

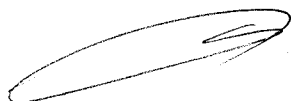
**JSC "KLAIPEDOS BALDAI"
INTERMEDIATE FINANCIAL REPORTING
9 MONTH PERIOD FOR 2008**

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, Ramūnas Marozas, confirm that to my knowledge, there is an attached financial accountability 30 September 2008 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.

Director



Ramūnas Marozas

JSC "KLAIPEDOS BALDAI"
FINANCIAL REPORTING
September 30, 2008

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

PROFIT (LOSS) REPORT

Prepared in accordance with TFAS

#	Accounts	January- September 2008	July- September 2008	January- September 2007	July- September 2007
I.	SALE INCOME	140 711	50 440	113 562	39 487
II.	SALE PRIME COSTS	(134 619)	(47 370)	(107 630)	(36 967)
III.	TOTAL PROFIT (LOSS)	6 092	3 070	5 932	2 520
IV.	ACTIVITY EXPENSES	(2 737)	(857)	(2 809)	(972)
IV.1.	Sale	(1)	0	(18)	(10)
IV.2.	General and administrative	(2 736)	(857)	(2 791)	(961)
V.	PROFIT (LOSS) OF TYPICAL ACTIVITY	3 354	2 213	3 123	1 548
VI.	OTHER ACTIVITY	755	344	520	276
VI.1.	Income	1 523	618	1 215	516
VI.2.	Expenditures	(768)	(274)	(695)	(240)
VII.	FINANCIAL AND INVESTMENT ACTIVITY	(875)	(291)	(875)	(308)
VII.1.	Income	314	101	299	96
VII.2.	Expenditures	(1 189)	(392)	(1 174)	(404)
VIII.	INCOME OF (LOSS) ORDINARY ACTIVITY	3 234	2 266	2 768	1 516
IX.	WINDFALL PROFITS			-	
X.	LOSSES			-	
XIII.	PROFIT (LOSS) BEFORE TAXES	3 234	2 266	2 768	1 516
XIV.	PROFIT TAX	(486)	(340)	(419)	(193)
XV.	NET PROFIT (LOSS)	2 748	1 926	2 349	1 323

Director



Ramūnas Marozas

**JSC “KLAIPEDOS BALDAI”
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(All the sums in the table are shown in thousands litas, unless specified otherwise)

BALANCE

#	Accounts		2008-09-30	2007-12-31
A.	LONG-TERM ASSETS		50 541	51 840
I.	INTANGIBLE ASSETS		59	161
I.1.	Patents, licenses		-	26
I.2.	Programming equipment		59	135
I.3.	Other intangible assets		-	-
II.	TANGIBLE ASSETS		49 325	49 248
II.1.	Land		-	-
II.2.	Buildings and constructions		22 887	24 493
II.3.	Machinery and equipment		16 766	16 290
II.4.	Transportation means		417	235
II.5.	Other equipment, devices, instruments and units		41	44
II.6.	Construction in progress		-	-
II.7.	Other tangible assets		87	59
II.8.	Investment property		8 127	8 127
II.8.1.	Buildings		8 127	8 127
	FINANCIAL ASSETS		2 157	2 431
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		1 847	2 121
III.4.	Other financial assets		288	288
B.	SHORT-TERM ASSETS		48 320	42 753
I.	STOCK, ADVANCE PAYMENTS AND CONTRACTS IN PROGRESS		13 226	13 472
I.1.	Stock		12 533	13 195
I.1.1.	Raw materials and component parts		6 702	6 360
I.1.2.	Production in process		2 379	2 693
I.1.3.	Produced products		3 452	4 142
I.2.	Advance payments		693	277
I.3.	Contracts in process		-	-
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR		35 058	29 232
II.1.	Buyers' debts		30 118	24 945
II.2.	Debts of affiliate and associated companies		-	-
II.3.	Other accounts receivable		4 940	4 287
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		36	49
	TOTAL ASSETS:		98 861	94 593

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

BALANCE (continued)

