

**JSC “KLAIPEDOS BALDAI”
INTERMEDIATE FINANCIAL REPORTING
JUNE 30, 2007**

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

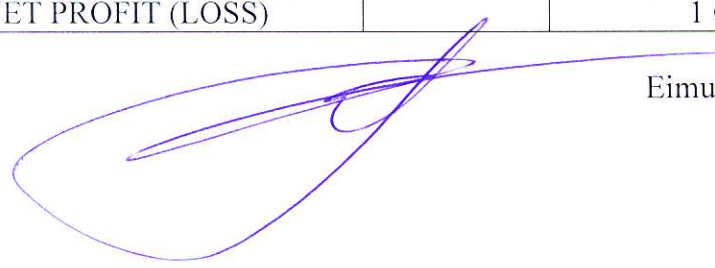
PROFIT (LOSS) REPORT
 JUNE 30, 2007

Prepared in accordance with TFAS

(in thousands litas)

| # | Accounts | | Reporting period | Previous reporting period |
|--------|------------------------------------|--|------------------|---------------------------|
| I. | SALE INCOME | | 74 075 | 119 512 |
| II. | SALE PRIME COSTS | | (70 663) | (112 088) |
| III. | TOTAL PROFIT (LOSS) | | 3 412 | 7 424 |
| IV. | ACTIVITY EXPENSES | | (1 837) | (4 492) |
| IV.1. | Sale | | (7) | (32) |
| IV.2. | General and administrative | | (1 830) | (4 460) |
| V. | PROFIT (LOSS) OF TYPICAL ACTIVITY | | (1 575) | 2 932 |
| VI. | OTHER ACTIVITY | | 244 | 1 888 |
| VI.1. | Income | | 699 | 2 711 |
| VI.2. | Expenditures | | (455) | (823) |
| VII. | FINANCIAL AND INVESTMENT ACTIVITY | | (567) | (591) |
| VII.1. | Income | | 203 | 338 |
| VII.2. | Expenditures | | (770) | (929) |
| VIII. | INCOME OF (LOSS) ORDINARY ACTIVITY | | 1 252 | 4 229 |
| IX. | WINDFALL PROFITS | | - | - |
| X. | LOSSES | | - | - |
| XIII. | PROFIT (LOSS) BEFORE TAXES | | 1 252 | 4 229 |
| XIV. | PROFIT TAX | | (226) | (1 198) |
| XV. | NET PROFIT (LOSS) | | 1 026 | 3 031 |

Director



Eimuntas Jankauskas

JSC "KLAIPEDOS BALDAI"
Company code: 140656052, Joniskes St., 21, Klaipeda
BALANCE
June 30, 2007


(Thousands litas)

| # | Accounts | Reporting period | Previous reporting period |
|--------|---|------------------|---------------------------|
| A. | LONG-TERM ASSETS | 54 434 | 56 784 |
| I. | INTANGIBLE ASSETS | 350 | 488 |
| I.1. | Patents, licenses | 65 | 107 |
| I.2. | Programming equipment | 285 | 381 |
| I.3. | Other intangible assets | - | - |
| II. | TANGIBLE ASSETS | 51 425 | 53 635 |
| II.1. | Land | - | - |
| II.2. | Buildings and constructions | 33 084 | 34 239 |
| II.3. | Machinery and equipment | 17 874 | 18 986 |
| II.4. | Transportation means | 269 | 299 |
| II.5. | Other equipment, devices, instruments and units | 64 | 74 |
| II.6. | Construction in progress | 103 | |
| II.7. | Other tangible assets | 31 | 37 |
| III. | FINANCIAL ASSETS | 2 659 | 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 | 2 349 | 2 351 |
| III.4. | Other financial assets | 288 | 288 |
| B. | SHORT-TERM ASSETS | 40 574 | 36 376 |
| I. | STOCK, ADVANCE PAYMENTS AND CONTRACTS IN PROGRESS | 14 134 | 16 054 |
| I.1. | Stock | 12 979 | 15 026 |
| I.1.1. | Raw materials and component parts | 6 958 | 6 580 |
| I.1.2. | Production in process | 2 064 | 2 221 |
| I.1.3. | Produced products | 3 957 | 6 225 |
| I.2. | Advance payments | 1 155 | 1 028 |
| I.3. | Contracts in process | - | - |
| II. | ACCOUNTS RECEIVABLE WITHIN ONE YEAR | 26 374 | 19 880 |
| II.1. | Buyers' debts | 22 649 | 15 566 |
| II.2. | Debts of affiliate and associated companies | - | - |
| II.3. | Other accounts receivable | 3 725 | 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 | 66 | 442 |
| | TOTAL ASSETS: | 95 008 | 93 160 |

