<u>6 855</u>	<u>8 104</u>
Total credits	<u>27 073</u>	<u>29 055</u>

Trade and other payable sums

	2007	2006
Trade payable sums	1 036	1 075
Sums payable to affiliated parties	575	216
Taxes	302	274
Salary and social insurance payable	1 445	1 159
Sums received in advance	-	17
Vacation reserve	1 673	1 415
Other payable sums and accumulated expenditures	131	598
	<u>5 162</u>	<u>4 754</u>

Long-term tangible assets

AB "Klaipėdos baldai"

Company code 140656052

The 31st of December, 2007

	Land and buildings	Buildings	Vehicles	Machinery and equipment, equipment of computers and organiz.	Redemption rent rights	Other tangible assets	Unfinished construction	Paying in advance	Total
a) Acquisition value at the end of previous financial years	26.176	1.595	1.000	30.678	10.937	502	0		70.888
a) Changes of current year	27	253	4	486	954	19	0		1.743
.Acquisitions of asset	27	255	4	731	954	43	0		2.015
.Assigned and unused asset(-)	0	-2	0	-245	0	-25	0		-272
.Transcriptions from one article to another +/(-)	0	0	0	0	0	0	0		0
a) Acquisition value at the end of current year	26.203	1.848	1.004	31.164	11.891	520	0		72.631
b) Reappraisal at the end of previous financial years	16.413	100	0	0	0	0	0		16.513
b) Changes of current year	503	0	0	0	0	0	0		503
.of increase of value	503	0	0	0	0	0	0		503
.of assigned asset to the third parties (-)	0	0	0	0	0	0	0		0
.of write-offs (-)	0	0	0	0	0	0	0		0
.Transcriptions from one article to another +/(-)	0	0	0	0	0	0	0		0
b) Reappraisal at the end of current year	16.413	100	0	0	0	0	0		16.513
c) Written-off sums and depreciation (-)	8.717	1.329	804	19.944	2.508	465	0		33.766
c) Written-off sums and depreciation (-) (Deprec.)	8.695	1.324	804	19.944	2.508	465	0		33.740
c) Written-off sums and depreciation (-) (Reduction of value)	22	5	0	0	0	0	0		27
c) Changes of current year	2.289	112	41	2.464	1.723	27	0		6.632
.Increases	2.289	114	41	2.709	1.723	27	0		6.903
.Restored records (-)	0	0	0	0	0	0	0		0
.of assigned asset to the third parties (-)	0	0	0	-51	0	0	0		-51
.of write-offs (-)	0	-2	0	-193	0	-25	0		-220
.Transcriptions from one article to another +/(-)	0	0	0	0	0	0	0		0
.Moratoriums for asset, which is used little+/(-)	0	0	0	0	0	0	0		0
c) Written-off sums and depreciation (-) At the end of current year	11.006	1.441	845	22.408	4.231	467	0		40.398
d) Net value at the end of current year	32.113	507	159	8.755	7.660	54	0		49.248
Among them:									
<i>Transport equipment</i>					76				
					7.584				

Long-term intangible assets
 JSC "Klaipėdos baldai"
 Juoniskes St., 21, Klaipėda, Lithuania
 Company code 140656052

31 December , 2007

(thousands LTL)

	Research and development works	Program equipment		Advance payments
a) ACQUISITION VALUE In the end of the previous year		1.303		0
a) Changes of current year		38		0
Acquisition of assets		40		9
Transferred and unused assets (-)		-2		0
Rewritings from one account into another +/-(-)		-		
a) ACQUISITION VALUE In the end of the current year		1.349		0
b) WRITTEN OFF SUMS AND WEAR (-)		815		
b) WRITTEN OFF SUMS AND WEAR (-) (OrdDep)		815		
b) WRITTEN OFF SUMS AND WEAR (-) (Imp)				
b) Changes of the current year		374		
Increases		376		
Restoring entries (-)				
Assets transferred to the third persons				
Written off assets (-)		-2		
Rewritings from on account to another +/-(-)		-		
Provisions for little used assets +/-(-)				
b) WRITTEN OFF SUMS AND WEAR (-) in the end of the current year		1189		
c) NET VALUE IN THE END OF THE CURRENT YEAR		152		9

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

Related party transactions

<i>Sales of goods and services</i>	2007	2006
Koncernas SBA, UAB	2	1
Visagino linija UAB	534	-
SBA baldų kompanija UAB	152 306	117 159
Akmena AB	258	857
Šilutės baldai AB	308	422
Germanika UAB	131	-
Klaipėdos baldų prekyba UAB	414	361
Karigė AB	287	268
Kauno baldai AB	15	19
Euromodus UAB	4	-
Baldstata, UAB	16	22
	154 275	119 109

<i>Interest received</i>	2007	2006
SBA baldų kompanija UAB	220	205
Klaipėdos baldų prekyba UAB	143	106
	363	311

<i>Purchases of goods and services</i>	2007	2006
Koncernas SBA UAB	266	313
Visagino linija UAB	780	-
SBA baldų kompanija UAB	109 228	85 612
Baldstata UAB	425	628
Šilutės baldai AB	103	167
Germanika, UAB	10	-
Klaipėdos baldų prekyba UAB	12	10
Karigė AB	28	26
Utenos trikotažas AB	-	-
Kauno baldai AB	12	21

	2007	2006
<i>Amounts receivable within one year</i>		
SBA baldų kompanija UAB	27 416	18 138
Klaipėdos baldų prekyba UAB	794	331
Visagino linija UAB	-	133
Germanika UAB	6	100
Karigė AB	-	365
Akmena AB	515	436
Kauno baldai AB	42	38
Baldutūra UAB	30	30
Šilutės baldai AB	169	-
	28 972	19 571

	2007	2006
<i>Amounts receivable after one year</i>		
SBA baldų kompanija UAB	-	-
Klaipėdos baldų prekyba UAB	1 839	2 339
	1 839	2 339

	2007	2006
<i>Amounts payable within one year</i>		
Koncernas SBA UAB	219	16
Baldstata, UAB	48	-
Šilutės baldai AB	-	73
Association Industry Marketing and Business Centre	308	127
	575	216

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

Unspecified liabilities

Guarantees and warranties given

The Company has concluded warranty contracts with JSC DnB Nord bank, JSC bank "Snoras", "Bayerische Hypo-und Wereinsbank" and JSC bank "Hansabankas" under which it warrants with all its assets for financial liabilities of JSC "SBA Furniture Group" and JSC "SBA baldu kompanija" to the mentioned banks.

The Company's management is sure that JSC "SBA Furniture Group" and JSC "SBA baldu kompanija" shall fulfill their obligations to the banks and other creditors.

Besides, the Company has an obligation to JSC "VB lizingas" to repurchase equipment rented from JSC "VB lizingas" by JSC "Akmena" for 79 thousand Euro should the rent contract between JSC "VB lizingas" and JSC "Akmena" be terminated before it expires.

Liabilities

Guided by the contract concluded on October 2, 2002, with Klaipeda city municipality, the Company in exchange for the right to expand its production facilities undertook to finance various municipality projects total preliminary expenses of which amount to 1 100 thousand LTL. In the 1st quarter of the year 2007 the Company has not financed the mentioned projects (in 2006 it did not finance the mentioned projects).