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Joint Stock company "Linās"  
Company code 147689083  
S.Kerbedžio 23, Panevėžys

## OFFICE STATEMENT

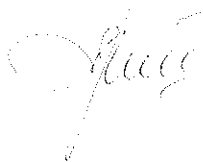
"Linās" AB members of Board and office confirm that "Linās" AB Group of companies conducts accounting and prepares financial accountability according to Lithuanian Republic bookkeeping accounting and according to the requirements of law acts which regulate the formation of financial accounting, also according to the requirements of other law acts, International accounting standards, International financial accountability standards.

Annual consolidated financial accountability corresponds to the reality and correctly indicates the consolidated property, liabilities, financial status, losses of patronizing company and Group of companies. In the annual report of "Linās" AB Group of companies it is correctly indicated the review of business development and activity, the status of the company and general status of consolidated companies together with the record of main risks and indeterminations which company meets. Annual consolidated financial accountability is presented together with annual financial accountability of patronizing company. Annual consolidated financial accountability and annual financial accountability of patronizing company are audited.

Recommend that consolidated financial accountability of the year 2006 will be approved by General Shareholders Meeting.

Panevėžys  
16 April, 2007

Lilijana Pūrienė  
Director





**UAB REVIZORIUS**

Company number 122894931, Gerosios Vilties 1, Vilnius, tel. +370 5 213 14 07

**AB LINAS**

**INDEPENDENT AUDITOR'S CONCLUSION**

**12 April 2007  
Vilnius**

We have audited the Financial Statements presented below, consisting of the Balance-sheet for 31 December 2006, and related Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year 2006 as well as Explanatory Notes and the Annual Report, which is added to the Financial Statements of AB Linas group of companies.

Responsibility for the preparation and correct submission of these Financial Statements, drawn up according to the International Reporting Standards, adopted for the application in the EU, is vested in the Company's management. This responsibility covers the development, implementation and maintenance of the internal control system intended for the preparation and correct submission of the Financial Statements in case of the absence of significant inaccuracies through fraud or mistake; selection and application of proper accounting principles; and selection of proper and rational evaluation according to circumstances.

Our duty is, based on the performed audit, to present our opinion about these Financial Statements. We have conducted the audit following the International Standards on Auditing that are set by the International Federation of Accountants. According to these standards we have to observe the professional ethics requirements and plan and conduct the audit so that we could properly ascertain that the Financial Statements are free from any significant inaccuracies.

The audit covers the figures of the Financial Statements as well as the procedures of collecting the evidence necessary to substantiate explanations. The procedures selected depend on the auditor's professional decision and the evaluation of risk of significant inaccuracies made by fraud or mistake in the Financial Statements. When evaluating risk the auditor takes

into consideration the internal controls of preparation and submission of the Company's Financial Statements and seeks to select proper audit procedures but has no aim to present his opinion on the efficiency of the Company's internal controls. The audit also covers the evaluation of applied accounting principles and significant assumptions made by the management as well as the general submission of the Financial Statements.

We believe that the evidence of our audit is sufficient and grant a proper basis for our opinion.

In our opinion, the Financial Statements presented below in all material aspects correctly reflect the AB Linas group of companies also AB Linas financial position on 31 December 2006 as well as its activity results for the year 2006 and cash flows according to the International Reporting Standards adopted for the application in the EU.

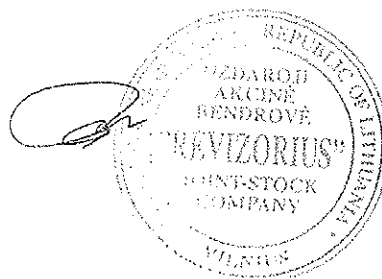
We have not observed any significant inadequacies in the 2006 Annual Report of AB Linas group of companies compared to the audited Financial Statements.