BALANCE (continued)
June 30, 2007

| # | Accounts | Reporting period | Previous reporting period |
|---------|---|------------------|---------------------------|
| C. | EQUITY CAPITAL | 57 389 | 56 363 |
| I. | CAPITAL | 8 166 | 8 166 |
| I.1. | Statutory (subscribed) | 8 166 | 8 166 |
| II. | REEVALUATION RESERVE (RESULTS) | 12 062 | 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) | 28 646 | 27 014 |
| IV.1. | Profit (loss) of the reporting year | 1 026 | 3 031 |
| IV.2. | Profit (loss) of the previous year | 27 620 | 23 983 |
| D. | DOTATIONS, SUBSIDIES | - | - |
| E. | ACCOUNTS PAYABLE AND LIABILITIES | 37 619 | 36 797 |
| I. | ACCOUNTS PAYABLE IN ONE YEAR AND LONG-TERM LIABILITIES | 11 380 | 11 092 |
| I.1. | Financial debts | 8 605 | 8 103 |
| I.1.1. | Leasing (financial rent) and similar liabilities | 3 326 | 3 446 |
| I.1.2. | To credit institutions | 5 279 | 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 | 26 239 | 25 705 |
| II.1. | The current year part of long-term debts | 3 995 | 2 234 |
| II.2. | Financial debts | 16 841 | 18 749 |
| II.2.1. | To credit institutions | 16 841 | 18 749 |
| II.2.2. | Other debts | - | - |
| II.3. | Debts to providers | 1 604 | 1 291 |
| II.4. | Received advanced payments | 3 | 17 |
| II.5. | Profit tax liabilities | - | - |
| II.6. | Liabilities connected with labor relations | 1 912 | 1 912 |
| II.7. | Provisions | - | - |
| II.8. | Other accounts payable and short-term liabilities | 1 884 | 1 502 |
| | TOTAL EQUITY CAPITAL AND LIABILITIES | 95 008 | 93 160 |

Director



Eimuntas Jankauskas

Report on changes of equity capital

June 30, 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, 2005 | 8 166 | 6 166 | 817 | 7 698 | 18 892 | 41 739 |
| Used reserves | - | (374) | - | - | 374 | - |
| Net profit | - | - | - | - | 3 855 | 3 855 |
| Balance as of December 31, 2005 | 8 166 | 5 792 | 817 | 7 698 | 23 121 | 45 594 |
| 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 | - | (606) | - | - | 606 | - |
| Net profit (loss) | - | - | - | - | 1 026 | 1 026 |
| Balance as of June 30, 2007 | 8 166 | 12 062 | 817 | 7 698 | 28 646 | 57 389 |

Director

Eimuntas Jankauskas

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 June 30, 2007

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

| Cash flows report | Thousands litas | |
|--|-------------------|---------------|
| | December 31, 2006 | June 30, 2007 |
| Cash flows in thousands LTL | | |
| Cash flows from ordinary activity | | |
| Net result | 3031 | 1026 |
| Corrections adjusting net profit with cash flows from ordinary activity | - | - |
| Corrections | - | - |
| Wear and amortization | 6105 | 3639 |
| Value decrease | 464 | 5 |
| Written-off sums | | |
| Elimination of profit (loss) from sale of long-term assets | (35) | (2) |
| Elimination of results of connected companies and minority part | - | - |
| | 9564 | 4668 |
| Changes of short-term assets and short-term liabilities | - | - |
| Decrease (increase) of buyers' debts | (7445) | (7083) |
| Decrease (increase) of other accounts receivable within one year | 184 | (27) |
| Decrease (increase) of stock | (4915) | 2042 |
| Decrease (increase) of advance payments | 222 | (264) |
| Decrease (increase) of accumulated income and expenditures of future periods | 42 | 136 |
| Increase (decrease) of short-term debts to providers | (706) | 313 |
| Increase (decrease) of provisions and deferred taxes | 1365 | - |
| Increase (decrease) of accumulated expenditures and income of future periods | 402 | 388 |
| Sums received in advance under signed contracts | (508) | (14) |
| Taxes, salaries and social insurance | 114 | |
| Increase (decrease) of other payable sums and short-term liabilities | (9) | (6) |
| Net cash flows from ordinary activity | (1689) | 153 |
| | - | - |
| Acquisition of long-term assets by net value | (20255) | (1288) |
| Changes of share capital | 7738 | |
| Acquisition (sale) of long-term financial assets | (78) | - |
| Net cash flows (used) for investment activity | (12593) | (1288) |
| | - | - |
| Changes of long-term financial debts | 6590 | (10866) |
| Changes of other accounts payable and long-term liabilities | (137) | (246) |
| Changes of accounts receivable in one year | 2404 | |
| Changes of short-term financial debts | 4971 | 11871 |
| Changes of investments and time deposits | - | - |
| Net cash flows (used) for financial activity | 13828 | 759 |
| | - | - |
| Increase (decrease) of money and its equivalents | (454) | (376) |
| | - | - |
| Money and its equivalents in the beginning of the period | 896 | 442 |
| | - | - |
| Money and its equivalents in the end of the period | 442 | 66 |