#	Accounts	2008-09-30	2007-12-31
C.	EQUITY CAPITAL	62 328	59 580
I.	CAPITAL	8 166	8 166
I.1.	Statutory (subscribed)	8 166	8 166
II.	REEVALUATION RESERVE (RESULTS)	10 881	11 789
III.	RESERVES	8 515	8 515
III.1.	Obligatory	817	817
III.3.	Other reserves	7 698	7 698
IV.	UNDISTRIBUTED PROFITS (LOSS)	34 766	31 110
IV.1.	Profit (loss) of the reporting year	2 748	3 016
IV.2.	Profit (loss) of the previous year	32 018	28 094
D.	DOTATIONS, SUBSIDIES	-	-
E.	ACCOUNTS PAYABLE AND LIABILITIES	36 533	35 013
I.	ACCOUNTS PAYABLE IN ONE YEAR AND LONG-TERM LIABILITIES	9 136	9 633
I.1.	Financial debts	6 358	6 855
I.1.1.	Leasing (financial rent) and similar liabilities	3 927	2 715
I.1.2.	To credit institutions	2 431	4 140
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	2 778
I.6.	Other accounts payable and long-term liabilities	-	-
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	27 397	25 380
II.1.	The current year part of long-term debts	3 758	3 564
II.2.	Financial debts	16 785	16 654
II.2.1.	To credit institutions	16 785	16 654
II.2.2.	Other debts	-	-
II.3.	Debts to providers	2 042	1 611
II.4.	Received advanced payments	-	-
II.5.	Profit tax liabilities	-	-
II.6.	Liabilities connected with labor relations	1 456	1 445
II.7.	Provisions	-	-
II.8.	Other accounts payable and short-term liabilities	3 356	2 106
	TOTAL EQUITY CAPITAL AND LIABILITIES	98 861	94 593

Director



Ramūnas Marozas

JSC "KLAIPEDOS BALDAI"
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(All the sums in the table are shown in thousands litas, unless specified otherwise)

Report on changes of equity capital

	Share capital	Reevaluation reserve	Reserves set forth by law	Other reserves	Undistributed profit	Total
Balance as of January 01, 2007	8 166	12 688	817	7 698	27 014	56 363
Used reserves	-	(909)	-	-	909	-
Net profit	-	-	-	-	2 349	2 349
Balance as of September 30, 2007	8 166	11 759	817	7 698	30 271	58 711
Used reserves	-	(171)	-	-	171	-
Depreciation transfer-tax	-	201	-	-	-	201
Recognition of deferred profit tax liabilities	-	-	-	-	-	-
Net profit	-	-	-	-	1 990	1 990
Balance as of January 01, 2008	8 166	11 789	817	7 698	31 110	59 580
Used reserves	-	(908)	-	-	908	-
Net profit (loss)	-	-	-	-	2 748	2 748
Balance as of September 30, 2008	8 166	10 881	817	7 698	34 766	62 328

Director



Ramūnas Marozas

JSC "KLAIPEDOS BALDAI"
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(All the sums in the table are shown in thousands litas, unless specified otherwise)

Cash flows report

	September 30, 2008	September 30, 2007
Cash flows from ordinary activity		
Net result	2 748	2 349
Corrections adjusting net profit with cash flows from ordinary activity	-	-
Corrections	-	-
Wear and amortization	5 116	5 482
Value decrease	(31)	11
Written-off sums	(2)	-
Elimination of profit (loss) from sale of long-term assets	(11)	(2)
Elimination of results of connected companies and minority part	-	-
	7 820	7 840
Changes of short-term assets and short-term liabilities	-	-
Decrease (increase) of buyers' debts	(5 173)	(14 923)
Decrease (increase) of other accounts receivable within one year	(669)	(74)
Decrease (increase) of stock	695	6 923
Decrease (increase) of advance payments	(440)	(115)
Decrease (increase) of accumulated income and expenditures of future periods	35	103
Increase (decrease) of short-term debts to providers	431	301
Increase (decrease) of provisions and deferred taxes	-	-
Increase (decrease) of accumulated expenditures and income of future periods	755	337
Sums received in advance under signed contracts	-	(14)
Taxes, salaries and social insurance	501	693
Increase (decrease) of other payable sums and short-term liabilities	(7)	(2)
Net cash flows from ordinary activity	3 948	1 069
	-	-
Acquisition of long-term assets by net value	(3 816)	(1 489)
Changes of share capital	-	-
Acquisition (sale) of long-term financial assets	-	-
Net cash flows (used) for investment activity	(3 816)	(1 489)
	-	-
Changes of long-term financial debts	26	(12 081)
Changes of other accounts payable and long-term liabilities	(302)	(246)
Changes of accounts receivable in one year	-	-
Changes of short-term financial debts	131	12 359
Changes of investments and time deposits	-	-
Net cash flows (used) for financial activity	(145)	33
	-	-
Increase (decrease) of money and its equivalents	(13)	(387)
	-	-
Money and its equivalents in the beginning of the period	49	442
	-	-
Money and its equivalents in the end of the period	36	55

