

**JSC "KLAIPEDOS BALDAI"
INTERMEDIATE FINANCIAL REPORTING
12 MONTH PERIOD FOR 2009**

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 2009 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, 2009

(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 2009	October December 2009	January- December 2008	October- December 2008
I.	SALE INCOME	170 000	39 922	185 283	44 573
II.	SALE PRIME COSTS	160 483	35 423	176 907	42 288
III.	TOTAL PROFIT (LOSS)	9 517	4 499	8 376	2 284
IV.	ACTIVITY EXPENSES	(3 795)	(1 581)	(3 524)	(786)
IV.1.	Sale	(7)	(2)	(2)	(1)
IV.2.	General and administrative	(3 787)	(1 579)	(3 522)	(786)
V.	PROFIT (LOSS) OF TYPICAL ACTIVITY	5 722	2 917	4 852	1 498
VI.	OTHER ACTIVITY	199	(765)	1 262	506
VI.1.	Income	2 243	492	3 111	1 588
VI.2.	Expenditures	(2 044)	(1 257)	(1 849)	(1 081)
VII.	FINANCIAL AND INVESTMENT ACTIVITY	(958)	(184)	(1 666)	(791)
VII.1.	Income	3	3	0	(314)
VII.2.	Expenditures	(961)	(187)	(1 666)	(477)
VIII.	INCOME OF (LOSS) ORDINARY ACTIVITY	4 963	1 968	4 447	1 213
IX.	WINDFALL PROFITS	0	0	0	0
X.	LOSSES	0	0	0	0
XIII.	PROFIT (LOSS) BEFORE TAXES	4 963	1 968	4 447	1 213
XIV.	PROFIT TAX	190	789	(1 404)	(918)
XV.	NET PROFIT (LOSS)	5 153	2 757	3 043	295

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BALANCE

#	Accounts	2009-12-31	2008-12-31
A.	LONG-TERM ASSETS	46 151	49 100
I.	INTANGIBLE ASSETS	53	80
I.1.	Patents, licenses	3	0
I.2.	Programming equipment	50	80
I.3.	Other intangible assets	0	0
II.	TANGIBLE ASSETS	40 785	46 749
II.1.	Land	0	-
II.2.	Buildings and constructions	23 469	23 258
II.3.	Machinery and equipment	11 761	15 548
II.4.	Transportation means	376	394
II.5.	Other equipment, devices, instruments and units	29	40
II.6.	Construction in progress	0	
II.7.	Other tangible assets	53	80
II.8.	Investment property	5 096	7 429
II.8.1.	Buildings	5 096	7 429
	FINANCIAL ASSETS	5 313	2 271
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	5 003	1 961
III.4.	Other financial assets	288	288
B.	SHORT-TERM ASSETS	50 829	48 526
I.	STOCK, ADVANCE PAYMENTS AND CONTRACTS IN PROGRESS	14 229	16 793
I.1.	Stock	14 180	16 739
I.1.1.	Raw materials and component parts	5 405	7 851
I.1.2.	Production in process	443	868
I.1.3.	Produced products	8 333	8 020
I.2.	Advance payments	48	54
I.3.	Contracts in process	0	0
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	36 517	31 702
II.1.	Buyers' debts	35 885	26 743
II.2.	Debts of affiliate and associated companies		
II.3.	Other accounts receivable	632	4 959
III.	OTHER SHORT-TERM ASSETS	0	0
III.1.	Short-term investments		
III.2.	Time deposits		
III.3.	Other short-term assets		
IV.	MONEY AND MONEY EQUIVALENTS	83	30
	TOTAL ASSETS:	96 980	97 625

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BALANCE (continued)

#	Accounts	2009-12-31	2008-12-31
C.	EQUITY CAPITAL	68 446	62 428
I.	CAPITAL	8 166	8 166
I.1.	Statutory (subscribed)	8 166	8 166
II.	REEVALUATION RESERVE (RESULTS)	10 560	10 576
III.	RESERVES	11 015	11 015
III.1.	Obligatory	817	817
III.3.	Reserve for acquisition own shares	2 500	2 500
III.4.	Other reserves	7 698	7 698
IV.	UNDISTRIBUTED PROFITS (LOSS)	38 705	32 671
IV.1.	Profit (loss) of the reporting year	5 153	3 043
IV.2.	Profit (loss) of the previous year	33 552	29 628
D.	DOTATIONS, SUBSIDIES		
E.	ACCOUNTS PAYABLE AND LIABILITIES	28 534	35 198
I.	ACCOUNTS PAYABLE IN ONE YEAR AND LONG-TERM LIABILITIES	7 167	11 006
I.1.	Financial debts	4 643	7 426
I.1.1.	Leasing (financial rent) and similar liabilities	2 521	3 863
I.1.2.	To credit institutions	2 123	3 563
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	2 523	3 580
I.6.	Other accounts payable and long-term liabilities		
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	21 367	24 192
II.1.	The current year part of long-term debts	2 825	3 627
II.2.	Financial debts	12 852	14 829
II.2.1.	To credit institutions	12 852	14 829
II.2.2.	Other debts		
II.3.	Debts to providers	1 451	2 089
II.4.	Received advanced payments	1	1
II.5.	Profit tax liabilities	981	122
II.6.	Liabilities connected with labor relations	1 326	1 533
II.7.	Provisions		
II.8.	Other accounts payable and short-term liabilities	1 932	1 991
	TOTAL EQUITY CAPITAL AND LIABILITIES	96 980	97 625