UAB Revizorius

Audit company's Certificate No.001293

Director and auditor

Auditor's certificate No.000088



Galina Ivanova

**Linus, LLC**

Company Code 147689083

S. Kerbedzio 23, Panevėžys

**BALANCE**
**31/21/2006**

Formulated according to TFAS

Reporting cycle 01 01 2006 - 31 12 2006

LTL

No.	ASSETS	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
<b>A.</b>	<b>Long-term assets</b>	<b>10.735.243</b>	<b>7.202.715</b>	<b>23.353.157</b>	<b>7.509.313</b>
<b>I.</b>	<b>Intangible assets</b>	<b>97.133</b>	<b>188.911</b>	<b>0</b>	<b>0</b>
I.1.	Developmental works	0	0	0	0
I.2.	Prestige	0	0	0	0
I.3.	Patents, licenses	430	21.261	0	0
I.4.	Software	96.703	167.650	0	0
I.5.	Other intangible assets	0	0	0	0
<b>II.</b>	<b>Tangible assets</b>	<b>4.931.070</b>	<b>5.755.344</b>	<b>8.146</b>	<b>12.395</b>
II.1.	Land	0	0	0	0
II.2.	Buildings	0	0	0	0
II.3.	Structures	0	0	0	0
II.4.	Machinery and equipment	3.529.984	4.032.088	0	0
II.5.	Means of transport	266.124	293.596	0	0
II.6.	Other equipment, appliances, instruments and gear	986.186	1.114.805	8.146	12.395
II.7.	Unfinished construction	0	0	0	0
II.8.	Other tangible assets	148.776	314.855	0	0
<b>III.</b>	<b>Financial assets</b>	<b>5.061.290</b>	<b>1.141.737</b>	<b>23.315.111</b>	<b>7.451.245</b>
III.1.	Investments to affiliates and associated companies	0	0	6.300.936	6.309.508
III.2.	Loans to affiliates and associated companies	0	0	0	0
III.3.	Amounts received after one year	5.051.290	1.131.737	17.004.175	1.131.737
III.4.	Other financial assets	10.000	10.000	10.000	10.000
<b>IV.</b>	<b>Other long-term assets</b>	<b>645.750</b>	<b>116.723</b>	<b>29.900</b>	<b>45.673</b>
IV.1.	Deferred corporation tax assets	645.750	116.723	29.900	45.673
IV.2.	Other long-term assets	0	0	0	0
<b>B.</b>	<b>Short-term assets</b>	<b>29.616.604</b>	<b>46.856.402</b>	<b>12.177.516</b>	<b>28.259.236</b>
<b>I.</b>	<b>Stocks, prepayments and unaccomplished contracts</b>	<b>14.798.659</b>	<b>15.941.204</b>	<b>767</b>	<b>2</b>
I.1.	Stocks	14.595.499	15.656.293	12	0
I.1.1.	Raw materials and packaging products	2.182.305	3.353.759	12	0
I.1.2.	Unfinished production	7.504.254	7.696.046	0	0
I.1.3.	Ready production	4.908.940	4.606.488	0	0
I.1.4.	Goods, purchased for resell	0	0	0	0
I.1.5.	Other stock	0	0	0	0
I.2.	Prepayments	203.160	284.911	755	2
I.3.	Unaccomplished contracts	0	0	0	0
<b>II.</b>	<b>Amounts, receivable over one year</b>	<b>9.223.199</b>	<b>21.701.335</b>	<b>249.766</b>	<b>14.949.699</b>
II.1.	Customers' debts	8.698.196	20.976.084	354	12.986.422
II.2.	Debts of affiliates and associated companies	0	0	0	0
II.3.	Other receivable amounts	525.003	725.251	249.412	1.963.277
<b>III.</b>	<b>Other short-term assets</b>	<b>5.236.707</b>	<b>8.056.132</b>	<b>11.922.297</b>	<b>12.966.132</b>
III.1.	Short-term investments	0	0	0	0
III.2.	Term deposits	0	0	0	0
III.3.	Other short-term assets	5.236.707	8.056.132	11.922.297	12.966.132
<b>IV.</b>	<b>Currency and its equivalents</b>	<b>358.039</b>	<b>1.157.731</b>	<b>4.686</b>	<b>343.403</b>
	<b>Total assets</b>	<b>40.351.847</b>	<b>54.059.117</b>	<b>35.530.673</b>	<b>35.768.549</b>

No.	PRIVATE ASSETS AND OBLIGATIONS	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
<b>C.</b>	<b>Private assets</b>	<b>31.624.028</b>	<b>35.563.607</b>	<b>35.253.645</b>	<b>35.172.389</b>
<b>I.</b>	<b>Capital</b>	<b>24.038.990</b>	<b>24.038.990</b>	<b>24.038.990</b>	<b>24.038.990</b>
I.1.	Capital (authorized)	24.038.990	24.038.990	24.038.990	24.038.990
I.2.	Signed unpaid capital (-)	0	0	0	0
I.3.	Shares premiums	0	0	0	0
I.4.	Private shares(-)	0	0	0	0
<b>II.</b>	<b>Revaluation reserve (results)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>Reserves</b>	<b>11.469.597</b>	<b>8.378.511</b>	<b>11.069.807</b>	<b>8.378.511</b>
III.1.	Obligatory	2.424.243	2.071.473	2.403.898	2.071.473
III.2.	For purchase of proprietary shares	0	0	0	0
III.3.	Other reserves	9.045.354	6.307.038	8.665.909	6.307.038
<b>IV.</b>	<b>Retained profit (losses)</b>	<b>(3.884.559)</b>	<b>3.146.106</b>	<b>144.848</b>	<b>2.754.888</b>
<b>IV.1.</b>	<b>Profit of reporting year (losses)</b>	<b>(3.948.150)</b>	<b>2.965.892</b>	<b>81.257</b>	<b>2.567.563</b>
IV.1.1.	Profit (loss) acknowledged in profit (loss) report	(3.948.150)	2.721.223	81.257	2.322.894
IV.1.2.	Profit (loss) not acknowledged in profit (loss) report	0	244.669	0	244.669
<b>IV.2.</b>	<b>Profit (loss) of previous year</b>	<b>63.591</b>	<b>180.214</b>	<b>63.591</b>	<b>187.325</b>
<b>D.</b>	<b>Minority part</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>Grants, subsidies</b>	<b>12.529</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Payable amounts and obligations</b>	<b>8.715.290</b>	<b>18.495.510</b>	<b>277.028</b>	<b>596.160</b>
<b>I.</b>	<b>Amounts payable after one year and long-term obligations</b>	<b>119.104</b>	<b>203.063</b>	<b>0</b>	<b>0</b>
I.1.	Financial debts	0	0	0	0
I.1.1.	Leasing (financial rents) or similar obligations	0	0	0	0
I.1.2.	To credit organizations	0	0	0	0
I.1.3.	Other financial debts	0	0	0	0
I.2.	Debts to suppliers	0	0	0	0
I.3.	Received prepayments	0	0	0	0
I.4.	Suspensions	0	0	0	0
I.4.1.	Reimbursement of obligation and demands	0	0	0	0
I.4.2.	Pensions and similar obligations	0	0	0	0
I.4.3.	Other suspensions	0	0	0	0
I.5.	Suspended tax obligations	119.104	203.063	0	0
I.6.	Other payable amounts and long-term obligations	0	0	0	0
<b>II.</b>	<b>Amounts payable within one year and short-term obligations</b>	<b>8.596.186</b>	<b>18.292.447</b>	<b>277.028</b>	<b>596.160</b>
II.1.	Current year part of long-term amount	0	9.491.112	0	0
II.2.	Financial debts	0	0	0	0
II.2.1.	To credit organizations	0	0	0	0
II.2.2.	Other financial debts	0	0	0	0
II.3.	Debts to suppliers	4.847.261	4.475.497	29.473	52.170
II.4.	Received prepayments	378.241	540.772	15.108	229.335
II.5.	Profit tax payment obligations	0	524.470	0	272.509
II.6.	Obligations related to work relations	2.432.475	2.704.863	4.252	4.220
II.7.	Suspensions	0	0	0	0
II.8.	Other payable amounts and short-term obligations	938.209	555.733	228.195	37.926
	<b>Total proprietary capital and obligations</b>	<b>40.351.847</b>	<b>54.059.117</b>	<b>35.530.673</b>	<b>35.768.549</b>