Director



Eimuntas Jankauskas

Long-term tangible assets (Lt)

AB "Klaipėdos baldai"
Company code 140656052
The 31st of June, 2007

| | Land and buildings | Buildings | Vehicles | Machinery and equipment of computers and organiz. | Redemption rights | Other tangible assets | Unfinished construction | Paying in advance | Total |
|--|--------------------|-----------|----------|---|-------------------|-----------------------|-------------------------|-------------------|--------|
| a) Acquisition value at the end of previous financial year | 26.176 | 1.595 | 1.000 | 30.678 | 10.937 | 502 | 0 | 0 | 70.959 |
| a) Changes of current year | 0 | 41 | 4 | 106 | 954 | -3 | 0 | 78 | 1.180 |
| .Acquisitions of asset | 0 | 41 | 4 | 158 | 954 | 7 | 0 | 418 | 1.582 |
| .Assigned and unused asset(-) | 0 | 0 | 0 | -52 | 0 | -10 | 0 | -340 | -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 | 1.636 | 1.004 | 30.784 | 11.891 | 499 | 0 | 78 | 72.068 |
| 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 | 1.144 | 51 | 10 | 1.332 | 839 | 3 | 0 | 0 | 3.389 |
| .Increases | 1.144 | 51 | 10 | 1.383 | 839 | 13 | 0 | 0 | 3.450 |
| .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 | 9.861 | 1.380 | 824 | 21.276 | 3.347 | 468 | 0 | 0 | 37.156 |
| d) Net value at the end of current year | 32.728 | 356 | 180 | 9.508 | 8.544 | 31 | 0 | 78 | 51.425 |

Long-term intangible assets (LTL)

June 30, 2007

JSC "Klaipedos baldai"
Juoniskes St., 21, Klaipeda, Lithuania
140656052

Name:

Address:

Company code

| | 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 (-) | | 814 | | |
| b) WRITTEN OFF SUMS AND WEAR (-) (OrdDep) | | 814 | | |
| b) WRITTEN OFF SUMS AND WEAR (-) (Imp) | | | | |
| b) Changes of the current year | | 187 | | |
| Increases | | 187 | | |
| 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 | | 1 002 | | |
| c) NET VALUE IN THE END OF THE CURRENT YEAR | | 350 | | 0 |

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 June 30, 2007

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

1. General information

JSC "Klaipedos 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:

Joniskes St., 21, LT-91267 Klaipeda
 Lithuania

On June 30, 2007, the Company's shareholders were:

| | Number of shares, pcs. | Share of the share capital, % |
|---|---------------------------|----------------------------------|
| "SBA furniture group"UAB | 4 566 941 | 55,92 |
| Hansabank | 533 588 | 6,53 |
| Association Industry and Marketing Business center | 262 374 | 3,21 |
| Virgilijus Rancys | 350 000 | 4,29 |
| JSC "Šiaulių bankas" | 806 837 | 9,88 |
| "Skandinaviska Enskilda Banken" | 207 139 | 2,54 |
| Koncernas "SBA",UAB | 191 500 | 2,35 |
| Other shareholders | 1 247 933 | 15,28 |
| 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 6 months of the year 2007 average number of the Company's employees was 648 (in 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 6 months of the year 2007 98,6 per cent of all the Company's sales were done to its affiliated party JSC "SBA baldų kompanija".