Director



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Report on changes of equity capital

	Share capital	Reevaluat on reserve	Legal reserves	Reserve for acquisiti on own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2008	8 166	11 789	817	-	7 698	31 110	59 580
Used reserves	-	(1 019)	-	-	-	1 019	-
Depreciation transfer-tax	-	(195)	-	-	-	-	(195)
Transfer to reserves for acquisition own shares				2 500		(2 500)	-
Net profit						3 043	3 043
Balance as at 31 December 2008	8 166	10 575	817	2 500	7 698	32 672	62 428
Reappraisal of assets		865					865
Used reserves		(1 100)				1 100	0
Depreciation transfer-tax		220				(220)	0
Net profit (loss)						5 153	5 153
Balance as at 31 December 2009	8 166	10 560	817	2 500	7 698	38 705	68 446

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Cash flows report

	December 31, 2009	December 31, 2008
Cash flows from ordinary activity		
Net result	5 153	3 043
Corrections adjusting net profit with cash flows from ordinary activity		
Corrections		
Wear and amortization	6 249	6 659
Value decrease	148	497
Written-off sums	(11)	(35)
Elimination of profit (loss) from sale of long-term assets	(1)	(21)
Elimination of results of connected companies and minority part		3 043
Changes of short-term assets and short-term liabilities		
Decrease (increase) of buyers' debts	(9 043)	(1 902)
Decrease (increase) of other accounts receivable within one year	752	(694)
Decrease (increase) of stock	2 578	(3 398)
Decrease (increase) of advance payments	8	194
Decrease (increase) of accumulated income and expenditures of future periods	(2)	40
Increase (decrease) of short-term debts to providers	(638)	478
Increase (decrease) of provisions and deferred taxes	(1 057)	195
Increase (decrease) of accumulated expenditures and income of future periods	(81)	(424)
Sums received in advance under signed contracts	0	1
Taxes, salaries and social insurance	674	506
Increase (decrease) of other payable sums and short-term liabilities	1	1
Net cash flows from ordinary activity	4 729	3 536
Acquisition of long-term assets by net value	(390)	(3 806)
Changes of share capital	865	(195)
Acquisition (sale) of long-term financial assets		
Net cash flows (used) for investment activity	475	(4 001)
Changes of long-term financial debts	3 576	34
Changes of long-term accounts receivable	397	0
Changes of accounts receivable in one year	(3 562)	0
Changes of other accounts payable and long-term liabilities	(2 782)	571
Changes of short-term financial debts	(2 780)	(1 761)
Changes of investments and time deposits		
Net cash flows (used) for financial activity	(5 151)	(1 156)
Increase (decrease) of money and its equivalents	53	(19)
Money and its equivalents in the beginning of the period	30	49
Money and its equivalents in the end of the period	83	30