Director

Lilijana Puriene



**Linās, LLC**

Company Code 147689083

S. Kerbedzio 23, Panevėžys

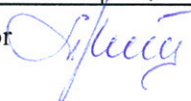
**PROFIT (LOSS) REPORT**

Formulated according to TFAS

Reporting cycle 01 01 2006 - 31 12 2006

No.	ARTICLES	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
<b>I.</b>	<b>SALE INCOME</b>	<b>60.077.511</b>	<b>73.290.024</b>	<b>1.022.222</b>	<b>45.570.106</b>
I.1.	Production of textile products	59.614.834	73.290.024	(1.377)	45.570.106
I.1.1.	Income for sold goods	59.275.566	72.815.655	(1.377)	45.206.216
I.1.2.	Income for sold services	339.268	474.369	0	363.890
I.2.	Management of financial profit	462.677	0	1.023.599	0
<b>II.</b>	<b>SALE COST PRICE</b>	<b>47.792.438</b>	<b>51.424.251</b>	<b>98.760</b>	<b>31.749.866</b>
II.1.	Production of textile products	47.693.678	51.424.251	0	31.749.866
II.1.1.	Cost price of sold production	47.467.594	51.080.928	0	31.480.149
II.1.2.	Cost price of sold services	226.084	343.323	0	269.717
II.2.	Cost price of financial profit management	98.760	0	98.760	0
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>	<b>12.285.073</b>	<b>21.865.773</b>	<b>923.462</b>	<b>13.820.240</b>
<b>IV.</b>	<b>ACTIVITY EXPENDITURES</b>	<b>16.566.342</b>	<b>18.434.044</b>	<b>704.222</b>	<b>11.381.523</b>
IV.1.	Sale	6.427.524	7.637.411	508	4.653.499
IV.2.	Common and administrative	10.138.818	10.796.633	703.714	6.728.024
<b>V.</b>	<b>PROFIT (LOSS) OF STANDARD ACTIVITY</b>	<b>(4.281.269)</b>	<b>3.431.729</b>	<b>219.240</b>	<b>2.438.717</b>
<b>VI.</b>	<b>OTHER ACTIVITY</b>	<b>119.978</b>	<b>(182.147)</b>	<b>1.709</b>	<b>(222.869)</b>
VI.1.	Income	204.641	381.814	1.709	317.752
VI.2.	Expenditures	84.663	563.961	0	540.621
<b>VII.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY</b>	<b>(326.400)</b>	<b>410.438</b>	<b>(10.744)</b>	<b>661.869</b>
VII.1.	Income	2.681	1.065.764	432	1.101.952
VII.2.	Expenditures	329.081	655.326	11.176	440.083
<b>VIII.</b>	<b>PROFIT (LOSS) OF ROUTINE ACTIVITY</b>	<b>(4.487.691)</b>	<b>3.660.020</b>	<b>210.205</b>	<b>2.877.717</b>
<b>IX.</b>	<b>EXTRAORDINARY GAIN</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>X.</b>	<b>LOSSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>(4.487.691)</b>	<b>3.660.020</b>	<b>210.205</b>	<b>2.877.717</b>
<b>XII.</b>	<b>PROFIT TAX</b>	<b>(539.541)</b>	<b>938.797</b>	<b>128.948</b>	<b>554.823</b>
<b>XIII.</b>	<b>PROFIT (LOSS) BEFORE MINORITY PART</b>	<b>(3.948.150)</b>	<b>2.721.223</b>	<b>81.257</b>	<b>2.322.894</b>
<b>XIV.</b>	<b>MINORITY PART</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XIII.</b>	<b>NET PROFIT (LOSS)</b>	<b>(3.948.150)</b>	<b>2.721.223</b>	<b>81.257</b>	<b>2.322.894</b>

