

For the Bank of Lithuania,
Supervisory Authority
Žirmūnų str. 151,
LT-09128 Vilnius
Lithuania

CONFIRMATION OF RESPONSIBLE PERSONS

2013-02-28

In accordance with Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodical and Additional Information adopted by the Securities Commission of the Republic of Lithuania, we, Ramūnas Marozas, Director of Klaipėdos baldai, AB and Audronė Mineikienė, Chief Accountant, hereby confirm that, to the best of our knowledge, the attached unaudited Interim Financial Statements of Klaipėdos baldai, AB for the the twelve months ended 31 December 2012, prepared in accordance with the International Financial Reporting Standards as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flow of the Company.

Enclosed: Klaipėdos baldai, AB unaudited Interim Financial Statements for the twelve months ended 31 December 2012.

Director



Ramūnas Marozas

Chief Accountant



Audronė Mineikienė

KLAIPĖDOS BALDAI, AB

COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL
REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION
(UNAUDITED)

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

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

Statement of comprehensive income

	Notes	January- December 2012	October- December 2012	January- December 2011	October- December 2011
Revenue	2	186 578	41 833	188 672	50 780
Cost of sales	3	(178 580)	(40 063)	(179 730)	(48 289)
Gross profit		7 998	1 770	8 942	2 491
Selling costs	3	(288)	(91)	(3)	-
Administrative expenses	3	(3 240)	(796)	(3 175)	(755)
Other income	4	2 185	474	1 864	454
Other expenses	5	(854)	208	(984)	(208)
Other gains/(losses) - net	6	234	10	20	2
Operating profit		6 035	1 159	6 916	1 984
Finance income	7	182	34	252	63
Finance costs	7	(509)	(93)	(749)	(261)
Profit before income tax		5 708	1 100	6 167	1 786
Income tax income/(expense)		(713)	(116)	(622)	(78)
Profit for the year		4 995	984	5 545	1 708
Attributable to:					
Shareholders of the Company		4 995	984	5 545	1 708
		4 995	984	5 545	1 708
Other comprehensive income					
Change in defined benefit obligations, net of tax		(74)	(74)	17	17
Other comprehensive income, net of tax		(74)	(74)	17	17
Total comprehensive income for the year		4 921	910	5 562	1 725
Attributable to:					
Shareholders of the Company		4 921	910	5 562	1 725
		4 921	910	5 562	1 725
Earnings per share attributable to the owners of the Company during the year (expressed in LTL per share)					
- basic and diluted	1	0,64	0,12	0,70	0,22

Director



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Chief accountant



Audronė Mineikienė

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

Statement of financial position

	Notes	As at December	
		2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	8	32 478	33 281
Investment property	9	5 562	5 562
Intangible assets	10	6	2
Available-for-sale financial assets	12	288	288
Other receivables	13	3 562	3 562
Other non-current assets	11	23	23
		41 919	42 718
Current assets			
Inventories	14	20 769	13 457
Trade and other receivables	15	42 768	47 150
Prepaid income tax		-	249
Cash and cash equivalents	16	63	102
		63 600	60 958
Total assets		105 519	103 676
EQUITY			
Equity attributable to shareholders of the Company			
Ordinary shares	17	7 749	8 166
Own shares	18	(418)	(1 506)
Reserves	19	19 822	20 406
Retained earnings		53 484	49 068
Total equity		80 637	76 134
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2 418	2 483
Borrowings	20	2 779	13 867
Defined benefit obligations	21	442	301
		5 639	16 651
Current liabilities			
Borrowings	20	13 270	4 592
Trade and other payables	22	5 787	6 299
Current income tax liabilities		186	-
		19 243	10 891
Total liabilities		24 882	27 542
Total equity and liabilities		105 519	103 676

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Statement of changes in equity