Sale cost

| | 6 months of 2007 | 2006 |
|-----------------------------|------------------|----------------|
| Raw materials | 55 326 | 80 581 |
| Salary and social insurance | 10 369 | 20 471 |
| Wear and tear | 2 971 | 4 821 |
| Utilities | 1 361 | 2 223 |
| Repairs | 410 | 738 |
| Other | 226 | 3 254 |
| | 70 663 | 112 088 |

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 June 30, 2007

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

| | | |
|---|------------------|--------------|
| Sale and distribution expenditures | | |
| | 6 months of 2007 | 2006 |
| Advertising | 7 | 32 |
| Salary and social insurance of sales personnel | - | - |
| Other expenditures | - | - |
| | <u>7</u> | <u>32</u> |
| | | |
| General and administrative expenses | | |
| | 6 months of 2007 | 2006 |
| Salary and social insurance | 363 | 1 399 |
| Communication and informational technologies expenses | 174 | 452 |
| Taxes, except for profit tax | 114 | 264 |
| Wear and amortization | 345 | 681 |
| Consulting, audit, training, accounting services | 224 | 357 |
| Association fees and decrease of value | 156 | 256 |
| Security expenses | 89 | 173 |
| Writing off of stock and decrease of value | - | 42 |
| Materials and operation expenses | 153 | 131 |
| Business travel expenses | 20 | 40 |
| Written off long-term tangible assets | - | 74 |
| Other | 192 | 517 |
| | <u>1 830</u> | <u>3 916</u> |
| | | |
| Income of another activity | | |
| | 6 months of 2007 | 2006 |
| Rent income | 286 | 535 |
| Income from resorts | 64 | 138 |
| Profit from sale of long-term tangible assets | 2 | 35 |
| Other | 347 | 2 003 |
| | <u>699</u> | <u>2 711</u> |
| | | |
| Expenditures of another activity | | |
| | 6 months of 2007 | 2006 |
| Expenditures of resort | (235) | (475) |
| Rent expenditures | (220) | (348) |
| Other | - | - |
| | <u>(455)</u> | <u>(823)</u> |
| | | |
| Income of financial activity | | |
| | 6 months of 2007 | 2006 |
| Income from interest | 171 | 311 |
| Income from dividends | 32 | 27 |
| Other | - | - |
| | <u>203</u> | <u>338</u> |

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 June 30, 2007

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

| | | |
|--|------------------|---------------|
| Expenditures of financial activity | | |
| | 6 months of 2007 | 2006 |
| Interest expenditures | (767) | (999) |
| Other | (3) | 70 |
| | <u>(770)</u> | <u>(929)</u> |
| Investments in associated and affiliate companies | | |
| | 6 months of 2007 | 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 | - | - |
| | <u>22</u> | <u>22</u> |
| To sell owned investments | | |
| | 6 months of 2007 | 2006 |
| In the beginning of the year | 288 | 210 |
| Acquisitions | - | - |
| Restoration of decrease of value | - | 78 |
| Transfers | - | - |
| | <u>288</u> | <u>288</u> |
| | 288 | 288 |
| Long-term | 288 | 288 |
| Short-term | - | - |
| | <u>288</u> | <u>288</u> |
| Long-term receivable accounts | | |
| | 6 months of 2007 | 2006 |
| Long-term share of credits granted to affiliated parties | 2 339 | 2 339 |
| Credits granted to employees | 10 | 12 |
| | <u>2 349</u> | <u>2 351</u> |
| Stock | | |
| | 6 months of 2007 | 2006 |
| Raw materials | 7 125 | 6 775 |
| Construction in process | 2 064 | 2 221 |
| Produced products and goods meant for resale | 3 957 | 6 225 |
| Reduction in price to the net value of possible realization | (167) | (195) |
| | <u>12 979</u> | <u>15 026</u> |

As of June 30, 2007, the Company has mortgaged stock 10 000 thousand LTL of value in order to guarantee payment of credit.

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 June 30, 2007

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

| Accounts receivable, advanced payments and expenditures of future period | 6 months of 2007 | 2006 |
|--|------------------|---------------|
| Accounts receivable from affiliated parties, including short-term share of long-term debts | 26 008 | 19 571 |
| Accounts receivable from trade | 356 | 225 |
| Receivable VAT | - | - |
| Profit tax paid in advance | 965 | 681 |
| Short-term share of credits granted to employees | 34 | 46 |
| Advanced payments and expenditures of future period | 166 | 347 |
| Other receivable accounts | - | 38 |
| Decrease of value of bad accounts receivable | - | - |
| | <u>27 529</u> | <u>20 908</u> |

| Money and money equivalents | 6 months of 2007 | 2006 |
|-----------------------------|------------------|------------|
| Money at the bank | 39 | 429 |
| Money in cash | 27 | 13 |
| | <u>66</u> | <u>442</u> |

Share capital

As of June 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 1st quarter of the year 2007 there were no changes of share capital.