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Long-term tangible assets

	Buildings	Vehicles	Machinery and equipment, computers and organiz.	Finance lease	Other tangible assets	Construction in progress and prepayments	Total
a) Acquisition value at the end of previous financial years	20 630	949	30 813	14 476	561	67 429	20 630
a) Changes of current year	1 310	0	(252)	76	(6)	1 128	1 310
.Acquisitions of asset		76	300			376	
.Assigned and unused asset(-)			(552)		(6)	(558)	
.Transcriptions from one article to another +/-(-)	1 310	(76)		76		1 310	1 310
a) Acquisition value at the end of current year	21 940	949	30 562	14 552	555	68 557	21 940
b) Reappraisal at the end of previous financial years	17 017					17 017	17 017
b) Changes of current year	1 590					1 590	1 590
.of increase of value	1 590					1 590	1 590
.of assigned asset to the third parties (-)							
.of write-offs (-)							
.Transcriptions from one article to another +/-(-)							
b) Reappraisal at the end of current year	18 606					18 606	18 606
c) Written-off sums and depreciation (-)	(14 388)	(831)	(23 573)	(5 853)	(481)	(45 125)	(14 388)
c) Written-off sums and depreciation (-) (Deprec.)	(14 362)	(831)	(23 573)	(5 853)	(481)	(45 099)	(14 362)
c) Written-off sums and depreciation (-) (Reduction of value)	(27)					(27)	(27)
c) Changes of current year	(2 690)	(42)	(1 462)	(2 135)	(21)	(6 350)	(2 690)
.Increases	(1 992)	(42)	(2 012)	(2 135)	(27)	(6 208)	(1 992)
.Restored records (-)							
.of assigned asset to the third parties (-)			2			2	
.of write-offs (-)			548		6	554	
.Transcriptions from one article to another +/-(-)							
.Moratoriums for asset, which is used little+/-(-)	(698)					(698)	(698)
c) Written-off sums and depreciation (-)	(17 078)	(873)	(25 035)	(7 988)	(502)	(51 475)	(17 078)
d) Net book amount	23 469	76	5 527	6 564	53	35 688	23 469
<i>Among them:</i>							
<i>Transport equipment</i>				300			
<i>Investment property</i>	5 096			6 264			

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Long-term intangible assets

	Computer software and other intangible assets
a) ACQUISITION VALUE In the end of the previous year	1 408
a) Changes of current year	(47)
Acquisition of assets	14
Transferred and unused assets (-)	(61)
Rewritings from one account into another +/-(-)	
a) ACQUISITION VALUE In the end of the current year	1 361
b) WRITTEN OFF SUMS AND WEAR (-)	(1 328)
b) WRITTEN OFF SUMS AND WEAR (-) (OrdDep)	(1 328)
b) WRITTEN OFF SUMS AND WEAR (-) (Imp)	
b) Changes of the current year	21
Increases	(41)
Restoring entries (-)	
Assets transferred to the third persons	
Written off assets (-)	61
Rewritings from on account to another +/-(-)	
Provisions for little used assets +/-(-)	
b) WRITTEN OFF SUMS AND WEAR (-) in the end of the current year	(1 307)
Net book amount	53

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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, 2009, the Company's shareholders were:

	Number of shares, pcs.	Share of the share capital, %
JSC "SBA furniture group"	5 908 441	72,35
Hansabank Clients	413 855	5,07
Skandinaviska Enskilda Banken	274 027	3,36
Association Industry and Marketing Business center	262 374	3,21
Other shareholders	1 307 615	16,01
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 2009 average number of the Company's employees was 618 (in 2008 – 637).

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 2009 99,0 per cent of all the Company's sales were done to its affiliated party JSC "SBA" baldų kompanija.

Sale cost

	January- December 2009	January- December 2008
Raw materials	126 650	140 607
Salary and social insurance	21 142	22 886
Wear and tear	5 302	5 725
Utilities	2 917	3 173
Repairs	662	375
Other	3 810	4 141
	160 483	176 907

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Sale and distribution expenditures

	January- December 2009	January- December 2008
Advertising	7	2
	<u>7</u>	<u>2</u>

General and administrative expenses

	January- December 2009	January- December 2008
Salary and social insurance	522	526
Communication and informational technologies expenses	329	362
Taxes, except for profit tax	213	183
Wear and amortization	270	307
Consulting, audit, training, accounting services	426	734
Association fees and decrease of value	49	406
Security expenses	211	235
Writing off of stock and decrease of value	695	(111)
Materials and operation expenses	77	96
Business travel expenses	16	12
Insurance	122	180
Other	857	591
	<u>3 787</u>	<u>3 521</u>

Income of another activity

	January- December 2009	January- December 2008
Sales of thermoelectricity	878	944
Rent income	806	769
Interest income	268	383
Income from holiday houses	153	185
Dividend income	100	28
Other	36	61
	<u>2 241</u>	<u>2 370</u>

Expenditures of another activity

	January- December 2009	January- December 2008
Expenditures of holiday houses	(598)	(575)
Other rental expenses	(340)	(285)
Direct operating expenses arising from investment property	(56)	(131)
Other	(27)	(27)
	<u>(1 021)</u>	<u>(1 018)</u>

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Finance costs

	January- December 2009	January- December 2008
Interest expenses	(958)	(1 667)
	<u>(958)</u>	<u>(1 667)</u>

Investments in associated and affiliate companies

	2009-12-31	2008-12-31
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	-	-
	<u>22</u>	<u>22</u>