	Note	Attributable to shareholders of the Company						Total equity	
		Share capital	Own shares	Revaluation reserve	Legal reserve	Reserve for acquisition of own shares	Other reserves		Retained earnings
Balance as at 31 December 2010		8 166	-	9 475	817	2 500	7 698	43 422	72 078
Net profit for the year		-	-	-	-	-	-	5 545	5 545
Change in defined benefit obligations, net of tax		-	-	-	-	-	-	17	17
Total comprehensive income		-	-	-	-	-	-	5 562	5 562
Depreciation transfer gross	19	-	-	(1 275)	-	-	-	1 275	-
Depreciation transfer – tax	19	-	-	191	-	-	-	(191)	-
Transfer to reserves	19	-	-	-	-	1 000	-	(1 000)	-
Acquisition of own shares	18	-	(1 506)	-	-	-	-	-	(1 506)
Balance as at 31 December 2011		8 166	(1 506)	8 391	817	3 500	7 698	49 068	76 134
Net profit for the year		-	-	-	-	-	-	4 995	4 995
Change in defined benefit obligations, net of tax		-	-	-	-	-	-	(74)	(74)
Total comprehensive income		-	-	-	-	-	-	4 921	4 921
Depreciation transfer gross	19	-	-	(1 275)	-	-	-	1 275	-
Depreciation transfer – tax	19	-	-	191	-	-	-	(191)	-
Transfer to reserves	19	-	-	-	-	500	-	(500)	-
Acquisition of own shares	18	-	(418)	-	-	-	-	-	(418)
Cancellation of own shares	18	(417)	1 506	-	-	-	-	(1 089)	-
Balance as at 31 December 2012		7 749	(418)	7 307	817	4 000	7 698	53 484	80 637

Director



Ramūnas Marozas

Chief accountant



Audronė Mineikienė

KLAIPĖDOS BALDAI AB
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Cash flow statement

	Notes	Year ended 31 December	
		2012	2011
Net profit		4 995	5 545
<i>Adjustments for:</i>			
Income tax expenses		713	622
Depreciation	8	4439	4 133
Amortisation	10	3	23
Loss (gain) on disposal of property, plant and equipment and write-off	6,8	(221)	(20)
Writing off of stock and decrease of value	3	(30)	-
Interest expenses	9	506	676
Interest received	6	(161)	(240)
Dividend received		(21)	(12)
Other finance expenses	9	3	73
Change in working capital:			
- amounts receivable and prepayments		3 540	(7 076)
- inventories		(7 282)	2 641
- amounts payable		(458)	2 272
Cash generated from operations		6 026	8 637
Interest paid	9	(506)	(676)
Other finance expenses	9	(3)	(73)
Income tax paid		(579)	(871)
Net cash generated from operating activities		4 938	7 017
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(3 649)	(5 857)
Purchase of intangible assets		(7)	-
Repayment of loans granted		1 091	350
Disposal of property, plant and equipment		234	20
Interest received		161	240
Dividend received		21	12
Net cash used in investing activities		2 149	5 235
Cash flows from financing activities			
Proceeds from borrowings		2 851	3 924
Repayment of borrowings		(5 193)	(4 107)
Acquisition of own shares		(418)	(1 506)
Finance lease principal payments		(68)	(68)
Net cash used in financing activities		(2 828)	(1 757)
Net increase (decrease) in cash and cash equivalents		(39)	25
Cash and cash equivalents at beginning of year	20	102	77
Cash and cash equivalents at end of year	20	63	102

Director



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Chief accountant



Audronė Mineikienė

KLAIPĖDOS BALDAI AB
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1. General information

JSC "Klaipedos 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:
Joniskes St., 21, LT-91267 Klaipeda
Lithuania

Shareholders of the Company as at 31 December 2012 were as follows:

	Number of shares held	Shares of the share capital, %	Shares of votes, %
SBA Furniture Group UAB	6 055 566	78,14	79,16
Other shareholders	1 593 732	20,57	20,84
Own shares	99 951	1,29	-
Total	7 749 249	100,00	100,00

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

In 2012, the Company's average number of employees was 716 (2011: 597).