Director



Ramūnas Marozas

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

**Long-term tangible
assets**

	Buildings	Vehicles	Machinery and equipment, equipment of computers and organiz.	Finance lease	Other tangible assets	Constructi on in progress and prepaymen ts	Total
a) Acquisition value at the end of previous financial years	28 051	1 004	31 164	11 891	520		72 630
a) Changes of current year		(18)	798	3 147	58		3 985
.Acquisitions of asset			850	3 224	60		4 134
.Assigned and unused asset(-)		(18)	(53)	(77)	(1)	0	(149)
.Transcriptions from one article to another +/-(-)							
a) Acquisition value at the end of current year	28 051	986	31 961	15 038	579	112	76 615
b) Reappraisal at the end of previous financial years	17 016						17 016
b) Changes of current year							
.of increase of value							
.of assigned asset to the third parties (-)							
.of write-offs (-)							
.Transcriptions from one article to another +/-(-)							
b) Reappraisal at the end of current year	17 016						17 016
c) Written-off sums and depreciation (-)	(12 447)	(845)	(22 408)	(4 231)	(467)	0	(40 398)
c) Written-off sums and depreciation (-) (Deprec.)	(12 420)	(845)	(22 408)	(4 231)	(467)	0	(40372)
c) Written-off sums and depreciation (-) (Reduction of value)	(27)						(27)
c) Changes of current year	(1 606)	(13)	(1773)	(1 491)	(25)	0	(4 908)
.Increases	(1 606)	(31)	(1 819)	(1 529)	(26)	0	(5 011)
.Restored records (-)							
.of assigned asset to the third parties (-)		18	34	37	1		90
.of write-offs (-)			13				13
.Transcriptions from one article to another +/-(-)							
.Moratoriums for asset, which is used little+/-(-)							
c) Written-off sums and depreciation (-)	(14 053)	(858)	(24 181)	(5 722)	(492)	0	(45 306)
d) Net book amount	31 014	128	7 780	9 316	87		48 325
<i>Among them:</i>							
<i>Transport equipment</i>				289			
<i>Investment property</i>	8 127			9 027			

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

Long-term intangible assets

	Computer software and other intangible assets
a) ACQUISITION VALUE In the end of the previous year	1 349
a) Changes of current year	30
Acquisition of assets	30
Transferred and unused assets (-)	
Rewritings from one account into another +/-(-)	
a) ACQUISITION VALUE In the end of the current year	1 380
b) WRITTEN OFF SUMS AND WEAR (-)	1 189
b) WRITTEN OFF SUMS AND WEAR (-) (OrdDep)	
b) WRITTEN OFF SUMS AND WEAR (-) (Imp)	
b) Changes of the current year	132
Increases	132
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	1 321
Net book amount	59

**JSC “KLAIPEDOS BALDAI”
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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

On September 30, 2008, the Company’s shareholders were:

	Number of shares, pcs.	Share of the share capital, %
JSC “SBA furniture group”	5 245 478	64,23
Hansabank Clients	442 678	5,42
Association Industry and Marketing Business center	262 374	3,21
Virgilijus Rancys	200 000	2,45
“Skandinaviska Enskilda Banken”	295 327	3,62
“Finasta”, AB FMI	222 783	2,73
“JSC “Finasta Rizikos valdymas”	247 980	3,04
Other shareholders	1 249 692	15,30
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 2008 average number of the Company’s employees was 637 (in 2007 – 659).

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 2008 98,55 per cent of all the Company’s sales were done to its affiliated party JSC “SBA baldų kompanija”.

Sale cost

	January- September 2008	January- September 2007
Raw materials	109 344	83 284
Salary and social insurance	17 287	15 529
Wear and tear	4 326	4 480
Utilities	2 346	2 059
Repairs	610	548
Other	706	1 730
	134 619	107 630

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Sale and distribution expenditures

	January- September 2008	January- September 2007
Advertising	-	18
Salary and social insurance of sales personnel	-	-
Other expenditures	-	-
	-	18

General and administrative expenses

	January- September 2008	January- September 2007
Salary and social insurance	404	515
Communication and informational technologies expenses	296	256
Taxes, except for profit tax	148	174
Wear and amortization	362	518
Consulting, audit, training, accounting services	262	258
Association fees and decrease of value	294	239
Security expenses	176	140
Writing off of stock and decrease of value		10
Materials and operation expenses	120	76
Business travel expenses	8	25
Written off long-term tangible assets		
Other	667	580
	2 737	2 791

Income of another activity

	January- September 2008	January- September 2007
Rent income	505	427
Income from holiday houses	174	165
Profit from sale of long-term tangible assets	11	2
Other	833	621
	1 523	1 215

Expenditures of another activity

	January- September 2008	January- September 2007
Expenditures of holiday houses	(434)	(419)
Rent expenditures	(334)	(276)
Other		
	(768)	(695)

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Income of financial activity

	January- September 2008	January- September 2007
Income from interest	286	267
Income from dividends	28	32
Other		
	314	299

Expenditures of financial activity

	January- September 2008	January- September 2007
Interest expenditures	(1 162)	(1 170)
Other	(27)	(4)
	(1 189)	(1 174)