Director



Lilijana Puriene

# REPORT OF LINAS, LLC ENTERPRISE GROUP PROPRIETARY CAPITAL ALTERATIONS

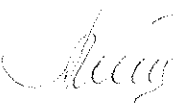
31 December, 2006

Report period 01 01 2006 - 31 12 2006

LTL

	Paid-up Authorized capital	Additions to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves		Unappropriated profit (loss)	Total
				Long-term tangible assets	Financial assets	Obligatory	Private shares procurement	Support reserves and other payouts according to collective agreement	Other reserves		
	1	2	3	4	5	6	7	8	9	11	12
Remainder on 31 December 2004	24.038.990	0	0	0	0	1.571.472	0	351.707	8.439.908	(1.702.180)	32.699.897
Result of report policy alteration											0
Correction result of major errors										142.486	142.486
Recalculated remainder on 31 December, 2004	24.038.990	0	0	0	0	1.571.472	0	351.707	8.439.908	(1.559.694)	32.842.383
Profit/loss not acknowledged in profit (loss) report										244.669	244.669
Result of report policy alteration											0
Net profit / loss of report period										2.721.223	2.721.223
Dividends											0
Other payouts											0
Formed reserves						500.000		200.000	6.000.000	(6.700.000)	0
Utilized reserves								(244.669)			(244.669)
Liquidates reserves									(8.439.908)	8.439.908	0
Increase/reduction of authorized capital											0
Remainder 31 on December 2005	24.038.990	0	0	0	0	2.071.472	0	307.038	6.000.000	3.146.106	35.563.606
Net profit / loss of report period										(3.939.578)	(3.939.578)
Formed reserves						352.771			9.045.354	(9.398.125)	0
Utilized reserves											0
Liquidates reserves								(307.038)	(6.000.000)	6.307.038	0
Remainder 31 on December 2006	24.038.990	0	0	0	0	2.424.243	0	0	9.045.354	(3.884.559)	31.624.028

Director



Lilijana Puriene



## REPORT OF OWN CAPITAL CHANGES

31 December, 2006

Report period 01 01 2006 - 31 12 2006

LTL

	Paid-up authorized capital	Additions to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves		Unappropriated profit (loss)	Total
				Long-term tangible assets	Financial assets	Obligatory	Private shares procurement	Support reserves and other payouts according to collective	Other reserves		
	1	2	3	4	5	6	7	8	9	11	12
Remainder on 31 December, 2004	24.038.990	0	0	0	0	1.571.472	0	351.707	8.439.908	(1.695.069)	32.707.008
Result of report policy alteration											0
Correction result of major errors										142.486	142.486
Recalculated remainder on 31 December, 2004	24.038.990	0	0	0	0	1.571.472	0	351.707	8.439.908	(1.552.583)	32.849.494
Profit/loss not acknowledged in profit (loss) report										244.669	244.669
Net profit / loss of report period										2.322.894	2.322.894
Formed reserves						500.000		200.000	6.000.000	(6.700.000)	0
Utilized reserves								(244.669)			(244.669)
Liquidated reserves									(8.439.908)	8.439.908	0
Remainder on 31 December, 2005	24.038.990	0	0	0	0	2.071.472	0	307.038	6.000.000	2.754.888	35.172.388
Profit/loss not acknowledged in profit (loss) report											0
Net profit / loss of report period										81.257	81.257
Formed reserves						332.426			8.665.909	(8.998.335)	0
Utilized reserves											0
Liquidated reserves								(307.038)	(6.000.000)	6.307.038	0
Remainder on 31 December, 2006	24.038.990	0	0	0	0	2.403.898	0	0	8.665.909	144.848	35.253.645

