

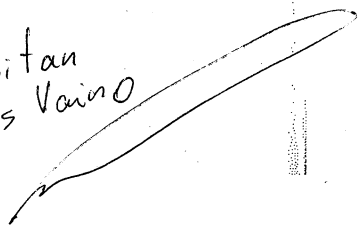
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**KONICA MINOLTA BALTIA UAB
FINANCIAL STATEMENTS, ANNUAL REPORT
AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2007**

108704521

Kinnitan
Margus Vaino



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Translation note

This version of our report/the accompanying documents is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Auditor's Report

To the shareholders of Konica Minolta Baltia UAB

Report on the financial statements

We have audited the accompanying financial statements of Konica Minolta Baltia UAB (the Company) set out on pages 5 – 29 which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements


Management is responsible for the preparation and fair presentation of these financial statements in accordance with Lithuanian regulatory legislation on accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with Lithuanian regulatory legislation on accounting.

Report on other legal and regulatory requirements

Furthermore, we have read the Annual Report for the year ended 31 December 2007 set out on pages 30 - 31 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2007.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Partner

Vilnius, Republic of Lithuania
21 May 2008

Rasa Radzevičienė
Auditor's Certificate No.000377



APPROVED
on 12 June 2008

INCOME STATEMENT
Year ended 31 December 2007

(LTL)

No.	Items	Note No.	Financial year	Previous financial year
I.	SALES	1	32,690,319	31,775,562
II.	COST OF SALES	1	22,969,787	22,855,082
III.	GROSS PROFIT (LOSS)		9,720,532	8,920,480
IV.	OPERATING EXPENSES	2	9,397,724	8,719,836
IV.1.	Selling		1,032,241	1,101,097
IV.2.	General and administrative		8,365,483	7,618,739
V.	OPERATING PROFIT (LOSS)		322,808	200,644
VI.	OTHER ACTIVITIES	3	165,176	176,356
VI.1.	Income		201,212	220,245
VI.2.	Expenses		36,036	43,889
VII.	FINANCING AND INVESTING ACTIVITIES	4	161,646	72,787
VII.1.	Income		205,752	109,001
VII.2.	Expenses		44,106	36,214
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES		649,630	449,787
IX.	EXTRAORDINARY INCOME		-	-
X.	EXTRAORDINARY EXPENSES		-	-
XI.	PROFIT (LOSS) BEFORE TAX		649,630	449,787
XII.	CORPORATE INCOME TAX	5	159,110	65,796
XIII.	NET PROFIT (LOSS)		490,520	383,991

General Manager _____

(signature)

Voldemaras Dudėnas _____

These financial statements were approved by the Company's General Manager on 21 May 2008.

Notes on pages 14 to 29 form an integral part of these financial statements.

APPROVED
on 12 June 2008

BALANCE SHEET
As at 31 December 2007

(LTL)

No.	Items	Note No.	Financial year	Previous financial year
A.	NON-CURRENT ASSETS		4,153,164	4,097,891
I.	INTANGIBLE ASSETS	6	7,975	19,272
I.1.	Developments		-	-
I.2.	Goodwill		-	-
I.3.	Patents, licences		4,653	16,428
I.4.	Computer software		3,322	2,844
I.5.	Other intangible assets		-	-
II.	PROPERTY, PLANT AND EQUIPMENT	7	3,885,064	3,807,428
II.1.	Land		-	-
II.2.	Buildings and constructions		680,432	547,287
II.3.	Plant and machinery		-	-
II.4.	Motor vehicles and other transport means		1,003,200	948,783
II.5.	Other fixtures, fittings, tools and equipment		2,131,838	2,220,349
II.6.	Construction in progress		-	-
II.7.	Other property, plant and equipment		69,594	91,009
II.8.	Investment property		-	-
II.8.1.	Land		-	-
II.8.2.	Buildings		-	-
III.	FINANCIAL ASSETS	8	67,448	58,311
III.1.	Investments in subsidiaries and associates		-	-
III.2.	Loans to subsidiaries and associates		-	-
III.3.	Amounts receivable after one year		67,448	58,311
III.4.	Other financial assets		-	-
IV.	OTHER NON-CURRENT ASSETS		192,677	212,880
IV.1.	Deferred tax assets	5	192,677	212,880
IV.2.	Other non-current assets		-	-

Notes on pages 14 to 29 form an integral part of these financial statements.

BALANCE SHEET (continued)
As at 31 December 2007

No.	Items	Note No.	Financial year	Previous financial year
B.	CURRENT ASSETS		13,266,465	11,086,248
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		1,994,976	1,700,723
I.1.	Inventories	9	1,900,730	1,619,216
I.1.1.	Raw materials and consumables		9,278	8,262
I.1.2.	Work in progress		-	-
I.1.3.	Finished products		-	-
I.1.4.	Goods for resale		1,891,452	1,610,954
I.2.	Prepayments		94,246	81,507
I.3.	Contracts in progress		-	-
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	10	3,261,298	2,827,715
II.1.	Trade receivables		3,239,968	2,811,832
II.2.	Receivables from subsidiaries and associates		-	-
II.3.	Other receivables		21,330	15,883
III.	OTHER CURRENT ASSETS		-	78,981
III.1.	Short-term investments		-	-
III.2.	Time deposits		-	-
III.3.	Prepaid income tax and social tax		-	78,981
IV.	CASH AND CASH EQUIVALENTS	11	8,010,191	6,478,829
	TOTAL ASSETS		17,419,629	15,184,139

Notes on pages 14 to 29 form an integral part of these financial statements.

BALANCE SHEET (continued)

As at 31 December 2007

No.	Items	Note No.	Financial year	Previous financial year
C.	EQUITY		5,546,901	5,056,381
I.	CAPITAL		1,447,600	1,447,600
I.1.	Share capital (subscribed)	12	1,447,600	1,447,600
I.2.	Subscribed unpaid shares (-)		-	-
I.3.	Share premium		-	-
I.4.	Own shares (-)		-	-
II.	REVALUATION RESERVE (RESULTS)		-	-
III.	RESERVES		144,760	144,760
III.1.	Legal	14	144,760	144,760
III.2.	For acquisition of own shares		-	-
III.3.	Other reserves		-	-
IV.	RETAINED EARNINGS (DEFICIT)	13	3,954,541	3,464,021
IV.1.	Profit (loss) for financial year		490,520	383,991
IV.2.	Profit (loss) for previous financial year		3,464,021	3,080,030
D.	GRANTS, SUBSIDIES		-	-

Notes on pages 14 to 29 form an integral part of these financial statements.

