

JSC “KLAIPEDOS BALDAI”

INTERMEDIATE FINANCIAL REPORTING

9 MONTH PERIOD FOR 2007

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 nine 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 nine 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
 30 September , 2007

Prepared in accordance with TFAS

(in thousands litas)

#	Accounts		January- september 2007	January- September 2006
I.	SALE INCOME		113 562	84 237
II.	SALE PRIME COSTS		(107 630)	(78 518)
III.	TOTAL PROFIT (LOSS)		5 932	5 719
IV.	ACTIVITY EXPENSES		(2 809)	(3 493)
IV.1.	Sale		(18)	(27)
IV.2.	General and administrative		(2 791)	(3 466)
V.	PROFIT (LOSS) OF TYPICAL ACTIVITY		3 123	2 226
VI.	OTHER ACTIVITY		520	411
VI.1.	Income		1 215	1 005
VI.2.	Expenditures		(695)	(594)
VII.	FINANCIAL AND INVESTMENT ACTIVITY		(875)	(409)
VII.1.	Income		299	257
VII.2.	Expenditures		(1 174)	(666)
VIII.	INCOME OF (LOSS) ORDINARY ACTIVITY		2 768	2 228
IX.	WINDFALL PROFITS		-	-
X.	LOSSES		-	-
XIII.	PROFIT (LOSS) BEFORE TAXES		2 768	2 228
XIV.	PROFIT TAX		(419)	(271)
XV.	NET PROFIT (LOSS)		2 349	1 957

Director

Eimuntas Jankauskas

JSC "KLAIPEDOS BALDAI"
Company code: 140656052, Joniskes St., 21, Klaipeda

BALANCE

30 September , 2007

(Thousands litas)

#	Accounts	Reporting period	Previous reporting period
A.	LONG-TERM ASSETS	52 796	56 784
I.	INTANGIBLE ASSETS	255	488
I.1.	Patents, licenses	45	107
I.2.	Programming equipment	210	381
I.3.	Other intangible assets	-	-
II.	TANGIBLE ASSETS	49 877	53 635
II.1.	Land	-	-
II.2.	Buildings and constructions	32 588	34 239
II.3.	Machinery and equipment	16 834	18 986
II.4.	Transportation means	252	299
II.5.	Other equipment, devices, instruments and units	51	74
II.6.	Construction in progress	127	
II.7.	Other tangible assets	25	37
III.	FINANCIAL ASSETS	2 664	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	2 354	2 351
III.4.	Other financial assets	288	288
B.	SHORT-TERM ASSETS	43 445	36 376
I.	STOCK, ADVANCE PAYMENTS AND CONTRACTS IN PROGRESS	9 132	16 054
I.1.	Stock	8 092	15 026
I.1.1.	Raw materials and component parts	4 299	6 580
I.1.2.	Production in process	2 062	2 221
I.1.3.	Produced products	1 731	6 225
I.2.	Advance payments	1 040	1 028
I.3.	Contracts in process	-	-
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	34 258	19 880
II.1.	Buyers' debts	30 489	15 566
II.2.	Debts of affiliate and associated companies	-	-
II.3.	Other accounts receivable	3 769	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	55	442
	TOTAL ASSETS:	96 241	93 160

BALANCE (continued)
30 September, 2007

#	Accounts	Reporting period	Previous reporting period
C.	EQUITY CAPITAL	58 711	56 363
I.	CAPITAL	8 166	8 166
I.1.	Statutory (subscribed)	8 166	8 166
II.	REEVALUATION RESERVE (RESULTS)	11 759	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)	30 271	27 014
IV.1.	Profit (loss) of the reporting year	2 349	3 031
IV.2.	Profit (loss) of the previous year	27 922	23 983
D.	DOTATIONS, SUBSIDIES	-	-
E.	ACCOUNTS PAYABLE AND LIABILITIES	37 530	36 797
I.	ACCOUNTS PAYABLE IN ONE YEAR AND LONG-TERM LIABILITIES	10 470	11 092
I.1.	Financial debts	7 695	8 103
I.1.1.	Leasing (financial rent) and similar liabilities	2 985	3 446
I.1.2.	To credit institutions	4 710	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	2 775	2 775
I.6.	Other accounts payable and long-term liabilities		214
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	27 060	25 705
II.1.	The current year part of long-term debts	3 692	2 234
II.2.	Financial debts	17 330	18 749
II.2.1.	To credit institutions	17 330	18 749
II.2.2.	Other debts	-	-
II.3.	Debts to providers	1 593	1 291
II.4.	Received advanced payments	3	17
II.5.	Profit tax liabilities	-	-
II.6.	Liabilities connected with labor relations	2 605	1 912
II.7.	Provisions	-	-
II.8.	Other accounts payable and short-term liabilities	1 837	1 502
	TOTAL EQUITY CAPITAL AND LIABILITIES	96 241	93 160

