

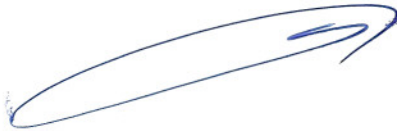
**JSC "KLAIPEDOS BALDAI"
INTERMEDIATE FINANCIAL REPORTING
12 MONTH PERIOD FOR 2008**

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 of twelve month period in 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
December 31, 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- December 2008	October December 2008	January- December 2007	October- December 2007
I.	SALE INCOME	185 283	44 572	154 330	40 768
II.	SALE PRIME COSTS	(176 907)	(42 288)	(146 233)	(38 603)
III.	TOTAL PROFIT (LOSS)	8 376	2 284	8 097	2 165
IV.	ACTIVITY EXPENSES	(3 524)	(786)	(3 778)	(969)
IV.1.	Sale	(2)		(48)	(30)
IV.2.	General and administrative	(3 522)	(786)	(3 730)	(939)
V.	PROFIT (LOSS) OF TYPICAL ACTIVITY	4 852	1 498	4 319	1 196
VI.	OTHER ACTIVITY	967	212	1 348	828
VI.1.	Income	2 700	1 177	2 001	828
VI.2.	Expenditures	(1 733)	(965)	(653)	
VII.	FINANCIAL AND INVESTMENT ACTIVITY	(1 171)	(296)	(1 588)	(713)
VII.1.	Income	411	97		
VII.2.	Expenditures	(1 582)	(393)	(1 588)	(713)
VIII.	INCOME OF (LOSS) ORDINARY ACTIVITY	4 648	1 414	4 079	1 311
IX.	WINDFALL PROFITS				
X.	LOSSES				
XIII.	PROFIT (LOSS) BEFORE TAXES	4 648	1 414	4 079	1 311
XIV.	PROFIT TAX	(797)	(311)	(1 063)	(644)
XV.	NET PROFIT (LOSS)	3 851	1 103	3 016	667

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	2008-12-31	2007-12-31
A.	LONG-TERM ASSETS	49 301	51 840
I.	INTANGIBLE ASSETS	80	161
I.1.	Patents, licenses	-	26
I.2.	Programming equipment	80	135
I.3.	Other intangible assets	-	-
II.	TANGIBLE ASSETS	46 950	49 248
II.1.	Land	-	-
II.2.	Buildings and constructions	23 459	24 493
II.3.	Machinery and equipment	15 588	16 290
II.4.	Transportation means	394	235
II.5.	Other equipment, devices, instruments and units	37	44
II.6.	Construction in progress	-	-
II.7.	Other tangible assets	43	59
II.8.	Investment property	7 429	8 127
II.8.1.	Buildings	7 429	8 127
	FINANCIAL ASSETS	2 271	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	1 961	2 121
III.4.	Other financial assets	288	288
B.	SHORT-TERM ASSETS	48 525	42 753
I.	STOCK, ADVANCE PAYMENTS AND CONTRACTS IN PROGRESS	16 793	13 472
I.1.	Stock	16 739	13 195
I.1.1.	Raw materials and component parts	7 851	6 360
I.1.2.	Production in process	868	2 693
I.1.3.	Produced products	8 020	4 142
I.2.	Advance payments	54	277
I.3.	Contracts in process	-	-
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	31 702	29 232
II.1.	Buyers' debts	26 743	24 945
II.2.	Debts of affiliate and associated companies	-	-
II.3.	Other accounts receivable	4 959	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	30	49
	TOTAL ASSETS:	97 826	94 593

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

BALANCE (continued)