To sell owned investments

	2009-12-31	2008-12-31
In the beginning of the year	288	288
Acquisitions	-	-
Restoration of decrease of value	-	-
Transfers	-	-
Balance in the end of the period	<u>288</u>	<u>288</u>
Long-term	288	288
Short-term	-	-
	<u>288</u>	<u>288</u>

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Long-term receivable accounts

	2009-12-31	2008-12-31
Non-current part of loans granted to related parties	5 003	1 942
Prepayments for property, plant and equipment		19
	5 003	1 961

Stock

	2009-12-31	2008-12-31
Raw materials	5 445	7 908
Construction in process	443	868
Produced products and goods meant for resale	8 361	8 020
Reduction in price to the net value of possible realization	(69)	(57)
	14 180	16 739

As of December 31, 2009, 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

	2009-12-31	2008-12-31
Receivables from related parties, including current	36 408	31 538
Trade receivables	87	132
Receivable VAT		
Prepaid income tax	-	-
Current portion of loans granted to employees		
Prepayments and deferred charges	48	54
Other receivable accounts	22	34
	36 565	31 757

Cash and cash equivalents

	2009-12-31	2008-12-31
Cash at bank	79	18
Cash in hand	4	12
	83	30

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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 2009 here were no changes of share capital.

Reserves

	2009-12-31	2008-12-31
<i>Reserves:</i>		
- reevaluation reserve	10 560	10 575
- reserve presupposed by law	817	817
- reserve for acquisition of own shares	2 500	2500
- other reserves	7 698	7 698
	<u>21 575</u>	<u>21 590</u>

Borrowings

	2009-12-31	2008-12-31
<i>Short-term credits</i>		
Short-term loans received from banks	12 852	14 829
Current portion of long-term loans received from banks	1 342	2 280
Finance lease liabilities	1 482	1 347
	<u>15 676</u>	<u>18 456</u>
<i>Long-term borrowings</i>		
Long-term loans received from banks	2 521	3 863
Finance lease liabilities	2 123	3 563
	<u>4 643</u>	<u>7 426</u>
Total borrowings	<u>20 319</u>	<u>25 882</u>

Trade and other payable sums

	2009-12-31	2008-12-31
Trade payable sums	843	1 337
Sums payable to affiliated parties	653	752
Taxes	769	773
Salary and social insurance payable	1 187	1 369
Vacation reserve and bonuses	1 178	1 254
Other payable sums and accumulated expenditures	125	129
	<u>4 710</u>	<u>5 614</u>

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Related-party transactions

<i>Sales of goods and services</i>	January- December 2009	January- December 2008
Koncernas SBA UAB	-	-
SBA baldų kompanija UAB	168 250	182 514
Visagino linija UAB	283	423
Klaipėdos baldų prekyba UAB	0	-
Šilutės baldai UAB	215	715
Karigė AB	0	
Akmena UAB	0	2
Germanika UAB	628	646
Kauno baldai AB	12	11
Baldstata UAB	17	20
	169 405	184 331
<i>Interest received</i>		
SBA baldų kompanija UAB	158	217
Klaipėdos baldų prekyba UAB	110	166
	268	383
<i>Purchases of goods and services</i>		
Koncernas SBA UAB	192	194
SBA baldų kompanija UAB	123 402	142 042
Visagino linija UAB	469	456
Baldstata UAB	462	606
Association Industry Marketing and Business Centre	17	373
Šilutės baldai AB	143	116
Šatrija AB	13	20
Karigė AB	0	54
Klaipėdos baldų prekyba UAB	2	7
Kauno baldai AB	81	17
Germanika, UAB	97	5
Pastatų įdėjų investicijos UAB	4	
Klaipėdos baldų prekyba UAB	0	
Utenos trikotažas UAB		
	124 882	143 890

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>	2009-12-31	2008-12-31
SBA baldų kompanija UAB	34 579	29 039
Klaipėdos baldų prekyba UAB	976	1 038
Šilutės baldai AB	38	1 112
Kauno baldai AB		35
Germanika UAB	819	313
	36 412	31 537
<i>Amounts receivable after one year</i>		
SBA baldų kompanija UAB	3 562	
Klaipėdos baldų prekyba UAB	1 942	1 942
	5 003	1 942
<i>Amounts payable within one year</i>		
Koncernas SBA UAB	19	106
Association Industry Marketing and Business Centre	287	308
Baldstata UAB	45	153
Karigė AB		145
Kauno baldai AB	37	-
Visagino linija UAB	265	40
	653	752

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