Director

Lilijana Puriene

## CURRENCY CIRCULATION REPORT

31 December, 2006

Report period 01 01 2006 - 31 12 2006

LTL

No.	Articles	GROUP		ENTERPRISE	
		Financial year	Previous financial year	Financial year	Previous financial year
<b>I.</b>	<b>Primary activity currency circulation</b>				
<b>I.1.</b>	<b>Earnings of report period of activity of textile items production (with VAT)</b>	<b>61.327.249</b>	<b>70.680.424</b>	<b>2.406.611</b>	<b>54.437.125</b>
I.1.1.	Earnings from clients	58.649.162	69.248.763	173.667	50.154.931
I.1.2.	Other earnings	2.678.087	1.431.661	2.232.944	4.282.194
<b>I.2.</b>	<b>Earnings of financial property management activity</b>	<b>50.859</b>	<b>0</b>	<b>546.179</b>	<b>0</b>
I.2.1.	Received interest for granted loans (from 2006, after typical activity of "Linat AB was changed, received interest of granted loans are attributed to incomes of typical activity)	50.859	0	546.179	0
<b>I.3.</b>	<b>Report period payouts of textile items production activity</b>	<b>(63.223.128)</b>	<b>(64.182.626)</b>	<b>(2.505.963)</b>	<b>(48.171.870)</b>
I.3.1.	Payouts to suppliers of raw materials, products and services (including VAT)	(37.334.794)	(40.784.224)	(228.208)	(25.826.117)
I.3.2.	Monetary payouts related to work relations	(21.620.926)	(22.022.734)	(20.400)	(17.983.615)
I.3.3.	Taxes paid to budget	(1.345.640)	(1.304.514)	(462.253)	(1.130.106)
I.3.4.	Other payouts	(2.921.768)	(71.154)	(1.795.102)	(3.232.032)
	<b>Cash circulation of primary activity</b>	<b>(1.845.020)</b>	<b>6.497.798</b>	<b>446.827</b>	<b>6.265.255</b>
<b>II.</b>	<b>Currency circulation of investment activity</b>				
II.1.	Procurement of long-term assets (excluding investments)	(883.579)	(1.311.246)	0	(945.912)
II.2.	Transfer of long-term assets (excluding investments)	2.900	522.650	0	519.200
II.3.	Procurement of long-term investments	0	0	0	0
II.4.	Procurement of short-term investments	0	0	0	0
II.5.	Transfer of short-term investments	0	0	0	0
II.6.	Transfer of long-term investments	11.871.000	2.600.000	11.871.000	2.600.000
II.7.	Provision of loans	(1.272.670)	(5.843.046)	(13.732.885)	(11.138.256)
II.8.	Return of loans	863.200	332.416	1.063.000	734.416
II.9.	Received dividends	0	0	0	0
II.10.	Received interest for granted loans (from 2006, after typical activity of "Linat AB was changed, received interest of granted loans are attributed to incomes of typical activity)	0	153.787	0	153.787
II.11.	Other currency circulation increases of investment activities	0	0	0	0
II.12.	Other currency circulation decreases of investment activities	0	(13.651)	0	(13.651)
	<b>Cash circulation of investment activity</b>	<b>10.580.851</b>	<b>(3.559.090)</b>	<b>(798.885)</b>	<b>(8.090.416)</b>
<b>III.</b>	<b>Currency circulation of financial activity</b>				
III.1.	Currency circulation related to company owners	(522)	(750)	(522)	(750)
III.1.1.	Emission of shares	0	0	0	0
III.1.2.	Owners' contributions to loss reimbursements	0	0	0	0
III.1.3.	Procurement of own shares	0	0	0	0
III.1.4.	Payout of dividends	(522)	(750)	(522)	(750)
III.2.	Currency circulation related to other financial sources	(9.516.047)	(3.780.182)	190	164.884
III.2.1.	Increase of financial debts	11.671.592	4.887.664	0	3.137.916
III.2.1.1.	Receipt of loans from credit institutions	11.671.592	4.887.664	0	3.137.916

No.	Articles	GROUP		ENTERPRISE	
		Financial year	Previous financial year	Financial year	Previous financial year
III.2.1.2.	Receipt of loans from associated and third parties	0	0	0	0
III.2.1.2.	Emission of bonds	0	0	0	0
III.2.2.	Reduction of financial debts	(21.188.632)	(8.557.403)	0	(2.862.331)
III.2.2.1.	Return of loans to credit institutions	(21.187.564)	(8.004.793)	0	(2.483.972)
III.2.2.2.	Return of loans to associated and third parties	0	0	0	0
III.2.2.3.	Procurement of own bonds	0	0	0	0
III.2.2.4.	Interests paid for credit institutions	(1.068)	(552.610)	0	(378.359)
III.2.2.5.	Leasing (financial rent) payments	0	0	0	0
III.2.3.	Interests received for bank accounts	993	2.544	190	2.286
III.2.4.	Increase of company's other obligations	0	40.000	0	40.000
III.2.5.	Reduction of company's other obligations	0	(152.987)	0	(152.987)
III.3.	Other increases of currency circulation of financial activity	16.290	169.201	14.892	168.239
III.4.	Other reductions of currency circulation of financial activity	(26.919)	(197.939)	(234)	(182.891)
	<b>Cash circulation of financial activity</b>	<b>(9.527.198)</b>	<b>(3.809.670)</b>	<b>14.326</b>	<b>149.482</b>
IV.	<b>Currency circulation of special articles</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
IV.1.	Increase of currency circulations of special articles	0	0	0	0
IV.2.	Reduction of currency circulations of special articles	0	0	0	0
V.	<b>Impact of currency exchange rates to cash and equivalent currency remainder</b>	<b>(8.326)</b>	<b>6.285</b>	<b>(985)</b>	<b>(43)</b>
VI.	<b>Net currency circulation increase (reduction)</b>	<b>(799.693)</b>	<b>(864.677)</b>	<b>(338.717)</b>	<b>(1.675.722)</b>
VII.	<b>Currency and currency equivalents at the beginning of the period</b>	<b>1.157.731</b>	<b>2.022.408</b>	<b>343.403</b>	<b>2.019.125</b>
VIII.	<b>Currency and currency equivalents at the end of the period</b>	<b>358.038</b>	<b>1.157.731</b>	<b>4.686</b>	<b>343.403</b>

Director



Lilijana Puriene

**Public Limited Company Linas**  
**Corporate identification 147689083**  
**S. Kerbedžio Street 23, Panevėžys**

**EXPLANATORY MEMORANDUM**  
**TO THE YEAR 2006 FINANCIAL ACCOUNTS**

31 December, 2005

**I. GENERAL**

1. The Linas company was launched in 1957. A public limited company Linas (further called the Company) was registered on 8 March, 1993. As part of the shares was acquired by international shareholders, the Company was re-registered on 5 March, 1996, as an entity holding foreign capital investments. Company is registered in Juridical body register, the number of registration is 003429, registration code 147689083. The Company carries on it's activity in accordance with the Law on Limited Companies of Lithuania, and other relevant legislation active in the Republic of Lithuania.