BALANCE SHEET (continued)
As at 31 December 2007

No.	Items	Note No.	Financial year	Previous financial year
E.	AMOUNTS PAYABLE AND LIABILITIES		11,872,728	10,127,758
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	15	464,379	911,448
I.1.	Borrowings		3,523	290,944
I.1.1.	Finance lease and similar liabilities		3,523	290,944
I.1.2.	From credit institutions		-	-
I.1.3.	Other borrowings		-	-
I.2.	Trade payables		356,807	455,835
I.3.	Advance amounts received		104,049	164,669
I.4.	Provisions		-	-
I.4.1.	For liabilities and similar claims		-	-
I.4.2.	For pensions and similar liabilities		-	-
I.4.3.	Other provisions		-	-
I.5.	Deferred tax liability		-	-
I.6.	Other amounts payable and non-current liabilities		-	-
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	15	11,408,349	9,216,310
II.1.	Current year portion of long-term debts		112,510	345,979
II.2.	Borrowings		-	-
II.2.1.	From credit institutions		-	-
II.2.2.	Other debts		-	-
II.3.	Trade payables		8,697,902	7,013,249
II.4.	Advance amounts received		453,979	384,907
II.5.	Income tax liabilities		1,563	-
II.6.	Payroll-related liabilities		1,161,064	734,472
II.7.	Provisions	16	191,210	187,945
II.8.	Other amounts payable and current liabilities		790,121	549,758
	TOTAL EQUITY AND LIABILITIES		17,419,629	15,184,139

General Manager

(signature)

Voldemaras Dudėnas

Notes on pages 14 to 29 form an integral part of these financial statements.

KONICA MINOLTA BALTIA UAB

Company code 110042632, A.Jasinskio g. 16, LT-01112 Vilnius

APPROVED
on 12 June 2008**CASH FLOW STATEMENT**

Year ended 31 December 2007

(LTL)

No.	Items	Note No.	Financial year	Previous financial year
I.	Cash flows from operating activities			
I.1.	Net profit (loss)		490,520	383,991
I.2.	Depreciation and amortisation	6,7	1,480,364	1,597,577
I.3.	(Increase) decrease in amounts receivable after one year		(9,137)	11,460
I.4.	(Increase) decrease in inventories		(281,514)	444,102
I.5.	(Increase) decrease in prepayments		(12,739)	(20,910)
I.6.	(Gain) loss on disposals of property, plant and equipment, and write-offs		(77,578)	(125,350)
I.7.	(Increase) decrease in trade receivables		(428,136)	1,327,568
I.8.	(Increase) decrease in receivables from subsidiaries and associates		-	-
I.9.	(Increase) decrease in other amounts receivable		(5,447)	16,427
I.10.	(Increase) decrease in other current assets		78,981	-
I.11.	Increase (decrease) in non-current trade payables and advance amounts received		(159,648)	102,992
I.12.	Increase (decrease) in current trade payables and advance amounts received		1,753,725	(2,342,462)
I.13.	Increase (decrease) in income tax liabilities		1,563	(15,343)
I.14.	Increase (decrease) in payroll-related liabilities		426,592	(21,423)
I.15.	Increase (decrease) in provisions		3,265	(52,957)
I.16.	Increase (decrease) in other amounts payable and liabilities		240,363	(416,367)
I.17.	(Increase) decrease of deferred tax	5	20,203	19,560
I.18.	Elimination of the result of financing and investing activities		(186,022)	(42,200)
I.19.	Elimination of other non-monetary items		2,304	66,349
	Net cash flows from operating activities		3,337,659	933,014

Notes on pages 14 to 29 form an integral part of these financial statements.

CASH FLOW STATEMENT (continued)
Year ended 31 December 2007

No.	Items	Note No.	Financial year	Previous financial year
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)		(1,614,186)	(1,122,862)
II.2.	Disposal of non-current assets (excluding investments)		142,757	220,702
II.3.	Acquisition of long-term investments		-	-
II.4.	Disposal of long-term investments		-	-
II.5.	Loans granted		-	-
II.6.	Loans repaid		-	-
II.7.	Interest and dividends received	4	203,053	69,302
II.8.	Other increase in cash flows from investing activities		-	-
II.9.	Other decrease in cash flows from investing activities		-	-
	Net cash flows from investing activities		(1,268,376)	(832,858)
III.	Cash flows from financing activities			
III.1.	Cash flows from shareholders		-	-
III.1.1.	Issuance of shares		-	-
III.1.2.	Shareholders' contributions against losses		-	-
III.1.3.	Acquisition of own shares		-	-
III.1.4.	Dividends paid		-	-
III.2.	Cash flows from other financing sources		(537,921)	(430,121)
III.2.1.	Increase in borrowings		-	-
III.2.1.1.	Loans received		-	-
III.2.1.2.	Bonds issued		-	-
III.2.2.	Decrease in borrowings		(537,921)	(430,121)
III.2.2.1.	Loans repaid		-	-
III.2.2.2.	Bonds redeemed		-	-
III.2.2.3.	Interest paid	4	(17,031)	(27,102)
III.2.2.4.	Finance lease payments		(520,890)	(403,019)
III.2.3.	Increase in other liabilities of the company		-	-
III.2.4.	Decrease in other liabilities of the company		-	-
III.2.5.	Increase in other cash flows from financing activity		-	-
III.2.6.	Decrease in other cash flows from financing activity		-	-
	Net cash flows from financing activities		(537,921)	(430,121)

Notes on pages 14 to 29 form an integral part of these financial statements.

