

**JOINT STOCK COMPANY  
KLAIPĖDOS BALDAI**

JSC “Klaipėdos baldai”

**SIX-MONTH INTERIM REPORT OF 2008**

Klaipėda, 2008

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

The interim report of JSC "Klaipėdos baldai" is prepared for six months of 2008<sup>th</sup>.

**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	<a href="mailto:info@kbaldai.lt">info@kbaldai.lt</a>
Juridical-organizational form	Joint-stock company
Date and place of registration	The 3 <sup>rd</sup> 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 30<sup>th</sup> 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 9<sup>th</sup> 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
<b>In total:</b>	<b>8 166 312</b>	<b>-</b>	<b>8 166 312</b>	<b>100,00</b>

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, 2008, is 845.

For the 30<sup>th</sup> of June, 2008, 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	5 273 658	64,58	64,58
Hansabank Clients, 10060701, Liivalaia 8, Tallinn	439 614	5,38	5,38
Skandinaviska Enskilda Banken AB Finnish Clients, 5020329081 Sergels Torg 2 ,10640 Stockholm, Sweden	295 327	3,62	3,62
Association "Business centre of industry and marketing" 134292039 K.Donelaicio Str .62, Kaunas	262 374	3,21	3,21
Financial brokerage company „Finasta“, 110356825, konstitucijos av 23, Vilnius	222 783	2,73	2,73
UAB ‘Finasta rizikos valdymas’, 300045450, Konstitucijos av. 23, Vilnius	222 300	2,72	2,72
Virgilijus Rancys,  Priekules Str. 12 ,Kaunas	200 000	2,45	2,45
Other shareholders	1 250 256	15,31	15,31
In total	8 166 312	100	100

## 8. Information about issuer’s activity results.

Six-month sales of JSC “Klaipėdos baldai” in 2008 amounted to 90 271 thousands Lt, in comparison with the same period of time in 2007 sales increased for 21,9%. Six-month pre-tax profit in 2008 – 968 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 “Klaipėdos 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 m<sup>2</sup> of made production and so on). Internal and external audits of functional system are also performed.

Personnel risk: the number of fired workers has decreased in 2008. It was conditioned by effective policy of incentive of workers, as well as capacity 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 30<sup>th</sup> of June, 2008, average listing number of operatives at the company was 648 workers, 607 of them are workers, what makes 93,67 % of all operatives, and 41 managers and specialists – 6,33 % of all operatives. 36 workers with higher education, 24 – with further education, 123 – with vocational-technical education, 97 – with professional secondary education, 295 – with secondary education and 73 – with uncompleted secondary education worked in the company in 2008.

Company spent 33 338 Lt for personnel training during the half-year of 2008

Average number of workers and average salary:

	Half-year of 2008
Average conditional number of workers, prs.	648
Average salary or worker per month, lt	2619
Average salary of managers and specialists per month	5463
Average salary of workman per month	2403

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 2007.

## 10. Order of changing issuer’s regulations.

Regulations of JSC “Klaipėdos baldai” cover, that only general meeting of JSC “Klaipėdos 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 “Klaipėdos 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 30<sup>th</sup> of June, 2008)

Nr.	Post	Name, Surname	Participation in issuer's capital (stock) %	Part of votes, %	Personal code
1.	Chairman	Egidijus Valentinavicius	-		
2.	Member	Dalia Maleckiene	-	-	
3.	Member	Virgilijus Rancys	2,45	2,45	

**The Management (the 30<sup>th</sup> of June, 2008)**

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	25 04 2008	25 04 2012	-	-	
2.	Member	Audrone Mineikiene	25 04 2008	25 04 2012	-	-	
3.	Member	Nikolajus Ivanovas	25 04 2008	25 04 2012	-	-	

**ADMINISTRATION DIRECTOR (the 30<sup>th</sup> of June, 2008)**

Post	Name, Surname	Works at this post	Participation in issuer's capital (available stock)	Participation in issuer's capital (available stock)	Personal code
Director	Ramunas Marozas	01 04 2008	-	-	

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

All essential events, which happened in 2008, 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 2007.

Sales of 2007 – 154 330,5 thousands Lt.  
23 01 2008

Work results announcement of 2007, the General Meeting of Shareholders

On the 29<sup>th</sup> of February, 2008, the Management of JSC "Klaipėdos baldai" confirmed the audited work result of 2007: sales - 154 331 thousands Lt, pre-tax profit – 4 080 thousands Lt, net profit – 3 016 thousands Lt.

On the 15 03 2008 the Management of JSC "Klaipėdos baldai" decided to call the General Meeting of Shareholders, on the 25<sup>th</sup> of April, 2008, 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.

The General Meeting of Shareholders occurred on the 25<sup>th</sup> of April, 2008.

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 2007;
- To confirm the company's financial accountability for 2007;
- To confirm profit distribution: there are no other distribution; not to distribute remaining profit – 28 610 thousands Lt;
- To confirm by the auditor the audit company CJSC "PriceWaterhouseCooper" of 2008.

25 04 2008

Operating results of a quarter of 2008.

Sales for January-March of 2008 amount to 43058 thousands Lt, pre-tax profit 344 thousands Lt.  
28 05 2008

New manager of the company

Board meeting of SC "Klaipėdos baldai" sustained the applications of Eimuntas Jankauskas to retire from his current position from 17th of March 2008 apropos of shift to another SBA Group company.

15.03.2008

SC "Klaipėdos baldai" board nominated Ramunas Marozas as director of the company starting 1st of April 2008.

28.03.2008

Operating results of May,2008.

Sales of JSC "Klaipėdos baldai" for May, 2008, amount to 15 169 thousands Lt, and sales for January-May of 2008 amount to 72 749 thousands Lt.

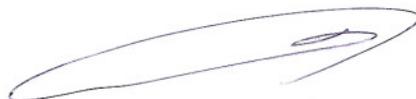
12 06 2008

**14. 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



Ramunas Marozas