| Reserves | 6 months of 2007 | 2006 |
|------------------------------|------------------|---------------|
| Reserves: | | |
| - reevaluation reserve | 12 062 | 12 668 |
| - reserve presupposed by law | 817 | 817 |
| - other reserves | 7 698 | 7 698 |
| | <u>20 577</u> | <u>21 183</u> |

| Credits | 6 months of 2007 | 2006 |
|--|------------------|---------------|
| Short-term credits | | |
| Short-term bank credits | 16 841 | 3 072 |
| Short-term share of long-term credits received from banks and non-financial institutions | 2 279 | 15 678 |
| Leasing liabilities | 1 716 | 2 201 |
| | <u>20 836</u> | <u>20 951</u> |

JSC "KLAIPEDOS BALDAI"
 FINANCIAL REPORTING
 June 30, 2007

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

| | 6 months of 2007 | 2006 |
|--|------------------|---------------|
| Long-term credits | | |
| Long-term credits received from banks and non-financial institutions | 5 279 | 4 658 |
| Leasing liabilities | 3 326 | 3 446 |
| | <u>8 605</u> | <u>8 104</u> |
| Total credits | <u>29 441</u> | <u>29 055</u> |

Trade and other payable sums

| | 6 months of 2007 | 2006 |
|---|------------------|--------------|
| Trade payable sums | 1 368 | 1 075 |
| Sums payable to affiliated parties | 236 | 216 |
| Taxes | 674 | 274 |
| Salary and social insurance payable | 1 238 | 1 159 |
| Sums received in advance | 3 | 17 |
| Vacation reserve | 1 540 | 1 415 |
| Other payable sums and accumulated expenditures | 344 | 598 |
| | <u>5 403</u> | <u>4 754</u> |

Unspecified liabilities

Guarantees and warranties given

The Company has concluded warranty contracts with JSC DnB Nord bank, JSC bank "Snoras", "Bayerische Hypo-und WEREINSBANK" 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 "Akmėna" for 99 thousand Euro should the rent contract between JSC "VB lizingas" and JSC "Akmėna" be terminated before it expires.

Liabilities

Guided by the contract concluded on October 2, 2002, with Klaipėda 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).

Joint-stock company „Klaipėdos baldai“

For the Stocks committee of the Republic of Lithuania,

Konstitucijos pr. 23,

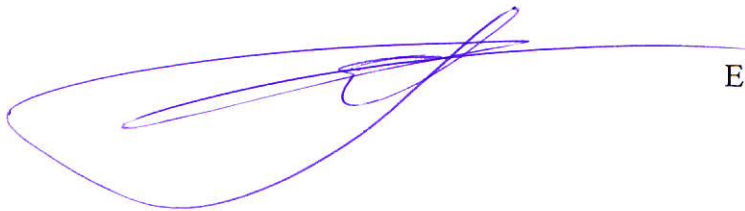
LT-08105 Vilnius

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 six month 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 six month in 2007 of the joint-stock company's „Klaipėdos baldai“ (12 pages)

Director



Eimuntas Jankauskas

**JOINT STOCK COMPANY
KLAIPĖDOS BALDAI**

JSC “Klaipėdos baldai”

SIX-MONTH INTERIM REPORT OF 2007

Klaipėda, 2007

1. Reporting cycle, for which interim report is prepared.

The interim report of JSC "Klaipėdos baldai" is prepared for six months of 2007th.

2. Main data about an issuer.

| | |
|--------------------------------|---|
| Name of the issuer | JSC "KLAIPEDOS BALDAI" |
| Authorized capital | 8 166 312 LTL |
| Residence address | Joniskes Str. 21; 91267 Klaipėda, Lithuanian Republic |
| Telephone | (46) 31 39 35 (46) 31 39 60 |
| Fax | (46) 31 39 51 |
| E-mail address | info@kbaldai.lt |
| Juridical-organizational form | Joint-stock company |
| Date and place of registration | The 3 rd of March, 1993, Administration of Klaipėda City |
| Registration Nr. | AB 93-59 |
| Company registry code | 140656052 |

3. Format of main issuer's activity.

Furniture trade.

4. Information about contracts with agents of public turnover securities.

On the 30th of November, 2006, JSC "Klaipėdos baldai" and JSC SEB Vilnius bank (Gedimino Str. 12, LT-01103 Vilnius, tel.(5)268 2687, Fax(5)262 6043) concluded the following contract Nr.S-Gend-231 on the Securities accounts administration and service.