CASH FLOW STATEMENT (continued)
Year ended 31 December 2007

No.	Items	Note No.	Financial year	Previous financial year
IV.	Cash flows from extraordinary activities		-	-
IV.1.	Increase in cash flows from extraordinary activities		-	-
IV.2.	Decrease in cash flows from extraordinary activities		-	-
V.	Foreign exchange effect on the balance of net cash and cash equivalents		-	-
VI.	Net increase (decrease) in cash flows		1,531,362	(329,965)
VII.	Cash and cash equivalents at the beginning of the period		6,478,829	6,808,794
VIII.	Cash and cash equivalents at the end of the period	11	8,010,191	6,478,829

General Manager

(signature)

Voldemaras Dudėnas

Notes on pages 14 to 29 form an integral part of these financial statements.

APPROVED
on 12 June 2008

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2007

(LTL)

	Paid-up share capital	Legal reserve	Retained earnings	Total
1. Balance at 31 December 2005	1,447,600	144,760	3,080,030	4,672,390
2. Net profit for the reporting period	-	-	383,991	383,991
3. Balance at 31 December 2006	1,447,600	144,760	3,464,021	5,056,381
4. Net profit for the reporting period	-	-	490,520	490,520
5. Balance at 31 December 2007	1,447,600	144,760	3,954,541	5,546,901

General Manager

(signature)

Voldemaras Dudėnas

Notes on pages 14 to 29 form an integral part of these financial statements.

KONICA MINOLTA BALTIA UAB

Company code: 11004263, J.Jasinskio g. 16, LT-01112 Vilnius

Notes to the financial statements

(All amounts are in the litas (LTL), unless otherwise stated)

GENERAL INFORMATION

KONICA MINOLTA BALTIA UAB (former Minolta Baltia, hereinafter "the Company") was registered on 17 October 1991. The Company's registration number is BĮ 91-348, and the Company's code is 1004263. On 23 November 2004 the state enterprise Centre of Registers provided a new company code 110042632, and Registration No. 032421. The Company's registered office is located at address: J.Jasinskio 16, Vilnius, Republic of Lithuania. The Company has branches in Klaipėda, Panevėžys, Kaunas, Tallinn (Republic of Estonia), and Riga (Republic of Latvia). The Company has no representative offices, subsidiaries or associates.

The Company belongs to Konica Minolta group of companies, and all the shares of the Company are owned by its parent company Konica Minolta Business Solutions Europe GmbH, with its registered office address: Europaallee 17, Langenhagen, D-30855, Germany, company code 2327 02720028414. Ultimate parent company Konica Minolta group is Konica Minolta Holdings Inc., with its registered office address: 1-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan.

As at 31 December 2007, the Company had no control over other companies.

The Company's core line of business is sale, lease and technical service of office equipment and optical measurement devices.

As at 31 December 2007, the Company had 98 employees (31 December 2006: 95).

ACCOUNTING POLICIES

The Company prepares and presents its financial statements in accordance with Business Accounting Standards and other Lithuanian regulatory legislation on accounting.

The financial statements are prepared following the going concern principle and on the assumption that the Company will continue its operations in the foreseeable future.

The Company's financial year coincides with the calendar year.

All amounts in these financial statements are presented in a local currency, the litas (LTL). With effect from 2 February 2002, the litas has been pegged with the euro at an exchange rate of LTL 3.4528 to EUR 1.

The principal accounting policies adopted in the preparation of the Company's financial statements are set out below.

(a) Intangible assets

Intangible assets are stated at acquisition (production) cost, less subsequent accumulated amortisation. Amortisation is calculated on a straight-line basis over the useful lives established for intangible assets. For the purpose of the statement of income, amortisation expenses are accounted for in operating expenses.

The Company applies the following useful lives to its intangible assets:

	<u>Years</u>	<u>Minimal capitalisation value, LTL</u>
Computer software	3	200
Rights (licences) acquired	3	100
Other intangible assets	4	100

Costs associated with renewal and development of intangible assets incurred following the acquisition or creations of assets are recognised as expenses as incurred.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

(b) Property, plant and equipment

Property, plant and equipment is stated at acquisition (production) cost less subsequent accumulated depreciation and impairment. Depreciation is calculated on the straight-line basis over the estimated useful life of property, plant and equipment.

The Company applies the following useful lives to its property, plant and equipment:

	<u>Years</u>	<u>Minimal capitalisation value, LTL</u>
Buildings	12-80	All
Motor vehicles	4-6	All
Furniture and fittings	6	200
Computer hardware and communication equipment	3	100
Property, plant and equipment other than mentioned above	4	200

Repair costs are expensed during the period when the expenditure is incurred. Repair or reconstruction costs are added to the acquisition cost of property, plant and equipment only when the works performed extend the useful life of the assets concerned or improve the original standard performance. Appropriate adjustments are made to the useful lives of assets only when repair and reconstruction works performed extend the useful life of the assets concerned.

Gains or losses on disposal of property, plant and equipment are determined by reference to the proceeds from disposal less the carrying amount of the assets concerned and all the expenses related to such disposal. Upon the disposal of property, plant and equipment, the result of the transaction is included in the income statement.

(c) Finance lease – where the Company is the lessee

Leases of property, plant and equipment where the lessee assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases of property, plant and equipment are accounted for based on capital value of the assets concerned, i.e. at an estimated present value of minimum lease payments. The corresponding rental obligations, i.e. all minimum lease payments net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the lease liability. The interest element is charged to the income statement over the lease term. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the assets.

(d) Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of asset exceed its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately unidentifiable cash flows (cash-generating units).

(e) Inventories and contracts in progress

Inventories are stated at the lower of acquisition (production) cost or net realisable value. The cost is determined using first-in, first-out (FIFO) method. The cost of inventories comprises purchase price adjusted with write-down amounts and discounts received, related taxes, dues, transportation, preparation for use and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less completion costs and possible selling expenses.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

(n) Income tax

The Company's profit is taxable at a rate of 15 per cent in accordance with the Lithuanian regulatory legislation on taxation. Pursuant to the newly adopted Lithuanian Provisional Law on Social Tax, the Company's taxable profit is subject to additional social tax at a rate of 4 per cent and 3 per cent for 2006 and 2007, respectively. .

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized on all temporary differences to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized.