Earnings per share

Earnings per share are calculated as follows:

	January-December 2012	October-December 2012	January-December 2011	October-December 2011
Profit attributable to equity holders of the Company	4 921	910	5 562	1 725
Weighted average number of shares in issue (thousands)	7 736	7 695	7 959	7 764
Basic earnings per share (LTL)	0,64	0,12	0,70	0,22

2. Segment reporting

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 year ended 31 December 2012, 99 per cent of the Company's total sales were made to SBA Baldų Kompanija UAB (98 per cent in 2011).

Analysis of sales revenue by category

	2012	2011
Sales of goods	186 537	188 541
Revenue from services	41	131
	186 578	188 672

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3. Expenses by nature

Sale cost

	2012	2011
Raw materials	137 331	143 276
Salary and social insurance	27 695	23 642
Wear and tear	3 688	3 360
Utilities	4 038	3 832
Repairs	524	791
Other	5 304	4 829
	<u>178 580</u>	<u>179 730</u>

Selling costs

	2012	2011
Logistics	284	-
Advertising	4	3
	<u>288</u>	<u>3</u>

Administrative expenses

	2012	2011
Remuneration and social security	528	511
Consulting, training, accounting services	432	409
Communication and IT maintenance expenses	406	349
Materials and maintenance expenses	342	361
Taxes other than income tax	238	219
Depreciation and amortization	225	229
Security services	152	180
Insurance	128	123
Association fees and representation expenses	70	53
Car operating leases and operating costs	63	23
Charity and Support	50	97
Financial Institution Services	28	21
Other	578	600
	<u>3 240</u>	<u>3 175</u>
Total cost of sales, selling costs and administrative expenses	182 108	182 908

4. Other income

	2012	2011
Sales of thermoelectricity	1 351	993
Rent income	551	633
Income from holiday houses	269	178
Other	14	60
	<u>2 185</u>	<u>1 864</u>

5. Other expenses

	2012	2011
Expenditures of holiday houses	(790)	(845)
Other rental expenses	(3)	(59)
Direct operating expenses arising from investment property	(60)	(67)
Other	(1)	(13)
	<u>(854)</u>	<u>(984)</u>

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6. Other gains/ (losses) net

	2012	2011
Gain on disposal of property, plant and equipment	234	20
	234	20

7. Financial activities

Income

	2012	2011
Interest received	161	240
Dividend received	21	12
	182	252

Expenses

	2012	2011
Interest expenses	(506)	(676)
Other finance expenses	(3)	(73)
	(509)	(749)

8. Property plant and equipment

	Buildings	Plant and machinery	Vehicles	Total
At 1 January 2011				
Cost or revalued amount	40 462	45 286	1 285	87 033
Accumulated depreciation and impairment	(19 097)	(34 414)	(1 015)	(54 526)
Net book amount	21 365	10 872	270	32 507
Year ended 31 December 2011				
Opening net book amount	21 365	10 872	270	32 507
Additions	200	5 779	-	5 979
Reclassification to investment property (Note 9)	(1 072)	-	-	(1 072)
Depreciation	(2 033)	(2 011)	(89)	(4 133)
Closing net book amount	18 460	14 640	181	33 281
At 31 December 2011				
Cost or revalued amount	39 436	50 455	1 012	90 903
Accumulated depreciation and impairment	(20 976)	(35 815)	(831)	(57 622)
Net book amount	18 460	14 640	181	33 281
Year ended 31 December 2012				
Opening net book amount	18 460	14 640	181	33 281
Additions	1 342	2 271	36	3 649
Sold / written off assets acquisition value	-	(2 637)	(344)	(2 981)
Sold / written off assets accumulated depreciation	-	2 624	344	2 968
Depreciation	(2 057)	(2 322)	(60)	(4 439)
Closing net book amount	17 745	14 576	157	32 478
At 31 December 2012				
Cost or revalued amount	40 778	50 089	704	91 571
Accumulated depreciation and impairment	(23 033)	(35 513)	(547)	(59 093)
Net book amount	17 745	14 576	157	32 478

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9. Investment property

	2012	2011
Investment property at fair value as at 1 January	5 562	4 490
Losses from fair value change	-	1 072
Investment property at fair value as at 31 December	<u>5 562</u>	<u>5 562</u>