As of 1 January, 2005, the group of companies consisted of AB Linas and it's three daughter companies, i.e. UAB Lino gamybinė grupė, UAB Lino investicinis fondas, and UAB Domus Palanga. The group of companies underwent several rearrangements in 2005. As of 31 December, 2005, the group consisted of AB Linas and it's daughter company UAB Linas Nordic (further called the Group). UAB Linas Nordic has a corporate identification number 1485 32327 and it's registered address at S. Kerbedžio Street 23, Panevėžys. During 2006 the consist of companies of the group has not changed and on 31 December, 2006 the group of companies consisted of AB "Linas" and it's subsidiary company UAB "Linas Nordic".

2. The Group's financial year starts on January 1st, and ends on December 31st.

3. Neither the mother, nor the daughter company has any subsidiary or representative offices.

4. No changes in the share capital of the Company occurred during the reporting year.

5. AB Linas, being the sole shareholder of UAB Linas Nordic, passed a decision of 31 August, 2005, to increase the authorised capital of UAB Linas Nordic from 10,000 Litass to 5,999,000 Litass with a non-monetary contribution by the shareholder, i.e. the textile goods manufacturing business. As of 1 September, 2005, the rights and liabilities of AB Linas related to the textile goods manufacturing passed to UAB Linas Nordic.

UAB "Linas Nordic" produces linen, half linen, white, dyed, printed, jacquard, striped and checked fabrics for home textile and garments. 51% of produced production is sold in sewn items. Besides various fabrics weaving and finishing types, subsidiary company

produces fabrics with special finishing types. During September – December of 2005, it was produced 5 mln meters of linen and half linen fabrics. During 2006 it was produced 4.87 mln meters of linen and half linen fabrics.

UAB “Linas Nordic” is reliable partner and produces production of good quality which is oriented to the average level prices. The main competitors are Russian, Byelorussian, Chinese, Czech and Polish linen companies. Italian, French and Irish textile producers at the moment produce higher quality products, but in the nearest future UAB “Linas Nordic” hopes to start compete directly in market niches which are occupied by mentioned competitors.

UAB “Linas Nordic” is selling more than 92.6% of textile items to foreign countries. The breakdown of the sales by country is as follows: Sweden – 37.9%; USA – 8.0%; Lithuania – 7.4%; Italy – 5.1%; Estonia – 5.0%; Denmark – 4.5%; France – 3.5%; Great Britain – 3.2%; Belgium – 3.1%; other countries – 22.3%.

During 2006 AB “Linas” subsidiary company incurred 4029 thousand Litas loss when the result of 2005 of the same period was 407 thousand Litas net profit. At the end of financial year equity capital of UAB “Linas Nordic” was 2671 thousand Litas and on 31 12 2005 – 6701 thousand Litas.

Decisive impact on the results of textile items production and sales had competition of Asian producers, decrease of linen item prices and demand in the market, the lack of qualified employees and increased costs of production. In 2006, trade of linen products and all linen industry further was influenced, directly or indirectly, of supply increase of cheap products from China and increase of Russian supply.

The main strong point of East countries competitors is quite low production cost price. Their weak points are narrow assortment, the lack of experience and technological possibilities for the production of finished products. The main strong points of China are the low price of the work force and conditionally modern factories. The weak points are the distance to European markets, large lots, conditionally low quality and the image of Chinese item.

The main points of West and EU competitors are high quality, traditionally formed markets, reliability and the name of producer. The main minus is conditionally high prices, but this problem is solved when transferring part of production to the East or buying semimanufactures in the East.

UAB “Linas Nordic”, trying to stay in the market, to stabilize current situation and to increase competition profitability, will try to adjust produced products for individual customers orders, to shorten reaction period to market changes, to change logistic and distribution system, to use advantages of export possibilities offering the customers small supply lots and quicker delivery. For this we have strengthen our marketing service, we are expanding the chain of agents and agencies in Germany, France, Norway. Besides, other measures are foreseen to create reliable and constant incomes base. Also new projects are prepared to create new assortment, to increase the quality and decrease costs.

6. The data provided in the annual financial accounts is based on the listing of the assets held by the Group, and the Group’s liabilities inventory.

7. After the transform of activity AB “Linas” manages financial property (investment to the Funds and provided loans), predicts to execute financial and other projects.

## **II. ACCOUNTING POLICY**

### **1. Regulations the financial accounts have been based upon**

The Group executes accounting and prepares financial reporting in accordance with the legal provisions of bookkeeping and accounting, and financial reporting of the Republic of

Lithuania, as well as other relevant provisions, including International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

## **2. Accounting policy**

### **2.1. Group's accounting**

2.1.1. For the purpose of financial reporting, a daughter company is an enterprise in which the Group, either directly, or indirectly has a control, in a form of private ownership or otherwise, of a block of shares representing more than a half of the total votes in that enterprise.