(o) Cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and at bank, and short-term deposits. Interest paid on finance leases is attributed to financing activities. Interest received on time deposits is attributed to investing activities.

(p) Segment reporting

Geographical segment is a distinguished business component, which produces products or provides services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other geographical economic environments.

Business segment is a distinguished business component, which produces separate or related products or provides separate or related services that are subject to risks and returns that are different from those of other business segments.

The Company has distinguished the following business segments: sales of copying machines, printers and other segments. In 2007, other segments represented services and sales of other office equipment, while in 2006 – services and sales of photo equipment and other office equipment. Cost of sales per each segment is allocated to expenses of the relevant segment. Operating expenses are unallocated. Assets allocated to segments comprise inventories of goods for resale of the relevant segment. Assets allocated to the other segments comprise non-current asset portion of copying machines leased. All other assets are unallocated. All liabilities are unallocated.

The Company provides services worldwide. The Company has chosen business segments as its primary reporting format, therefore, information on geographical segments has been disclosed onto to the extent of sales revenue in different geographical areas.

(q) Intercompany offsetting

Amounts receivable and amounts payable are offset with the same third party when there is sufficient legally enforceable ground for that purpose.

(s) Reclassification of comparatives

In the preparation of the financial statements for the year ended 31 December 2007, the Company reviewed classification of the balance sheet items and their general presentation in the financial statements for the year ended 31 December 2006. Following this review, overpayments from customers were reclassified from other payables to advance amounts received.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

(f) Financial assets and financial liabilities

Financial assets include cash and cash equivalents, and amounts receivable.

Financial assets are recorded when the Company receives or obtains a contractual right to receive cash or any other financial assets. Amounts receivable are carried at cost, less impairment loss. Cash and cash equivalents are stated at acquisition cost.

When it is probable that the Company will not be able to recover the amounts receivable, it is necessary to recognise the impairment loss, which is determined as the difference between the carrying value of assets and the present value of future cash flows discounted using the effective interest rate.

Financial liabilities include amounts payable for the goods and services received, and finance lease liabilities.

Financial liabilities are recorded when the Company assumes a commitment to pay cash or any other financial assets. Amounts payable for goods and services received are stated at acquisition cost. Non-current trade payables are discounted using the effective interest rate. See paragraph (c) of the accounting policies for more details on accounting for finance lease.

(g) Provisions

Provisions are recognised in liabilities when the Company has a legal obligation or irrevocable commitment as a result of past events, it is probable that an outflow of resources will be required to settle the legal obligation or irrevocable commitment, and a reliable estimate of the amount can be made.

(h) Foreign currencies

All currency items in the balance sheet are estimated in the litas using the exchange rate prevailing at the date of the balance sheet. Assets purchased for foreign currency and accounted for in the balance sheet at the acquisition cost are estimated in the litas using the exchange rate prevailing at the date of the transaction. Foreign currency transactions are stated in the litas using the exchange rate prevailing at the date of the transaction. Differences resulting from the settlement of amounts recorded in foreign currencies at different exchange rates are recognised as income or expenses of the reporting period.

(i) Revenue recognition

Sales revenue is recognised on an accrual basis. The amount of revenue is estimated at fair value, taking account of discounts granted and expected, returns and write-downs of goods sold. Revenue from sale of goods is recognised when goods are sold and a reliable estimate of the amount of income can be made.

Revenue from services rendered under a contract for longer than one reporting period is allocated on a proportionate basis to those periods when these services have been rendered.

(j) Cost of sales and operating expenses

Expenses are recognised on an accrual basis and matching principle during the reporting period when income related to such expenses is earned. Expenses incurred during the reporting period, which cannot be attributed directly to specific income earned and will not generate any income in subsequent reporting periods, are recognised as expenses when incurred. Expenses are stated at fair value.

(k) Borrowing costs

Interest on finance leases is recognised in the income statement on an accrual basis.

(l) Operating lease – where the Company is the lessee

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(m) Operating lease – where the Company is the lessor

Rental income calculated in accordance with operating lease agreements is recognised when such income arises.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

FINANCIAL RISK MANAGEMENT

When performing its activities, the Company is exposed to a variety of financial risks. Risk management is conducted by the Board. The principles for management of risks of general and specific nature, such as credit risk, foreign exchange risk, liquidity and interest rate risks, have not been prepared in writing.

The Company applies the following key financial risk management procedures in its activities:

Credit risk

The Company has no significant concentration of credit risk. Credit risks or the risks of counterparties defaulting, are controlled by the application of credit terms, credit insurance and monitoring procedures.

Foreign exchange risk

The most significant risk arises primarily in connection with fluctuations in exchange rates of the Lithuanian litas and Latvian latas, which affect sales. To balance the risk, the Company makes forecasts of cash inflows and outflows denominated in foreign currencies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents necessary to cover the expected expenditures. The Company makes short-term cash flow forecasts.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's most significant interest-bearing assets are time deposits, and interest-bearing liabilities are finance leases. The distribution between fixed rate and variable rate instruments depends on actual situation in the market.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 1 SEGMENT REPORTING

The Company has chosen business segments as its primary reporting format. Information on these segments is given in the table below:

Items	Segments						Total of the whole company	
	Copying machines		Printers		Other segments			
	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue, expenses, operation results								
A. Total sales revenue	18,143,068	14,738,451	8,104,313	8,691,518	6,442,938	8,345,593	32,690,319	31,775,562
A.1. Revenue from sales to external customers	18,143,068	14,738,451	8,104,313	8,691,518	6,442,938	8,345,593	32,690,319	31,775,562
B. Total expenses	14,199,596	11,370,119	7,065,386	7,636,914	1,704,805	3,848,049	32,367,511	31,574,918
B.1. Cost of sales	14,199,596	11,370,119	7,065,386	7,636,914	1,704,805	3,848,049	22,969,787	22,855,082
B.3. Unallocated expenses							9,397,724	8,719,836
C. Operating profit (loss)							322,808	200,644
Other information								
D. Total assets	1,304,852	856,670	506,955	636,792	2,065,673	2,109,842	17,419,629	15,184,139
D.1. Assets allocated to segments	1,304,852	856,670	506,955	636,792	2,065,673	2,109,842	3,877,480	3,603,304
D.2. Unallocated assets							13,542,149	11,580,835
E. Total liabilities							11,872,728	10,127,758
E.1. Unallocated liabilities							11,872,728	10,127,758
F. Total acquisitions of property, plant and equipment and intangible assets					994,768	1 049,735	1,614,186	1,471,588
F.1. Acquisitions of property, plant and equipment and intangible assets allocated to segments					994,768	1 049,735	994,768	1,049,675
F.2. Unallocated acquisitions of property, plant and equipment and intangible assets							619,418	421,913
G. Total depreciation/ amortisation of property, plant and equipment and intangible assets					964,540	1,058,482	1,480,364	1,597,577
G.1. Depreciation/ amortisation of property, plant and equipment and intangible assets allocated to segments					964,540	1,058,482	964,540	1,058,482
G.2. Unallocated depreciation/ amortisation of assets							515,824	539,095