5. Information about issuer's securities dealings on the controlled markets.

JSC "Klaipėdos baldai" securities are entered into the lists of Vilnius Stock Exchange on the 9th of August, 1994. At this time in the current dealings list of VSE there are 8 166 312 common inscribed paperless shares of JSC "Klaipėdos baldai" at par value of one litas, which aggregate par value – 8 166 312 litas.

6. Structure of issuer's authorized capital.

Authorized capital of the company registered at the LR Board of Agriculture is 8 166 312 Lt.
Structure of JSC "KLAIPEDOS BALDAI" authorized capital by stock type

| Stock type | Stock number | Nominal value (Lt) | Aggregate par value | Part of authorized capital (%) |
|----------------------------------|------------------|--------------------|---------------------|--------------------------------|
| Common inscribed paperless share | 8 166 312 | 1 | 8 166 312 | 100,00 |
| In total: | 8 166 312 | - | 8 166 312 | 100,00 |

All stock of JSC "KLAIPEDOS BALDAI" is paid. There were no changes in the authorized capital at the recent time.

7. Shareholders.

Total number of JSC "KLAIPEDOS BALDAI" shareholders for the 30th of June, 2007, is 860.

For the 30th of June, 2007, there were no shareholders, who have had more than 5% of Company authorized capital votes, belonging to the person with jointly operating persons.

| Name, surname (company name, type, residence address, company register code) of a shareholder | Number of common inscribed paperless share, belonging to a shareholder by right of ownership (pcs) | Part of authorized capital in stock (%) | Part of votes, provided by stock, belonging by right of ownership (%) |
|--|--|---|---|
| CJSC "SBA furniture group", 300103836 Laisvės Av. 3, Vilnius | 4 566 941 | 55,92 | 55,92 |
| JSC "Siaulių bankas" , 112025254, Tilzes Str.149, Siauliai | 806 837 | 9,88 | 9,88 |
| Hansabank Clients, 10060701, Liivalaia 8, Tallinn | 533 588 | 6,53 | 6,53 |
| Virgilijus Rancys, p/c 36208020902, Priekules Str. 12 ,Kaunas | 350 000 | 4,29 | 4,29 |
| Association "Business centre of industry and marketing" 134292039 K.Donelaicio Str .62, Kaunas | 262 374 | 3,21 | 3,21 |
| Skandinaviška Enskilda Banken AB Finnish Clients, 5020329081 Sergels Torg 2 ,10640 Stockholm, Sweden | 207 139 | 2,54 | 2,54 |
| CJSC KONCERNAS SBA, 132206739 .Laisvės Av. .3, Vilnius | 191 500 | 2,34 | 2,34 |
| Other shareholders | 1 247 933 | 15,28 | 15,28 |
| In total | 8 166 312 | 100 | 100 |

8. Information about issuer's activity results.

Six-month sales of JSC "Klaipėdos baldai" in 2007 amounted to 74 075 thousands Lt, in comparison with the same period of time in 2006 sales increased for 33,9%. Six-month pre-tax profit in 2007 – 1 251,8 thousands Lt. Company, pursuing its activity, faces different risks.

Financial risk management is performed by the administration.

Credit risk is mostly influenced by financial condition of CJSC "SBA Baldu kompanija", as the company gets most income from CJSC "SBA Baldu kompanija". Conservative management of liquidity risk allows holding the due amount of cash and money equivalents, required to cover the planned expenses. The company performs short forecast of money flows and it is concluded contracts with banks on the opportunity to borrow money, if necessary.

Market risk: main company production is marketed by CJSC "SBA Baldu kompanija". Marketing and selling functions are performed by CJSC "SBA Baldu kompanija".

Stores (materials) risk issues from constantly rising costs of raw materials. Materials are bought through CJSC "SBA Baldu kompanija", that allows to expect beneficial prices from raw supplier by uniting purchases of several companies.

Product quality risk: From 1997 Quality Management System, competent to requirements of new standard LST EN ISO 9001:2001, is operating effectively at the Company. TUV CERT experts confirm every year during regulatory audits. Rising problems are constantly analyzed and solved; work is improved by choosing masterly stage of Quality Management Development – General Quality Management (GQM).

Ecology risk. At JSC “Klaipedos baldai” is operating Environment Protection Management System competent to requirements of standards ISO 14001, implemented and certified in 1999. New, proprietary and of cleaner production technology is obtained by modernizing production. Environment Protection Management System requires permanent and systematic supervision, evaluation and effect (result) prognostication of system efficiency. To perform this, monitoring is pursued to supervise changes during particular period of time (ratio of energy input and furniture production, power resources input for 1000 m2 of made production and so on). Internal and external audits of functional system are also performed.