Director



Eimuntas Jankauskas

Report on changes of equity capital

30 September , 2007

(Thousands litas)

	Share capital	Reevaluation reserve	Reserves set forth by law	Other reserves	Undistributed profit	Total
The year finished on December 31, 2005						
Balance as of January 1, 2006	8 166	5 792	817	7 698	23 121	45 594
Reevaluation of buildings		10 475				10 475
Used reserves	-	(559)	- -	-	559	-
Net profit	-	-	- -	-	1 957	1 957
Balance as of September 30, 2006	8 166	15 708	817 -	7 698	25 637	58 026
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
Used reserves	-	(909)	- -	-	909	
Net profit (loss)	-	-	- -	-	2 349	2 349
Balance as of September 30, 2007	8 166	11 759	817 -	7 698	30 271	58 711

Director

Eimuntas Jankauskas


JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 30 September , 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	
	30 September , 2006	30 September , 2007
Cash flows from ordinary activity		
Net result	1 957	2 349
Corrections adjusting net profit with cash flows from ordinary activity	-	-
Corrections	-	-
Wear and amortization	4 341	5 482
Value decrease	27	11
Written-off sums	129	
Elimination of profit (loss) from sale of long-term assets	(29)	(2)
Elimination of results of connected companies and minority part	-	-
	6 424	7 840
Changes of short-term assets and short-term liabilities	-	-
Decrease (increase) of buyers' debts	(2 033)	(14 923)
Decrease (increase) of other accounts receivable within one year	237	(74)
Decrease (increase) of stock	(4 619)	6 923
Decrease (increase) of advance payments	(534)	(115)
Decrease (increase) of accumulated income and expenditures of future periods	(848)	103
Increase (decrease) of short-term debts to providers	(308)	301
Increase (decrease) of provisions and deferred taxes		-
Increase (decrease) of accumulated expenditures and income of future periods	616	337
Sums received in advance under signed contracts	(311)	(14)
Taxes, salaries and social insurance	(502)	693
Increase (decrease) of other payable sums and short-term liabilities	(11)	(2)
Net cash flows from ordinary activity	(1 889)	1 069
	-	-
Acquisition of long-term assets by net value	(8 703)	(1 489)
Changes of share capital		
Acquisition (sale) of long-term financial assets	559	-
Net cash flows (used) for investment activity	(8 144)	(1 489)
	-	-
Changes of long-term financial debts	1 147	(12 081)
Changes of other accounts payable and long-term liabilities	2 526	(246)
Changes of accounts receivable in one year	620	
Changes of short-term financial debts	4 917	12 359
Changes of investments and time deposits	-	-
Net cash flows (used) for financial activity	9 210	33
	-	-
Increase (decrease) of money and its equivalents	(823)	(387)
	-	-
Money and its equivalents in the beginning of the period	896	442
	-	-
Money and its equivalents in the end of the period	74	55

Director



Eimuntas Jankauskas

Long-term tangible assets

AB "Klaipėdos baldai"

Company code 140656052

The 30st of September, 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	0	70.888
a) Changes of current year	0	143	4	154	954	2	0	127	1.380
.Acquisitions of asset	0	143	4	206	954	8	0	127	1.442
.Assigned and unused asset(-)	0	0	0	-52	0	-10	0		-402
.Transcriptions from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
a) Acquisition value at the end of current year	26.176	1.738	1.004	30.832	11.891	500	0	127	72.268
b) Reappraisal at the end of previous financial years	16.413	100	0	0	0	0	0	0	16.514
b) Changes of current year	0	0	0	0	0	0	0	0	0
.of increase of value	0	0	0	0	0	0	0	0	0
.of assigned asset to the third parties (-)	0	0	0	0	0	0	0	0	0
.of write-offs (-)	0	0	0	0	0	0	0	0	0
.Transcriptions from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
b) Reappraisal at the end of current year	16.413	100	0	0	0	0	0	0	16.514
c) Written-off sums and depreciation (-)	8.717	1.329	804	19.944	2.508	465	0	0	33.766
c) Written-off sums and depreciation (-) (Deprec.)	8.695	1.324	804	19.944	2.508	465	0	0	33.740
c) Written-off sums and depreciation (-) (Reduction of value)	22	5	0	0	0	0	0	0	27
c) Changes of current year	1.717	77	31	2.022	1.281	11	0	0	5.139
.Increases	1.717	77	31	2.074	1.281	20	0	0	5.200
.Restored records (-)	0	0	0	0	0	0	0	0	0
.of assigned asset to the third parties (-)	0	0	0	-51	0	0	0	0	-51
.of write-offs (-)	0	0	0	0	0	-10	0	0	-10
.Transcriptions from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
.Moratoriums for asset, which is used little+/-(-)	0	0	0	0	0	0	0	0	0
c) Written-off sums and depreciation (-) At the end of current year	10.433	1.406	835	21.967	3.789	475	0	0	38.905
d) Net value at the end of current year	32.156	432	170	8.865	8.102	25	0	127	49.877
Among them:									
<i>Transport equipment</i>					82				
					8.020				