10. Intangible assets

	Computer software and other intangible assets
At 1 January 2011	
Cost	1 360
Accumulated amortisation	(1 335)
Net book amount	<u>25</u>
Year ended 31 December 2011	
Opening net book amount	25
Amortisation	(23)
Closing net book amount	<u>2</u>
At 31 December 2011	
Cost	1333
Accumulated amortisation	(1 331)
Net book amount	<u>2</u>
Year ended 31 December 2012	
Opening net book amount	2
Additions	7
Amortisation	(3)
Closing net book amount	<u>6</u>
At 31 December 2012	
Cost	1 340
Accumulated amortisation	(1 334)
Net book amount	<u>6</u>

11. Investments in associated and affiliate companies

	31 December 2012	31 December 2011
Investments in associated and affiliate companies as at 31 December	23	23
	<u>23</u>	<u>23</u>

12. To sell owned investments

	31 December 2012	31 December 2011
Available for sale financial assets as at 31 December	288	288
	<u>288</u>	<u>288</u>

13. Long-term receivable accounts

	31 December 2012	31 December 2011
Non-current part of loans granted to related parties	3 562	3 562
	<u>3 562</u>	<u>3 562</u>

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14. Stock

	31 December 2012	31 December 2011
Raw materials	3 866	4 852
Construction in process	1 922	1 694
Produced products and goods meant for resale	15 022	6 982
Reduction in price to the net value of possible realization	(41)	(71)
	<u>20 769</u>	<u>13 457</u>

15. Trade and other receivables

	31 December 2012	31 December 2011
Receivables from related parties including current portion of long-term debts	42 554	46 674
Trade receivables	94	100
Other amounts receivable and prepayments	120	376
	<u>42 768</u>	<u>47 150</u>

16. Cash and cash equivalents

	31 December 2012	31 December 2011
Cash at bank	59	99
Cash in hand	4	3
	<u>63</u>	<u>102</u>

17. Share capital

Following the decision made during the annual general meeting of shareholders, share capital was reduced by 417,063 thousand through cancellation 417,063 units of own shares.

As at 31 December 2012 the share capital comprised 7 749 249 ordinary registered shares with par value of LTL 1 each. All the shares are fully paid

18. Own shares

During 2012 the Company acquired 99 951 of its own shares and paid for them LTL 418 thousand. Own shares are accounted for by the amount paid as a reduction in shareholders' equity.

19. Reserves

	31 December 2012	31 December 2011
<i>Reserves:</i>		
- reevaluation reserve	7 307	8 391
- reserve presupposed by law	817	817
- reserve for acquisition of own shares	4 000	3 500
- other reserves	7 698	7 698
	<u>19 822</u>	<u>20 406</u>

Revaluation reserve

As at 31 December 2012 the revaluation reserve amounted to LTL 7 307 thousand (2011: LTL 8 391 thousand). This reserve was recognised following the revaluation of buildings.

In 2012, as a result of depreciation of revalued assets, revaluation reserve was decreased by the amount of LTL 1 275 thousand (2011: LTL 1 277 thousand), whereas the retained result for the year then ended was increased by the same amount accordingly. The revaluation reserve was increased by the amount of LTL 191 thousand of deferred income tax in relation to depreciation of revalued assets (2011: LTL 191 thousand).

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Legal reserve

Legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfer of 5 per cent of net profit of the reporting period is compulsory until the reserve reaches 10 per cent of the share capital. The legal reserve cannot be distributed as dividends and is formed to cover future losses. A part of legal reserve in excess of 10 per cent of the authorized share capital may be redistributed when appropriation of profit for the following financial year is performed.

Reserve for acquisition of own shares

This reserve is established following the decision made during the annual general meeting of shareholders in relation to distribution of profit available for appropriation. This reserve may be used only for the acquisition of the Company's shares. During the 2012 this reserve was increased by 500 thousand (2011 – LTL 1 000 thousand).

Other reserves

Other reserves are established following the decision made during the annual general meeting of shareholders in relation to distribution of profit available for appropriation. These reserves may be used only for the purposes approved by annual general meeting of the shareholders.