#	Accounts	2008-12-31	2007-12-31
C.	EQUITY CAPITAL	63 430	59 580
I.	CAPITAL	8 166	8 166
I.1.	Statutory (subscribed)	8 166	8 166
II.	REEVALUATION RESERVE (RESULTS)	10 770	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)	35 979	31 110
IV.1.	Profit (loss) of the reporting year	3 851	3 016
IV.2.	Profit (loss) of the previous year	32 128	28 094
D.	DOTATIONS, SUBSIDIES	-	-
E.	ACCOUNTS PAYABLE AND LIABILITIES	34 396	35 013
I.	ACCOUNTS PAYABLE IN ONE YEAR AND LONG-TERM LIABILITIES	8 201	9 633
I.1.	Financial debts	5 423	6 855
I.1.1.	Leasing (financial rent) and similar liabilities	3 563	2 715
I.1.2.	To credit institutions	1 860	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	26 195	25 380
II.1.	The current year part of long-term debts	3 627	3 564
II.2.	Financial debts	16 832	16 654
II.2.1.	To credit institutions	16 832	16 654
II.2.2.	Other debts	-	-
II.3.	Debts to providers	2 090	1 611
II.4.	Received advanced payments	-	-
II.5.	Profit tax liabilities	-	-
II.6.	Liabilities connected with labor relations	1 369	1 445
II.7.	Provisions	-	-
II.8.	Other accounts payable and short-term liabilities	2 277	2 106
	TOTAL EQUITY CAPITAL AND LIABILITIES	97 826	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	-	(1 080)	-	-	1 080	-
Depreciation transfer-tax	-	201	-	-	-	201
Net profit	-	-	-	-	3 016	3 016
Balance as of December 31, 2007	8 166	11 789	817	7 698	31 110	59 580
Used reserves	-	(1 019)	-	-	1 019	-
Net profit (loss)	-	-	-	-	3 851	3 851
Balance as of December 31, 2008	8 166	10 770	817	-	7 698	35 979

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

	December 31, 2008	December 31, 2007
Cash flows from ordinary activity		
Net result	3851	3016
Corrections adjusting net profit with cash flows from ordinary activity		
Corrections		
Wear and amortization	6659	7279
Value decrease	(111)	250
Written-off sums	(35)	
Elimination of profit (loss) from sale of long-term assets	(21)	(2)
Elimination of results of connected companies and minority part		
	10 343	10 543
Changes of short-term assets and short-term liabilities		
Decrease (increase) of buyers' debts	(1 902)	(9 172)
Decrease (increase) of other accounts receivable within one year	(694)	(605)
Decrease (increase) of stock	(3 398)	(1 780)
Decrease (increase) of advance payments	194	545
Decrease (increase) of accumulated income and expenditures of future periods	39	194
Increase (decrease) of short-term debts to providers	478	319
Increase (decrease) of provisions and deferred taxes		(201)
Increase (decrease) of accumulated expenditures and income of future periods	(424)	309
Sums received in advance under signed contracts	1	(17)
Taxes, salaries and social insurance	506	(154)
Increase (decrease) of other payable sums and short-term liabilities	1	(5)
Net cash flows from ordinary activity	5 144	3 536
Acquisition of long-term assets by net value	(4 007)	(2 833)
Changes of share capital		201
Acquisition (sale) of long-term financial assets		
Net cash flows (used) for investment activity	(4 007)	(2 632)
Changes of long-term financial debts	34	(13 034)
Changes of other accounts payable and long-term liabilities	(1 368)	(246)
Changes of accounts receivable in one year		300
Changes of short-term financial debts	178	11 683
Changes of investments and time deposits		
Net cash flows (used) for financial activity	(1 156)	(1 297)
Increase (decrease) of money and its equivalents	(19)	(393)
Money and its equivalents in the beginning of the period	49	442
Money and its equivalents in the end of the period	30	49

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	116	(55)	(350)	2 585	41		2 336
.Acquisitions of asset	116		925	3224	60		4325
.Assigned and unused asset(-)		(55)	(1 276)	(639)	(19)		(1 989)
.Transcriptions from one article to another +/-(-)							
a) Acquisition value at the end of current year	28 167	949	30 813	14 476	561		74 966
b) Reappraisal at the end of previous financial years	17 016						17 016
b) Changes of current year							
.of increase of value	720						720
.of assigned asset to the third parties (-)							
.of write-offs (-)							
.Transcriptions from one article to another +/-(-)							
b) Reappraisal at the end of current year	17 736						17 736
c) Written-off sums and depreciation (-)	(12 447)	(845)	(22 408)	(4 231)	(467)		(40 398)
c) Written-off sums and depreciation (-) (Deprec.)	(12 420)	(845)	(22 408)	(4 231)	(467)	0	(40 372)
c) Written-off sums and depreciation (-) (Reduction of value)	(27)						(27)
c) Changes of current year	(2 568)	14	(1 164)	(1 622)	(14)		(5 354)
.Increases	(1 941)	(42)	(2 433)	(2 069)	(33)		(6 518)
.Restored records (-)							
.of assigned asset to the third parties (-)		18	38	447	4		507
.of write-offs (-)		37	1 230		16		1 283
.Transcriptions from one article to another +/-(-)							
.Moratoriums for asset, which is used little+/-(-)	627						627
c) Written-off sums and depreciation (-)	(15 015)	(831)	(23 573)	(5 853)	(481)		(45 753)
d) Net book amount	30 888	118	7 241	8 623	80		46 950
<i>Among them:</i>							
<i>Transport equipment</i>				276			
<i>Investment property</i>	7 429			8 347			