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

30 September, 2007

(thousands LTL)

	Research and development works	Program equipment	Prestige	Advance payments
a) ACQUISITION VALUE In the end of the previous year		1.302	0	0
a) Changes of current year		49	0	0
Acquisition of assets		49	0	0
Transferred and unused assets (-)			0	0
Rewritings from one account into another +/-(-)		-		
a) ACQUISITION VALUE In the end of the current year		1.351	0	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		282		
Increases		282		
Restoring entries (-)				
Assets transferred to the third persons				
Written off assets (-)				
Rewritings from on account to another +/-(-)		-		
Provisions for little used assets +/-(-)				
b) WRITTEN OFF SUMS AND WEAR (-) in the end of the current year		1.097		
c) NET VALUE IN THE END OF THE CURRENT YEAR		255		0

(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

30 September, 2007, the Company's shareholders were:

	Number of shares, pcs.	Share of the share capital, %
"SBA furniture group"UAB	5 558 441	68,07
Hansabank Clients	530 092	6,49
Association Industry and Marketing Business center	262 374	3,21
Virgilijus Rancys	350 000	4,29
"Skandinaviska Enskilda Banken"	207 139	2,54
Other shareholders	1 258 266	15,40
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 9 months of the year 2007 average number of the Company's employees was 637 (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 9 months of the year 2007 98,57 per cent of all the Company's sales were done to its affiliated party JSC "SBA baldų kompanija" (During the 9 months of the year 2006 98,0 %)

Sale cost	January- September 2007	January- September 2006
Raw materials	83 284	56 585
Salary and social insurance	15 529	14 978
Wear and tear	4 480	3 410
Utilities	2 059	1 616
Repairs	548	259
Other	1 730	1 670
	107 630	78 518

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

Sale and distribution expenditures

	January- September 2007	January- September 2006
Advertising	18	27
Salary and social insurance of sales personnel	-	-
Other expenditures	-	-
	18	27

General and administrative expenses

	January- September 2007	January- September 2006
Salary and social insurance	515	1063
Communication and informational technologies expenses	256	345
Taxes, except for profit tax	174	348
Wear and amortization	518	499
Consulting, audit, training, accounting services	258	-
Association fees and decrease of value	239	183
Security expenses	140	128
Writing off of stock and decrease of value	10	150
Materials and operation expenses	76	79
Business travel expenses	25	34
Written off long-term tangible assets	-	-
Other	580	638
	2 791	3 467

Income of another activity

	January- September 2007	January- September 2006
Rent income	427	397
Income from resorts	165	124
Profit from sale of long-term tangible assets	2	29
Other	621	454
	1 215	1 004

Expenditures of another activity

	January-September 2007	January- September 2006
Expenditures of resort	(419)	(325)
Rent expenditures	(276)	(269)
Other	-	-
	(695)	(594)

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

Income of financial activity

	January- September 2007	January- September 2006
Income from interest	267	230
Income from dividends	32	27
Other	-	-
	299	257

Expenditures of financial activity

	January- September 2007	January- September 2006
Interest expenditures	(1 170)	(663)
Other	(4)	(3)
	(1 174)	(666)

Investments in associated and affiliate companies

	30.09.2007	31.12.2006
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

	30.09.2007	31.12.2006
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
 30 September , 2007

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

Long-term receivable accounts

	30.09.2007	31.12.2006
Long-term share of credits granted to affiliated parties	2 339	2 339
Credits granted to employees	15	12
	2 354	2 351

Stock

	30.09.2007	31.12.2006
Raw materials	4 432	6 775
Construction in process	2 062	2 221
Produced products and goods meant for resale	1 731	6 225
Reduction in price to the net value of possible realization	(133)	(195)
	8 092	15 026

As of September 30, 2007, the Company has mortgaged stock 12 000 thousand LTL of value in order to guarantee payment of credit.