20. Borrowings

	31 December 2012	31 December 2011
<i>Short-term credits</i>		
Short-term loans received from banks	-	4 523
Current portion of long-term loans received from banks	13 254	69
Finance lease liabilities	17	4 592
	<u>13 271</u>	<u>4 523</u>
<i>Long-term borrowings</i>		
Long-term loans received from banks	2 779	13 850
Finance lease liabilities	-	17
	<u>2 779</u>	<u>13 867</u>
Total borrowings	<u>16 050</u>	<u>18 459</u>

21. Defined benefit obligations

As at 31 December 2012 the Company accounted for defined benefit obligations for employees leaving the Company at the age of retirement and other benefits foreseen in the collective agreement. Related expenses are included into operating expenses in the Company's statement of comprehensive income, actuarial gain or loss is included into other comprehensive income and the outstanding amount of the liability is presented under the defined benefit obligations caption and other in the statement of financial position.

	31 December 2012	31 December 2011
As of 31 December of the previous year	454	520
Change during the year	128	(66)
As of 31 December of the financial year	<u>582</u>	<u>454</u>
Non-current liabilities	442	301
Current liabilities	140	153
As of 31 December of the financial year	<u>582</u>	<u>454</u>

22. Trade and other payable sums

	31 December 2012	31 December 2011
Trade payable sums	1 510	1 467
Sums payable to affiliated parties (23 note)	395	621
Payables for equipment purchased	-	366
Taxes	548	213
Salary and social insurance payable	1 521	1 823
Vacation reserve and bonuses	1 593	1 568
Current portion of non-current employee benefits	140	152
Other payable sums and accumulated expenditures	80	89
	<u>5 787</u>	<u>6 299</u>

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

23. Related-party transactions

<i>Sales of goods and services</i>	31 December 2012	31 December 2011
- <i>Ultimate parent company:</i>		
Koncernas SBA UAB	1	-
- <i>Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	184 754	186 967
Visagino linija UAB	46	11
Šilutės baldai UAB	1 846	1 615
Germanika UAB	2	396
Kauno baldai AB	2	3
Baldstata UAB	17	18
Klaipėdos Baldų Prekyba UAB	1	-
Mebelain RAUB	337	-
	187 006	189 010

<i>Interest received</i>	31 December 2012	31 December 2011
- <i>Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	150	163
Klaipėdos baldų prekyba UAB	10	75
	160	238

<i>Purchases of goods and services</i>	31 December 2012	31 December 2011
- <i>Ultimate parent company:</i>		
Koncernas SBA UAB	313	251
- <i>Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	145 214	140 490
Visagino linija UAB	141	85
Baldstata UAB	430	457
Association Industry Marketing and Business Centre	19	19
Šilutės baldai AB	145	74
Šatrija AB	20	76
Klaipėdos baldų prekyba UAB	-	30
Kauno baldai AB	-	32
Germanika, UAB	13	2 644
Pastatų įdėjų įgyvendinimas UAB	-	6
	146 295	144 164

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

<i>Amounts receivable within one year</i>	31 December 2012	31 December 2011
- <i>Subsidiaries of ultimate parent company:</i>		
SBA baldų kompanija UAB	45 489	45 489
Klaipėdos baldų prekyba UAB	1 148	1 148
Šilutės baldai AB	37	37
Mebelain RAUB	80	-
	42 554	46 674

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

Related-party transactions (continued)

	31 December	31 December
	2012	2011
SBA baldų kompanija UAB	-	-
Klaipėdos Baldų Prekyba UAB	3 562	3 562
	<u>3 562</u>	<u>3 562</u>

Amounts payable within one year

	31 December	31 December
	2012	2011
<i>- Ultimate parent company:</i>		
Koncernas SBA UAB	156	179
<i>- Subsidiaries of ultimate parent company:</i>		
Association Industry Marketing and Business Centre	57	88
Baldstata UAB	123	108
Kauno baldai AB	29	31
Visagino linija UAB	30	16
Germanika UAB	-	135
Pastatų Idėjų įgyvendinimas UAB	-	8
Šatrija AB	-	56
	<u>395</u>	<u>621</u>