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

The Company has chosen geographical segments as its secondary reporting format. Information on these segments is given in the table below.

Geographical markets	Financial year	Previous financial year
Lithuania	23,935,050	22,519,579
Latvia	5,176,413	5,574,728
Estonia	3,574,744	3,667,935
Other countries	4,112	13,320
TOTAL	32,690,319	31,775,562

NOTE 2 OPERATING EXPENSES

Items	Financial year	Previous financial year
Salaries, social security contributions, training of employees	6,216,264	5,689,132
Rent of premises, maintenance, electricity, heating	685,818	687,687
Depreciation and amortisation	499,970	523,332
Communication and computer maintenance expenses	225,090	254,055
Business trips	152,972	117,634
Insurance	101,572	120,328
Operating taxes	24,834	20,532
Other general and administrative expenses	458,963	206,039
Total	8,365,483	7,618,739
Selling expenses	1,032,241	1,101,097
TOTAL	9,397,724	8,719,836

NOTE 3 RESULTS OF OTHER ACTIVITIES

Items	Financial year	Previous financial year
a) INCOME FROM OTHER ACTIVITIES	201,212	220,245
Breakdown of amounts:		
Prize for the company for the results of activities	37,705	-
Gain on disposal of non-current assets	84,014	139,665
Lease income	72,161	63,895
Other	7,332	16,685
b) EXPENSES OF OTHER ACTIVITIES	36,036	43,889
Breakdown of amounts:		
Lease expenses	29,318	29,409
Loss on disposal of non-current assets	6,436	14,315
Other	282	165
c) RESULT OF OTHER ACTIVITIES (a - b)	165,176	176,356

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 4 RESULTS OF FINANCING AND INVESTING ACTIVITIES

Items	Financial year	Previous financial year
a) INCOME FROM FINANCING AND INVESTING ACTIVITIES	205,752	109,001
Income on discounting non-current trade payables	-	39,699
Bank interest	203,053	69,302
Other	2,699	-
b) EXPENSES OF FINANCING AND INVESTING ACTIVITIES	44,106	36,214
Expenses of discounting non-current trade payables	12,712	-
Foreign exchange loss	14,193	7,783
Finance charges on finance lease	17,031	27,102
Other	170	1,329
c) RESULT OF FINANCING AND INVESTING ACTIVITIES (a - b)	161,646	72,787

As at 31 December 2007, income on discounting non-current trade payables amounted to LTL 26,987 and expenses of discounting non-current trade payables amounted to LTL 39,699.

NOTE 5 INCOME TAXES AND DEFERRED INCOME TAX

The following items were used for calculation of deferred income tax:

Items	Difference between tax base and carrying amount		Deferred tax assets	
	2007	2006	2007	2006
Accrued vacation reserve	475,345	429,289	71,302	77,272
Impairment allowance for inventories	284,770	290,494	42,716	52,289
Provision for guarantee repair services	191,210	187,945	28,682	33,830
Accrued bonuses	176,000	166,000	26,400	29,880
Other accruals	157,183	108,935	23,577	19,609
Deferred tax assets	1,284,509	1,182,663	192,677	212,880
Deferred tax assets, net	-	-	192,677	212,880

Items	Financial year	Previous financial year
Current tax	139,006	46,236
Restatement of income tax for 2006 after the approval of the financial statements	(99)	
Deferred tax (income)/expenses	20,203	19,560
TOTAL	159,110	65,796
Including:		
Deferred tax income/(expenses) due to temporary differences	15,277	(6,105)
Deferred tax income/(expenses) due to change in income tax rates	(35,480)	(13,455)

On 7 June 2005, the Lithuanian Provisional Law on Social Tax was adopted, which provides for the tax base representing taxable profit calculated in accordance with the procedure prescribed by the Lithuanian Law on Profit Tax. The social tax is applicable at a rate of 4 percent and 3 percent for 2006 and 2007, respectively. Due to the social tax, income tax at a rate of 19 percent is applicable to the Company's temporary differences as at 31 December 2005 that will be realised in 2006, and income tax at a rate of 18 percent is applicable to the Company's temporary differences that will be realised in 2007. Pursuant

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

to the laws in effect, income tax at a rate of 15 percent will be applied to the Company's temporary differences that will be realised in 2008 and subsequent periods.

NOTE 6 INTANGIBLE ASSETS

Items	Develop-ments	Goodwil l	Patents, licences, etc.	Comput er software	Other intan- gible assets	Total
Net book value at 1 January 2007	-	-	16,428	2,844	-	19,272
a) Acquisition cost						
At 1 January 2007	-	-	152,993	368,252	-	521,245
Current year changes:						
- additions	-	-	-	3,304	-	3,304
- disposals to third parties and write-offs (-)	-	-	-	(468)	-	(468)
- reclassified from/to +/-(-)	-	-	-	-	-	-
At 31 December 2007	-	-	152,993	371,088	-	524,081
b) Amortisation						
At 1 January 2007	-	-	136,565	365,408	-	501,973
Current year changes:						
- amortisation charge for the year	-	-	11,775	2,825	-	14,600
- reversals (-)	-	-	-	-	-	-
- amortization on disposals and write-offs (-)	-	-	-	(467)	-	(467)
- reclassified from/to +/-(-)	-	-	-	-	-	-
At 31 December 2007	-	-	148,340	367,766	-	516,106
c) Net book value at 31 December 2007 (a) - (b)	-	-	4,653	3,322	-	7,975
Balance sheet total	-	-	4,653	3,322	-	7,975

Amortisation expenses of intangible assets amounting to LTL 14,600 were included in general and administrative expenses.