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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	59
Acquisition of assets	59
Transferred and unused assets (-)	
Rewritings from one account into another +/-(-)	
a) ACQUISITION VALUE In the end of the current year	1 408
b) WRITTEN OFF SUMS AND WEAR (-)	1 189
b) WRITTEN OFF SUMS AND WEAR (-) (OrdDep)	1 189
b) WRITTEN OFF SUMS AND WEAR (-) (Imp)	
b) Changes of the current year	139
Increases	139
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	1 328
Net book amount	80

**JSC “KLAIPEDOS BALDAI”
FINANCIAL REPORTING
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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 No. AB 93-59. The Company’s office address is:
Joniskės St., 21, LT-91267 Klaipėda
Lithuania

On December 31, 2008, the Company’s shareholders were:

	Number of shares, pcs.	Share of the share capital, %
JSC “SBA furniture group”	5 708 441	69,90
Hansabank Clients	434 698	5,32
Association Industry and Marketing Business center	262 374	3,21
Virgilijus Rancys	200 000	2,45
Skandinaviska Enskilda Banken	295 327	3,62
Other shareholders	1 265 472	15 50
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 2008 average number of the Company’s employees was 637 (in 2007 – 652).

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 2008 99,1 per cent of all the Company’s sales were done to its affiliated party JSC “SBA baldų kompanija”.

Sale cost

	January- December 2008	January- December 2007
Raw materials	143 440	111 369
Salary and social insurance	22 807	21 913
Wear and tear	5 725	5 863
Utilities	3 177	2 811
Repairs	375	392
Other	1 383	3 885
	176 907	146 233

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Sale and distribution expenditures

	January- December 2008	January- December 2007
Advertising	2	48
Salary and social insurance of sales personnel		
Other expenditures		
	2	48

General and administrative expenses

	January- December 2008	January- December 2007
Salary and social insurance	526	719
Communication and informational technologies expenses	397	347
Taxes, except for profit tax	183	193
Wear and amortization	307	555
Consulting, audit, training, accounting services	481	688
Association fees and decrease of value	393	328
Security expenses	235	192
Writing off of stock and decrease of value	(111)	52
Materials and operation expenses	250	127
Business travel expenses	12	26
Insurance	181	180
Other	668	323
	3 522	3 730

Income of another activity

	January- December 2008	January- December 2007
Rent income	650	570
Interest income		363
Income from holiday houses	187	181
Dividend income		31
Gain on disposal of property, plant and equipment	21	
Other	1 842	856
	2 700	2 001

Expenditures of another activity

	January- December 2008	January- December 2007
Expenditures of holiday houses	(575)	(566)
Rent expenditures	(285)	
Other	(873)	(87)
	(1 733)	(653)

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Income of financial activity

	January- September 2008	January- September 2007
Income from interest	383	
Income from dividends	28	
Other		
	411	-

Expenditures of financial activity

	January- December 2008	January- December 2007
Interest expenditures	(1 551)	(1 588)
Other	(31)	
	(1 582)	(1588)

Investments in associated and affiliate companies

	2008-12-31	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

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

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

Long-term receivable accounts

	2008-12-31	2007-12-31
Non-current part of loans granted to related parties	1 942	1 839
Loans granted to employees	1	12
Prepayments for property, plant and equipment	18	270
	1 961	2 121

Stock

	2008-12-31	2007-12-31
Raw materials	7 908	6 496
Construction in process	868	2 693
Produced products and goods meant for resale	8 020	4 142
Reduction in price to the net value of possible realization	(57)	(136)
	16 739	13 195

As of December 31, 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

	2008-12-31	2007-12-31
Receivables from related parties, including current	31 538	28 972
Trade receivables	132	228
Receivable VAT	-	24
Prepaid income tax	-	36
Current portion of loans granted to employees	32	230
Prepayments and deferred charges	54	19
Other receivable accounts	-	-
	31 756	29 509

Cash and cash equivalents

	2008-12-31	2007-12-31
Cash at bank	18	38
Cash in hand	12	11
	30	49

**JSC “KLAIPEDOS BALDAI”
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Share capital

As of December 31, 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 12 month of 2008 there were no changes of share capital.