2.1.2. The daughter companies are included in the consolidated financial reporting since the date the Group acquires control over the daughter company, while consolidation in respect of a daughter company ceases since it is no longer controlled by the Group. Any deals between the Group's companies, outstanding balances and any outstanding profit (loss) resulting from the deals between the Group's companies, is to be eliminated. Financial accounts of a daughter company may be omitted from the consolidated reporting in case the daughter company is not significant in terms of the Group's business, i.e. the assets of the daughter company, at the end of the current financial year, do not exceed 5 per cent of the assets of AB Linas, and the daughter company has generated no net income from the sales during the reporting year.

### **2.2. Long-term intangible assets accounting**

2.2.1. Any non-tangible asset which is employed in the activity of the Group's enterprises for longer than a year, shall be recorded as intangible property in the financial accounts provided it meets the following recognition criteria: a) the Group's enterprises are reasonably expected to generate future economic benefits on the basis of the said asset; b) the acquisition (production) cost of the asset is readily identifiable and separable from the value of the remaining assets; c) the Group's enterprises have control of the asset or are in a position to restrict other persons' access to disposal of the asset.

2.2.2. The Group has set across it's companies a threshold of minimum acquisition (production) cost for intangible assets, upon surpassing of which the asset is to be classified as long-term intangible property.

2.2.3. Long-term intangible assets are shown on the balance sheet at their balance value to be estimated by subtracting accrued depreciation from the acquisition value.

2.2.4. Depreciation of long-term intangible assets is performed by applying a depreciation rate set by the Group. The linear depreciation technique is applied. Depreciation of intangible assets starts counting since the first day of the next calendar month since the commencement of the use of the asset in the company's business. Depreciation ceases counting since the first day of the next month since the writing-off of the asset, or since the date of the sale, as the case may be.

2.2.5. The liquidation value of long-term intangible assets is set at 1 Litas.

2.2.6. The cost of operation of long-term intangible assets is attributed to the cost falling within the reporting period during which the cost was incurred.

2.2.7. No changes in the policy of accounting of long-term intangible assets or valuations of long-term intangible assets for accounting purpose have taken place over the reporting period.

2.2.8. The Group's companies have no long-term intangible assets subject to depreciation over a more than 20 years period, or any intangible assets subject to legal or contractual restrictions for it's disposal.

2.2.9. The Group has no mortgages of long-term intangible assets to secure it's liabilities.



2.2.10. All the advance payments for long-term intangible assets have been recorded on a single intangible assets account, irrespective of the kind of the asset paid for.

2.2.11. Additional information concerning long-term intangible assets of the Group and the Company has been disclosed in notes 4.3. and 4.5. of the Memorandum.

### **2.3. Long-term tangibles accounting**

2.3.1. Tangible assets purchased by the Group's companies are classified as long-term assets subject to meeting all the following criteria: a) the asset is to be used for more than one year; b) the asset is reasonably expected to serve as a basis for generating economic benefits over future accounting periods; c) it is possible to reliably identify the cost of acquisition (production) of the asset; d) the cost of acquisition (production) of the asset is at least equal to the minimum acquisition cost for long-term assets, i.e. of 500 Litas, applied across the company; e) the company has taken all the risks related to the subject tangible asset.

2.3.2. Long-term tangible assets are recorded for accounting purposes at their actual acquisition (production) cost.

2.3.3. Advance payments for long-term tangible assets shall be recorded on a single tangible assets account, irrespective of the kind of the asset.

2.3.4. The Group's companies apply acquisition cost technique for accounting of all the long-term tangible assets. In accordance with the acquisition cost technique, the assets, either acquired or produced, are recorded in the accounting at the cost of acquisition, and shown in the financial reporting at balance value, to be estimated by subtracting from the acquisition cost the accrued depreciation and any reduction in value due to discounting in price.

2.3.5. Depreciation of long-term tangible assets is calculated on a yearly basis by applying a depreciation rate, which are indicated acting according to normative of Lithuanian Republic Profit tax law of addendum No.1 and paying attention to the useful time of property's servicing, to the planned intensity of property's usage, to the surrounding of it's usage, foreseen property's liquidity value and other factors. It is indicated the liquidity (retain) value of long-term tangible asset 1 Litas.

2.3.6. Depreciation of long-term tangible assets is calculated in the Group using linear depreciation technique. Depreciation of tangible assets starts counting since the first day of the next calendar month since the commencement of the use of the asset in the business. Depreciation ceases counting since the first day of the next month since the writing-off of the asset, or it's disposal, when the property is not used any more or since the entire value of the asset (minus liquidation value) is assigned to the cost.

2.3.7. Any disposal of long-term tangible assets by the Group's companies shall be registered showing the profit or loss occurring from such transaction. The outcome is obtained by subtracting from the sale revenues of the asset it's liquidation value and the cost related to the transaction. Transfer profit or loss of long-term asset, except financial, is attributed to not typical, i.e. other activity incomes or costs.

2.3.8. Mortgages of long-term tangible assets and long-term tangible assets rented from third parties are accounted using class 0 bookkeeping accounts.