Accounts receivable, advanced payments and expenditures of future period

	30.09.2007	31.12.2006
Accounts receivable from affiliated parties, including short-term share of long-term debts	33 866	19 571
Accounts receivable from trade	344	225
Receivable VAT	-	-
Profit tax paid in advance	797	681
Short-term share of credits granted to employees	72	46
Advanced payments and expenditures of future period	219	347
Other receivable accounts	-	38
Decrease of value of bad accounts receivable	-	-
	35 298	20 908

Money and money equivalents

	30.09.2007	31.12.2006
Money at the bank	32	429
Money in cash	23	13
	55	442

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

Share capital

As of September 30, 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 9 months of the year 2007 there were no changes of share capital.

Reserves

	30.09.2007	31.12.2006
Reserves:		
- reevaluation reserve	11 759	12 668
- reserve presupposed by law	817	817
- other reserves	7 698	7 698
	<u>20 274</u>	<u>21 183</u>

Credits

	30.09.2007	31.12.2006
Short-term credits		
Short-term bank credits	17 330	3 072
Short-term share of long-term credits received from banks and non-financial institutions	2 279	15 678
Leasing liabilities	1 413	2 201
	<u>21 022</u>	<u>20 951</u>

Long-term credits

	30.09.2007	31.12.2006
Long-term credits received from banks and non-financial institutions	4 710	4 658
Leasing liabilities	2 985	3 446
	<u>7 695</u>	<u>8 104</u>
Total credits	<u>28 717</u>	<u>29 055</u>

Trade and other payable sums

	30.09.2007	31.12.2006
Trade payable sums	929	1 075
Sums payable to affiliated parties	664	216
Taxes	310	274
Salary and social insurance payable	1 340	1 159
Sums received in advance	3	17
Vacation reserve	1 219	1 415
Other payable sums and accumulated expenditures	1 573	598
	<u>6 038</u>	<u>4 754</u>

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 30 September, 2007

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

Related party transactions

Sales of goods and services

	January-September 2007	January-September 2006
Koncernas SBA UAB	1	1
Visagino linija UAB	400	2
SBA baldų kompanija UAB	112 033	82 441
Akmena AB	221	747
Šilutės baldai AB	179	358
Germanika UAB	102	12
Klaipėdos baldų prekyba UAB	296	270
Karigė AB	245	203
Kauno baldai AB	8	18
Euromodus UAB	3	7
Klaipėdos mediena AB	-	5
Utenos trikotažo prekyba UAB	1	
	113 489	84 064

Interest received

	January-September 2007	January-September 2006
SBA baldų kompanija UAB	162	153
Klaipėdos baldų prekyba UAB	105	76
	267	229

Purchases of goods and services

	January-September 2007	January-September 2006
Koncernas SBA UAB	217	254
Visagino linija UAB	625	-
SBA baldų kompanija UAB	75 165	60 479
Baldstata UAB	331	457
Šilutės baldai AB	70	96
Akmena AB	-	-
Klaipėdos baldų prekyba UAB	3	10
Karigė AB	22	15
Utenos trikotažas AB	9	14
Kauno baldai AB	10	18
Šatrija AB	57	49
Association Industry Marketing and Business Centre	226	168
	76 735	61 560

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

2007-09-30

2006-12-31

Amounts receivable within one year

SBA baldų kompanija UAB	31 644	18 138
Klaipėdos baldų prekyba UAB	783	331
Visagino linija UAB	-	133
Germanika UAB	219	100
Karigė AB	627	365
Akmena AB	471	436
Kauno baldai AB	36	38
Baldutura UAB	30	30
Šilutės baldai AB	56	-
	<hr/>	<hr/>
	33 866	19 571

Amounts receivable after one year

SBA baldų kompanija UAB	-	-
Klaipėdos baldų prekyba UAB	2 339	2 339
	<hr/>	<hr/>
	2 339	2 339

Amounts payable within one year

Koncernas SBA UAB	165	16
Visagino linija UAB	273	-
Šilutės baldai AB	-	73
Association Industry Marketing and Business Centre	226	127
	<hr/>	<hr/>
	664	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 Weresbank" 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 89 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).