Personnel risk: the number of fired workers has increased in 2007. It was conditioned by departure of most workers to work abroad, as well as incapacity of newly employed workers to adjust to requirements and aims, raised by the company. The company considers its priority to increase productivity of workers and also salaries.

More information about company’s six-month work and financial results is given in financial accountability report.

9. Personnel.

According to the information on the 30th of June, 2007, average listing number of operatives at the company was 655 workers, 613 of them are workers, what makes 93,5 % of all operatives, and 42 managers and specialists – 6,4 % of all operatives. 36 workers with higher education, 19 – with further education, 124 – with vocational-technical education, 96 – with professional secondary education, 285 – with secondary education and 95 – with uncompleted secondary education worked in the company in 2007.

Company spent 36 875 Lt for personnel training during the half-year of 2007.

Average number of workers and average salary:

| | Half-year of 2007 |
|--|-------------------|
| Average conditional number of workers, prs. | 655 |
| Average salary or worker per month, lt | 2278 |
| Average salary of managers and specialists per month | 5420 |
| Average salary of workman per month | 2020 |

Rights and obligations of issuer’s workers, covered in the collective agreement of the company didn’t change since information representation in the annual prospectus-report of 2006.

10. Order of changing issuer’s regulations.

Regulations of JSC “Klaipedos baldai” cover, that only general meeting of JSC “Klaipedos baldai” shareholders has an exclusive right to change company regulations, except cases, covered by the law of joint-stock company of Lithuanian Republic. For making a decision on regulations change 2/3 votes of shareholders, majority of participating in the general meeting, are needed.

11. Issuer’s organs.

According to regulations of JSC “Klaipedos baldai”, Company regulatory bodies are General Meeting of Shareholders, Council of Supervisors, The Management and Company Director. Resolutions of the General Meeting of Shareholders, accepted on the questions, covered by Company regulations, within the competence of General Meeting of Shareholders, are

compulsory for shareholders, Council of Supervisors, Management, Director and other Company workers.

Shareholders, who were Company shareholders at the end of the accounting day of the General Meeting of Shareholders, have a right to participate in the General Meeting of Shareholders. Company meeting accounting day is the fifth working day to the General Meeting of Shareholders or the fifth working day to the repeated General Meeting of Shareholders. The person, participating in the General Meeting of Shareholders and having a right to vote, has to present personal identity document. The person, who is not a shareholder, besides personal identity document, should present a document, confirming a right to vote.

Collegial supervision organ - Council of Supervisors is chosen by the General Meeting of Shareholders in the order, covered by the law of joint-stock company of Lithuanian Republic. The Council of Supervisors consists of 3 (three) Council members. The Council of Supervisors is chosen for the period of 4 (four) years. The Council of Supervisors is choosing the council chairman from its members. The General Meeting of Shareholders can cancel all Council of Supervisors or its individual members till the end of tenure of Council of Supervisors. If individual members of the Council are chosen, they are chosen only till the end of functional council tenure.

The Council of Supervisors choose and destitute management members, supervises management and work of company director, presents responses and offers to the General Meeting of Shareholders on the strategy of company activity, annual financial accountability, project of profit distribution and company annual report, as well as on the management and work of company director, lays proposals to management and company director to cancel their resolutions, which contradict law and other legal acts, company regulations or resolutions of the General Meeting of Shareholders. It also solves other questions on the company and its management work supervision, which are assigned to the competence of the Council of Supervisors by resolutions at the General Meeting of Shareholders. The Council of Supervisors doesn't have a right to consign or pass functions, assigned to its competence in the joint-stock company law of Lithuanian Republic, for performing to other company organs.

The Management is a collegial organ of company administration, which consists of 3 (three) management members. The Council of Supervisors is choosing The Management for a period of 4 (four) years. The Council of Supervisors can cancel all Management or its individual members till the end of their tenure. If individual members of the Management are chosen, they are chosen only till the end of functional management tenure. The Management is choosing the management chairman from its members.

The Management choose and destitute the company director, sets his salary, other conditions of employment contract, official provisions, stimulates him and fines him.

The Director is a head of the Company. The head of the company is a one-man company management organ, which organizes company's activity. Authorizations and responsibility of the company administration members are determined by an order of the director.