The acquisition cost of intangible assets fully amortised but still in use amounted to:

Category of intangible assets	2007	2006
Licences	120,144	116,208
Computer software	362,371	361,222
TOTAL	482,515	477,430

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

Items	Buildings and constructions	Motor vehicles	Other fixtures, fittings tools and equipment	Construction in progress	Other PP&E	Total
Net book value at 1 January 2007	547,287	948,783	2,220,349	-	91,009	3,807,428
a) Acquisition cost						
At 1 January 2007	1,038,719	1,828,211	6,979,071	-	440,821	10,286,822
Current year changes:						
- additions	-	367,819	1,041,039	183,220	18,804	1,610,882
- disposals to third parties and write-offs (-)	-	(272,868)	(873,365)	-	(41,396)	(1,187,629)
- reclassified from/to +/-(-)	183,220	(20,986)	20,986	(183,220)	-	-
At 31 December 2007	1,221,939	1,902,176	7,167,731	-	418,229	10,710,075
b) Revaluation						
At 1 January 2007	-	-	-	-	-	-
Current year changes:						
- increase (decrease) in value +/-(-)	-	-	-	-	-	-
- disposals to third parties and write-offs (-)	-	-	-	-	-	-
- reclassified from/to +/-(-)	-	-	-	-	-	-
At 31 December 2007	-	-	-	-	-	-
c) Depreciation						
At 1 January 2007	491,432	879,428	4,758,722	-	349,812	6,479,394
Current year changes:						
- depreciation charge for the year	50,075	303,430	1,072,064	-	40,195	1,465,764
- reversals (-)	-	-	-	-	-	-
- depreciation on disposals and write-offs (-)	-	(262,911)	(815,864)	-	(41,372)	(1,120,147)
- reclassified from/to +/-(-)	-	(20,971)	20,971	-	-	-
At 31 December 2007	541,507	898,976	5,035,893	-	348,635	6,825,011
d) Impairment						
At 1 January 2007	-	-	-	-	-	-
Current year changes:						
- impairment charge for the year	-	-	-	-	-	-
- reversals (-)	-	-	-	-	-	-
- disposals to third parties and write-offs (-)	-	-	-	-	-	-
- reclassified from/to +/-(-)	-	-	-	-	-	-
At 31 December 2007	-	-	-	-	-	-
e) Net book value at 31 December 2007 (a)+(b)-(c)-(d)	680,432	1,003,200	2,131,838	-	69,594	3,885,064
Balance sheet total	680,432	1,003,200	2,131,838	-	69,594	3,885,064

Depreciation expenses of property, plant and equipment were allocated to the following items in the income statement: LTL 964,540 to cost of sales, LTL 485,388 to general and administrative expenses, and LTL 15,836 to expenses of other activities (31 December 2006: LTL 1,058,482 to cost of sales, LTL 443,668 to general and administrative expenses, and LTL 15,763 to expenses of other activities).

As at 31 December 2007, the net book value of property, plant and equipment (cars) taken on lease by the Company under finance lease contracts amounted to LTL 252,713 (31 December 2006: LTL 829,581).

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

The Company leases as follows: copying machines with accessories, printers, fax machines. The main customers include budgetary institutions (schools, cadastre and register centres, local authorities, State Tax Inspectorate, etc.) and business entities (Maxima LT UAB, Sampo Bankas AB, Rimi Lietuva UAB, etc.).

Net book values of assets leased by the Company

Property, plant and equipment	Financial year	Previous financial year
Copying machines	1,919,799	1,965,259
Cameras	-	66
Fax machines and printers	57,327	36,784
Total net book value	1,977,126	2,002,109

Operating lease agreements for office equipment are signed for the period of 6 to 36 months. According to the agreements signed, the lease period can be extended upon mutual consent of both parties.

The acquisition cost of depreciated property, plant and equipment still in use

Category of assets	2007	2006
Furniture, office inventory	93,486	105,102
Computer hardware, communication equipment	416,852	483,265
Cars	218,923	309,390
Other PP&E	2,778,759	2,287,242
Total acquisition cost	3,508,020	3,184,999

NOTE 8 NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets

Items	Financial year	Previous financial year
Amounts receivable after one year from:		
– Lawyers' firm Lideika, Petrauskas, Valiūnas ir partneriai Lawin	8,024	27,373
– Universali arena UAB (previously Rubicon Eventus UAB)	26,407	30,938
– Sostinių golfas UAB	33,017	-
Total other non-current financial assets	67,448	58,311

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 9 INVENTORIES

Items	Raw materials and consumables	Goods for resale	Total
a) Acquisition cost of inventories			
At 31 December 2006	8,262	1,610,954	1,619,216
At 31 December 2007	9,278	2,176,222	2,185,500
b) Write-down to net realisable value (reversal)			
At 31 December 2006	-	290,494	290,494
At 31 December 2007	-	284,770	284,770
c) Net realisable value at 31 December 2007 (a)-(b)	9,278	1,891,452	1,900,730
Inventories with third parties	-	30,283	30,283

In 2007, the Company accounted for reversal of inventories written down in previous year amounting to LTL 98,516 due to the fact that a part of goods previously written down was sold.

Inventories stated at net realisable value amounted to LTL 23,166 as at 31 December 2007 (LTL 39,658 as at 31 December 2006).

Inventories with third parties as at 31 December 2007 represent inventories held with customers on consignment basis.