Investments in associated and affiliate companies

	2008-09-30	2007-12-31
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

	2008-09-30	2007-12-31
In the beginning of the year	288	288
Acquisitions	-	-
Restoration of decrease of value	-	-
Transfers	-	-
	288	288
Balance in the end of the period		
Long-term	288	288
Short-term	-	-
	288	288

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Long-term receivable accounts

	2008-09-30	2007-12-31
Non-current part of loans granted to related parties	1 839	1 839
Loans granted to employees	3	12
Prepayments for property, plant and equipment	5	270
	1 847	2 121

Stock

	2008-09-30	2007-12-31
Raw materials	6 838	6 496
Construction in process	2 379	2 693
Produced products and goods meant for resale	3 452	4 142
Reduction in price to the net value of possible realization	(136)	(136)
	12 533	13 195

As of September 30, 2008, 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

	2008-09-30	2007-12-31
Receivables from related parties, including current	34 856	28 972
Trade receivables	130	228
Receivable VAT		
Prepaid income tax	-	24
Current portion of loans granted to employees	36	36
Prepayments and deferred charges	693	230
Other receivable accounts	36	19
	35 751	29 509

Cash and cash equivalents

	2008-09-30	2007-12-31
Cash at bank	20	38
Cash in hand	16	11
	36	49

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Share capital

As of September 30, 2008 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 month of 2008 there were no changes of share capital.

Reserves

	2008-09-30	2007-12-31
<i>Reserves:</i>		
- reevaluation reserve	10 881	11 789
- reserve presupposed by law	817	817
- other reserves	7 698	7 698
	19 396	20 304

Borrowings

	2008-09-30	2007-12-31
<i>Short-term credits</i>		
Short-term loans received from banks	16 785	16 654
Current portion of long-term loans received from banks	2 279	2 279
Finance lease liabilities	1 479	1 285
	20 543	20 218
<i>Long-term borrowings</i>		
Long-term loans received from banks	2 431	4 140
Finance lease liabilities	3 927	2 715
	6 358	6 855
	26 901	27 073

Total borrowings

Trade and other payable sums

	2008-09-30	2007-12-31
Trade payable sums	1 026	1 036
Sums payable to affiliated parties	1 016	575
Taxes	803	302
Salary and social insurance payable	1 456	1 445
Sums received in advance	-	-
Vacation reserve	1 489	1 673
Other payable sums and accumulated expenditures	1 064	131
	6 854	5 162

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Related-party transactions

<i>Sales of goods and services</i>	January- September 2008	January- September 2007
Koncernas SBA UAB	-	1
SBA baldų kompanija UAB	138 766	112 033
Visagino linija UAB	344	400
Klaipėdos baldų prekyba UAB	162	296
Šilutės baldai UAB	572	179
Euromodus UAB	2	3
Akmena UAB	-	221
Germanika UAB	421	102
Kauno baldai AB	9	8
Baldstata UAB	-	-
Karigė AB		245
Utenos trikotažo prekyba UAB	1	1
	140 277	113 489

Interest received

SBA baldų kompanija UAB	164	162
Klaipėdos baldų prekyba UAB	122	105
	286	267

Purchases of goods and services

Koncernas SBA UAB	147	217
SBA baldų kompanija UAB	105 083	75 165
Visagino linija UAB	197	625
Baldstata UAB	340	331
Šilutės baldai AB	107	70
Germanika, UAB	7	
Karigė AB	222	22
Klaipėdos baldų prekyba UAB	7	3
Kauno baldai AB	4	10
Utenos trikotažas UAB		9
Association Industry Marketing and Business Centre	282	226
Šatrija AB	20	57
	106 416	76 735

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

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Related-party transactions (continued)

<i>Amounts receivable within one year</i>	2008-09-30	2007-12-31
SBA baldų kompanija UAB	32 756	27 416
Klaipėdos baldų prekyba UAB	1 099	794
Akmena AB	-	515
Šilutės baldai AB	710	169
Kauno baldai AB	47	42
Baldutura UAB	30	30
Germanika UAB	41	6
Visagino linija UAB	173	-
Effigy UAB	-	-
	34 856	28 972
 <i>Amounts receivable after one year</i>		
Klaipėdos baldų prekyba UAB	1 839	1 839
	1 839	1 839
 <i>Amounts payable within one year</i>		
Koncernas SBA UAB	51	219
Association Industry Marketing and Business Centre	590	308
Baldstata UAB	109	48
Šilutės baldai AB	-	-
Karigė AB	242	-
Šatrija AB	24	-
Utenos trikotažas UAB	-	-
	1 016	575

Contingent liabilities and commitments

The Company has a commitment against SEB Lizingas UAB to repurchase equipment leased by Akmena AB from SEB Lizingas UAB for the amount of EUR 49 thousand in case the lease agreement between SEB Lizingas UAB and Akmena AB is terminated prior to its expiry term.