Reserves

	2008-12-31	2007-12-31
<i>Reserves:</i>		
- reevaluation reserve	10 770	11 789
- reserve presupposed by law	817	817
- other reserves	7 698	7 698
	19 285	20 304

Borrowings

	2008-12-31	2007-12-31
<i>Short-term credits</i>		
Short-term loans received from banks	16 832	16 654
Current portion of long-term loans received from banks	2 280	2 279
Finance lease liabilities	1 347	1 285
	20 459	20 218
<i>Long-term borrowings</i>		
Long-term loans received from banks	1 860	4 140
Finance lease liabilities	3 563	2 715
	5 423	6 855
	25 882	27 073

Total borrowings

Trade and other payable sums

	2008-12-31	2007-12-31
Trade payable sums	1 337	1 036
Sums payable to affiliated parties	752	575
Taxes	895	302
Salary and social insurance payable	1 369	1 445
Sums received in advance	-	-
Vacation reserve	1 254	1 673
Other payable sums and accumulated expenditures	129	131
	5 736	5 162

**JSC “KLAIPEDOS BALDAI”
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Related-party transactions

Sales of goods and services

	January- December 2008	January- December 2007
Koncernas SBA UAB	-	-
SBA baldų kompanija UAB	183 696	152 304
Visagino linija UAB	423	533
Klaipėdos baldų prekyba UAB	162	414
Šilutės baldai UAB	936	307
Euromodus UAB	3	
Akmena UAB	2	258
Germanika UAB	652	130
Kauno baldai AB	11	13
Baldstata UAB	20	3
Karigė AB	-	287
Utenos trikotažo prekyba UAB		
	185 905	154 249

Interest received

SBA baldų kompanija UAB	217	220
Klaipėdos baldų prekyba UAB	166	143
	383	363

Purchases of goods and services

Koncernas SBA UAB	194	222
SBA baldų kompanija UAB	142 042	109 228
Visagino linija UAB	456	780
Baldstata UAB	606	425
Šilutės baldai AB	116	103
Germanika, UAB	7	10
Karigė AB	270	28
Klaipėdos baldų prekyba UAB	7	12
Kauno baldai AB	17	12
Akmena AB	5	-
Utenos trikotažas UAB	-	9
Association Industry Marketing and Business Centre	373	-
Šatrija AB	20	57
	144 113	110 886

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>	2008-12-31	2007-12-31
SBA baldų kompanija UAB	29 038	27 416
Klaipėdos baldų prekyba UAB	1 040	794
Akmena AB	-	515
Šilutės baldai AB	1 112	169
Kauno baldai AB	35	42
Baldutura UAB	-	30
Germanika UAB	313	6
Visagino linija UAB	-	-
Effigy UAB	-	-
	31 538	28 972
<i>Amounts receivable after one year</i>		
Klaipėdos baldų prekyba UAB	1 942	1 839
	1 942	1 839
<i>Amounts payable within one year</i>		
Koncernas SBA UAB	106	219
Association Industry Marketing and Business Centre	308	308
Baldstata UAB	153	48
Šilutės baldai AB	-	-
Karigė AB	145	-
Šatrija AB	-	-
Utenos trikotažas UAB	-	-
Visagino linija UAB	40	-
	752	575

Contingent liabilities and commitments

The Company has guarantee agreements with the bank Swed AB based on which it has issued a guarantee for the amount of all its assets on behalf of Visagino linija UAB and SBA Baldų Kompanija UAB to secure their borrowings from the above-mentioned bank.

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 39 thousand in case the lease agreement between SEB Lizingas UAB and Akmena AB is terminated prior to its expiry term.