NOTE 10 AMOUNTS RECEIVABLE WITHIN ONE YEAR

Items	Financial year	Previous financial year
Trade receivables, cost	3,304,774	2,866,996
Impairment of amounts receivable	(64,806)	(55,164)
Trade receivables, net	3,239,968	2,811,832
Other amounts receivable:		
Overpaid VAT in the Estonian branch	17,439	11,431
Other amounts receivable	3,891	4,452
Total amounts receivable within one year	3,261,298	2,827,715

NOTE 11 CASH AND CASH EQUIVALENTS

Items	Financial year	Previous financial year
Cash at bank	1,092,371	1,027,205
Cash on hand	17,820	13,464
TOTAL	1,110,191	1,040,669
Time deposits with maturity of 3 months or less	6,900,000	5,438,160
Total cash and cash equivalents	8,010,191	6,478,829

Interest rates on time deposits range from 3.63 to 7 percent.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 12 STRUCTURE OF AUTHORISED SHARE CAPITAL

Items	Number of shares	Amount
Structure of authorized share capital at 31 December 2007		
1. By category of shares	-	-
1.1. Ordinary shares	14,476	1,447,600
1.2. Preference shares	-	-
1.3. Shares owned by employees	-	-
1.4. Special shares	-	-
1.5. Other shares	-	-
TOTAL	14,476	1,447,600
Own shares held by the company	-	-
Shares held by subsidiaries	-	-

Par value of one share is equal to LTL 100. All the shares issued by the Company are fully paid.

NOTE 13 PROPOSED PROFIT APPROPRIATION

Items	Amount
Profit (loss) brought forward from the previous financial year	3,464,021
Current year net profit (loss)	490,520
Current year profit (loss) not recognised in the income statement	-
Profit (loss) to be appropriated at the end of the current year	3,954,541
Shareholders' contribution against losses	-
Transfers from reserves	-
Profit to be appropriated	3,954,541
Appropriation of profit:	
- to legal reserves	-
- to other reserves	-
- dividends	-
- other appropriation	-
Profit (loss) to be carried forward at the end of the current year	3,954,541

NOTE 14 RESERVES

Legal reserve

The legal reserve is formed from profit to be appropriated under the Lithuanian Law on Companies. Annual transfers of 5 percent of net profit are required until the reserve reaches 10 percent of the authorised share capital. The legal reserve may be used to cover the Company losses only. A part of legal reserve in excess of 10 percent of the authorised share capital may be redistributed when appropriation of profit for the following financial year is performed. The legal reserve of the Company has reached 10 percent of the authorised share capital.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 15 STATE OF DEBTS

Items	Amounts falling due in full or in part		
	Within one financial year	After one year but not later than within five years	After five years
Breakdown of amounts payable by type			
Borrowings:			
(Including those from subsidiaries and associates)	112,510	3,523	-
1. Finance lease and similar obligations	112,510	3,523	-
Other debts:	11,295,839	460,856	-
1. Trade payables	8,697,902	356,807	-
2. Advance amounts received	453,979	104,049	-
Including:			
deposits	164,020	-	-
overpayments from customers	289,959	-	-
3. Payroll-related liabilities	1,161,064	-	-
Including:			
wages and salaries	743,353	-	-
social security contributions	327,796	-	-
income tax of individuals	88,229	-	-
contributions to the Guarantee Fund	1,686	-	-
4. Provisions for guarantee repair	191,210	-	-
5. Income tax liability	1,563	-	-
6. Other amounts payables and current liabilities	790,121	-	-
Including:			
VAT payable and other taxes	630,163	-	-
liabilities to responsible individuals	2,564	-	-
accrued charges	157,394	-	-
TOTAL	11,408,349	464,379	

Non-current trade payables were discounted at interest rate of 6 percent.

Finance lease liabilities

As at 31 December 2007, the Company had finance lease contracts for cars with SEB VB Lizingas UAB, AS Hansa Liising Eesti, and Sia Unilizingas. Weighted interest rate on finance lease is 3.97 percent. The aggregate minimum lease payments under the finance lease contracts are as follows:

As at 31 December 2007, finance lease liabilities comprised as follows:

	Financial year	Previous financial year
Not later than 1 year	114,384	363,575
Later than 1 year and no later than 5 years	4,957	300,604
Future finance charges on finance leases	3,308	27,256
Present value of finance lease liabilities	116,033	636,923
The present value of finance lease liabilities is as follows:		
Not later than 1 year	112,510	345,979
Later than 1 year and no later than 5 years	3,523	290,944

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 16 PROVISIONS

Description of the provision	Financial year	Previous financial year
Provision for the Company's guarantee repair services at 1 January	187,945	240,902
Additional provision established during year	70,971	33,346
Amount used during year	67,706	86,303
Provision for the Company's guarantee repair services at 31 December	191,210	187,945

It is expected that the Company's provision for guarantee repair services will be used during the next two years. The term of guarantee repair service is 24 months.

NOTE 17 OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

Operating lease (where the Company is a lessee)

The Company has an agreement on lease of premises with MG Valda UAB, based on which the Company had a commitment to make monthly lease payments amounting to LTL 22,472.84 from 1 July 2006. From 1 January 2008 to the expected end of the lease term on 1 October 2011, a monthly payment was increased by 8.4 per cent and amounts to LTL 24,360.39.

Operating lease (where the Company is a lessor)

Lessee	Agreement expiry date	Lease payment receivable over 2008, LTL '000
Litideal UAB	31 August 2008	26
Ex prompto UAB	1 August 2011	19

Based on the agreement with Litdeal UAB signed on 29 January 1998 and further extended on 10 January 2002, 24 February 2005, 16 August 2006 and on 23 August 2007, the Company leases its own warehousing and service centre premises with the net book value of LTL 93 thousand, located at address: Dariaus ir Girėno g., Vilnius. The agreement provides for the possibility to extend the term of lease.

Based on the agreement signed on 14 January 2008 with Ex Prompto UAB with effect from 1 February 2008 the Company subleases premises of 20.73 m². The agreement provides for the possibility to extend the term of lease.

Tax audits

The Tax Authorities have not carried out a full-scope tax audit of the Company. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out an inspection of the Company's books and accounting records and impose additional taxes or fines. The Company's management is not aware of any circumstances that might result in a potential material liability in this respect.

The Company's management is not aware of any circumstances other than those mentioned above that might result in a potential material liability due to taxes unpaid.