12. Members of collegial organs, company director.

COUNCIL OF SUPERVISORS (the 30th of June, 2007)

| Nr. | Post | Name, Surname | Participation in issuer's capital (stock) % | Part of votes, % | Personal code |
|-----|----------|--------------------------|---|------------------|---------------|
| 1. | Chairman | Egidijus Valentinavicius | - | | 36901180362 |
| 2. | Member | Dalia Maleckiene | - | - | 47112180162 |
| 3. | Member | Virgilijus Rancys | 5,26 | 5,26 | 36208020902 |

The Management (the 30th of June, 2007)

| Nr. | Post | Name, Surname | Start of tenure | End of tenure | Participation in issuer's capital (stock) % | Part of votes, % | Personal code |
|-----|----------|--------------------|-----------------|---------------|---|------------------|---------------|
| 1. | Chairman | Ricerdas Kiaurakis | 13 04 2002 | 13 04 2008 | - | - | 36908060733 |
| 2. | Member | Audrone Mineikiene | 13 05 2005 | 13 04 2008 | - | - | 46212280114 |
| 3. | Member | Nikolajus Ivanovas | 13 05 2005 | 13 04 2008 | - | - | 36609220648 |

ADMINISTRATION DIRECTOR (the 30th of June, 2007)

| Post | Name, Surname | Works at this post | Participation in issuer's capital (available stock) | Participation in issuer's capital (available stock) | Personal code |
|----------|---------------------|--------------------|---|---|---------------|
| Director | Eimuntas Jankauskas | 02 02 2004 | - | - | 35810010026 |

13. Essential and newest events in the issuer's activity.

All essential events, which happened in 2007, are presented to Vilnius Stock Exchange and Stock Commission as it is required by rules of periodic display of information about issuer's work and their stock.

Sales of 2006.

Sales of 2006 – 118 402,8 thousands Lt.

08 01 2007

Work results announcement of 2006, the General Meeting of Shareholders

On the 27th of February, 2007, the Management of JSC "Klaipėdos baldai" confirmed the audited work result of 2006: sales - 119 512 thousands Lt, pre-tax profit – 4 228 thousands Lt, net profit – 3 031 thousands Lt.

On the 27 02 2006 the Management of JSC "Klaipėdos baldai" decided to call the General Meeting of Shareholders, on the 25th of April, 2007, the Management of JSC "Klaipėdos baldai" decided not to propose to the General Meeting of Shareholders to distribute profit for dividends, and designate the free funds to investments.

On 27th of February, 2007, the Management of JSC "Klaipėdos baldai" confirmed business plan for 2007: sales – 149 923 thousands Lt, pre-tax profit – 3 883 thousands Lt.

27 02 2007

The General Meeting of Shareholders occurred on the 25th of April, 2007.

The meeting decided:

- To second an report of the Council of Supervisors and an report of auditors;
- To confirm the company's work report for 2006;
- To confirm the company's financial accountability for 2006;
- To confirm profit distribution: there are no other distribution; not to distribute remaining profit – 27 014 thousands Lt;
- To confirm by the auditor the audit company CJSC "PriceWaterhouseCooper" of 2007.

25 04 2007

Operating results of a quarter of 2007.

Sales for January-March of 2007 amount to 36168 thousands Lt, pre-tax profit 282 thousands Lt.

27 04 2007

Operating results of May, 2007.

Sales of JSC "Klaipėdos baldai" for May, 2007, amount to 13 942 thousands Lt, and sales for January-May of 2007 amount to 62 254 thousands Lt.

11 06 2007

14. Business plans and forecasts.

- To sell the produce for 149,9 mln. Lt
- To get 3,8 mln. Lt of pre-tax profit.
- To perform a consistent implementation of "Quality policy", to further the Quality Management System (QMS) according to LST EN ISO 9000:2001.
- To increase production efficiency, to reduce cost price.
- To consistently implement SBA group project of business management processes standardization and automation.

Process of production in the company is organized and managed according to requirements of ISO 9001 and 14001 standards. Main direction – serial furniture production, where wood chipboards of different ply are used, and furniture is covered by a natural veneer, synthetic decorative film or laminate. The Company uses only certificated materials and raw.

By increasing the extent of production in 2007, it is planned not only to assure the quality of products but also to adjust the production stock in consideration of customer requests.

It is planned to designate 2,2 mln. Lt to production investments in 2007 for solving the question of production development and efficiency increase.

A business future of JSC "Klaipėdos baldai", oriented to long-term and stable development, assures satisfaction of requirements, mutual understanding, benefit and conformity of aims for all parties interested in company's business – shareholders, consumers, company and its business partners.

15. Information about pursuance of Management Code.

JSC "Klaipėdos baldai" mainly follows listing company Management Code of recommendatory nature, confirmed in August of 2006 at Vilnius Stock Exchange.

JSC "KLAIPEDOS BALDAI"
Director



Eimuntas Jankauskas