Bank guarantees

For each tender of public procurement, the Company is required to obtain bank guarantees. As at 31 December 2007, the total amount of valid bank guarantees was LTL 305,438, and their expiry dates are between 1 January 2008 to 22 May 2009.

Notes to the financial statements
(All amounts are in the litas (LTL), unless otherwise stated)

NOTE 18 TRANSACTIONS WITH THE COMPANY'S MANAGEMENT AND OTHER RELATED PARTIES

Items	Financial year	Previous financial year	Balance as at 31 December 2007
A. Employment-related annual payments to:			
1. Management	442,003	422,408	39,964
1.1. salaries	241,485	228,732	-
1.2. bonuses	161,124	150,882	29,314
1.3. vacation pay	38,901	41,831	10,650
1.4. Sick-leave benefit	493	963	-
Average number of management staff per year	2	2	

Transactions with other related parties

All Konica Minolta group companies, the Company's board members and heads of departments are considered to be other related parties.

The following transactions were conducted with a parent company Konica Minolta Business Solutions Europe GmbH:

Items	Financial year	Previous financial year
Transactions conducted during 2007 and 2006:		
Purchases of goods	15,854,451	13,813,517
Purchases of services	7,320	2,991
Sales of goods	4,112	6,945
Balances at 31 December:		
Amounts payable	6,270,296	5,078,127
Amounts receivable	-	1,636

The following transactions were conducted with other related parties:

Items	Financial year	Previous financial year
Transactions conducted during 2007 and 2006:		
Purchases of goods	6,860,336	8,056,454
Purchases of services	-	-
Sales of goods	-	32,365
Sales of services	-	-
Balances at 31 December:		
Amounts payable	2,381,928	2,055,543

Konica Minolta Baltia UAB

ANNUAL REPORT FOR 2007

Konica Minolta Business Solutions Europe GmbH (previously known as Minolta Europe GmbH until 5 January 2004) is a sole shareholder of Konica Minolta Baltia UAB (previously known as Minolta Baltia UAB until October 2003, hereinafter "the Company") who owns 100 per cent of the Company's shares.

The Company's key objective is to organise the network of trade in Konica-Minolta products and to assure further technical service for Konica-Minolta products. The main groups of products are as follows: copiers, fax machines, printers, accessories, consumables and spare parts.

Konica Minolta Baltia UAB is responsible for sales of its products in the Baltic region (Lithuania, Latvia and Estonia). The Company carries out its operations directly and via intermediaries.

The Company's financial year starts on 1 January and ends on 31 December.

Authorised share capital

Authorised share capital is equal to the sum of nominal values of all the shares subscribed by the Company. Shares at nominal value are recorded in the account of authorised share capital. As at 1 January 2007, the Company's authorised share capital amounted to LTL 1,447,600 and it was divided into 14,476 ordinary registered shares with par value of LTL 100 each.

There were no changes in the structure of shareholders of the Company during 2007. The Company's share capital was neither increased nor reduced during 2007.

Property, plant and equipment and intangible assets

During 2007, property, plant and equipment acquired by the Company amounted to LTL 1,610,882, and assets disposed or written off at cost amounted to LTL 1,187,629.

Acquisitions of intangible assets amounted to LTL 3,304.

Current assets

As at 31 December 2007, current assets amounted to LTL 13,226,465, whereof inventories amounted to LTL 1,900,730 (under FIFO method of accounting) and trade receivables amounted to LTL 3,239,968.

Amounts payable after one year

As at 31 December 2007, the Company's amounts payable after one year totalled LTL 464,379.

Profit appropriation

In 2007, the Company earned net profit of LTL 490,520, which was not appropriated and was left in the account of retained earnings.

A more detailed explanation of balance sheet and income statement items and other financial indicators is given in the tables enclosed in the notes to the financial statements.

Konica Minolta Baltia UAB has neither established any subsidiaries nor has controlling rights in other companies. As a result of expanding its business, the Company has opened branches and technical service centres in the following cities:

1. Panevėžys, Beržų g. 38, LT-36202, Lithuania;
2. Klaipėda, Žvejų g. 9, LT-91248, Lithuania;
3. Kaunas, Savanorių pr. 284/ Partizanų g. 17, LT-49475, Lithuania (started operating from October 2005, till then it was a service centre in Kaunas);
4. Tallinn, Tulika 19, EE-10613, Estonia (started operating from 1 July 2002);
5. Riga, Mukusalas 41b, LV-1004, Latvia (started operating from 15 February 2005).

As at 31 December 2007, the Company had 98 employees.

In 2007, actual average number of employees was 97 and average monthly salary was LTL 5,292.

During 2007, the Company's sales of copying machines amounted to LTL 18,143,068, which is more by 23.10 percent as compared to the previous year. Sales of printers amounted to LTL 8,104,313, which is less by 6.76 percent as compared to the previous year. Sales of other products and services amounted to LTL 6,442,938, which is less by 22.80 percent as compared to the previous year and which is related to the withdrawal from the business of cameras.

With effect from 31 March 2006, the entire Konica Minolta group of companies has withdrawn from the business of film and digital cameras. In 2006, the Company still generated revenue from sales of cameras, while in 2007 such revenue was not received.

Sales in 2007 increased by 2.88 percent as compared to 2006.

	Measurement units	2006	2007	Increase in 2007 as compared to 2006
Sales	LTL	31,775,562	32,690,319	914,757
Gross profit	LTL	8,920,480	9,720,532	800,052
Net profit	LTL	383,991	490,520	106,529
Gross profit margin	%	28.07	29.74	1.67
Net profit margin	%	1.21	1.50	0.29
Return on equity, net	%	7.59	8.84	1.25
Earnings per share, net	LTL	26.53	33.89	7.36

When performing its activities, the Company is exposed to a variety of financial risks: risks of general and specific nature, such as credit risk, foreign exchange risk, liquidity and interest rate risks. The most significant risk arises primarily in connection with fluctuations in exchanges rates of the Lithuanian litas and the Latvian lats, which affect sales.

According to the forecasts of Konica Minolta Baltia UAB, sales of office equipment and services are expected to reach LTL 34-35 million in 2008.

General Manager

Voldemaras Dudėnas

(signature)