2.3.9. No changes in the long-term tangible assets accounting policy have occurred in the Group, and the Company, over the reporting period. Accounting revaluations of tangible assets in 2006 have been insignificant and disclosed prospectively in the financial reporting.

2.3.10. More information on long-term tangible assets has been disclosed in notes 4.4.; 4.5. to the Memorandum.

### **2.4. Accounting of financial assets and other long-term property**

2.4.1. The Group classifies it's financial assets as long-term and short-term assets.

2.4.2. Long-term financial assets comprise investments in daughter and associated companies, investments in other companies' shares, long-term loans issued by the Group to its employees, long-term loans issued to third parties, and any other amounts due to be received after one year. Short-term financial assets comprise short-term investments in other companies' shares, investments in other securities, and short-term loans.

2.4.3. Financial assets are valued on the basis of cost of acquisition and are shown in financial reporting in accordance with the cost approach.

2.4.4. More information related to financial assets is disclosed in notes 4.6.; 4.7. of the Memorandum.

2.4.5. The category of miscellaneous financial assets comprises the deferred tax-on-profit financial asset. The information on the deferred tax-on-profit financial asset is provided in note 4.26. to the Memorandum.

## **2.5. Stocks accounting**

2.5.1 Stocks comprise short-term assets, such as raw materials, supplies, production in progress, finished products, and purchased commodities intended for resale, which are consumed by the Company for earning revenues over one year. Any tangible assets, used in the activities of the Group's companies, with a unit value under the minimum threshold value set by the Group for long-term tangible assets is classified as a short-term stocks asset.

2.5.2. The Group performs valuation of stocks in accordance with FIFO technique, i.e. those stocks that were acquired earliest are assumed to be the ones sold or consumed first (first in first out).

2.5.3. The stocks of the Group (except of production in progress) are accounted in accordance with continued stocks accounting method, each occasion of acquisition (production) and sale (consumption) of stocks being recorded in the accounting. Unfinished production is accounted on monthly basis.

2.5.4. Stocks are recorded in the accounting on the basis of valuation at acquisition cost, while in financial reporting stocks are reported at the lower of acquisition (production) cost and net potential sale value.

2.5.5. The stocks are discounted to the potential net sale value by individually valuing each item of the stocks or each group of similar stocks. Assessing the net potential sale value takes account of the purpose for which the subject stock is being stored. Raw materials and other supplies stored for the purpose of product manufacturing shall not be discounted below their cost of acquisition, provided the products to be produced using the subject stocks are expected to sell at the cost of manufacturing at least, or a higher price, except when there is surplus of raw materials or other supplies in the Group. The loss incurred by discounting all the stocks to net potential sale value as well as any other loss of stock shall be recognised as an item of operational cost incurred during the period such loss occurred. Any reversion to the discounting of the stocks, undertaken due to the growth in the net potential sale value shall be accounted by making a relevant reduction of the operational cost of the period.

2.5.6. The information on the stocks of the Group and the Company is disclosed in note 4.8. of the Memorandum.

2.5.7. The information on the advance payments made by the Group and the Company for short-term assets and services is disclosed in note 4.9. of the Memorandum.

## **2. 6. Accounting of receivable amounts**

2.6.1. One year receivables comprise the entitlements to receive amounts of moneys or equivalent financial assets from third parties. Specifically, this is due amounts for products sold or services rendered, loans due for repayment, advance payments for financial assets due, as well as other kinds of debt contracted to the Company.

2.6.2. Advance payments for non-financial assets (such as intangible assets, long-term tangible assets, inventories, etc.) are not considered receivable amounts.

2.6.3. One year receivables are recorded for accounting purpose at the acquisition cost representing the value of the remuneration due.

2.6.4. Receivable amounts are shown at net value in the annual financial accounts, i.e. by subtracting the share of bad debt. The cost of bad debt is registered as an item operational cost and is included in the profit and loss statement of the reporting period.

2.6.5. The Group applies direct assessment technique for evaluation of bad debt costs. Any debt due those debts which repayment becomes doubted is moved to the bookkeeping account of supervised debt. Any receivable amount becomes a bad debt on the basis of receipt of reliable information concerning its repayment insecurity.

2.6.6. Notes 4.10.; 4.11. of the Memorandum reveal the information on the one year receivables and bad debts of the Group and the Company.

## **2. 7. Accounting of other short-term and monetary assets**

2.7.1. Financial assets of the Group comprise moneys in Litas and foreign currency in cash desk and on current bank accounts, and financial assets equivalent to moneys, i.e. short term investments, bonds, termed deposits, etc. whose maturity is shorter than 3 months. The Group had no moneys-equivalent financial assets as of the end of the financial year.

2.7.2. Miscellaneous short term assets comprise short term investments in shares and other securities, short-termed deposits (over 3 months), short-term loans issued.

2.7.3. Note 4.12. of the Memorandum provides information on long-term and short-term loans issued by the Group and the Company, indicating the type of currency, rate of interest and maturity term.

## **2. 8. Accounting of own capital stock**

2.8.1. Own capital stock comprises the share of the authorised capital which has been subscribed, the mandatory reserve stock, and undistributed profit (loss).

2.8.2. The authorised capital of AB Linas has been divided into registered ordinary shares. The number of shares is 24,038,990, with a par value of 1 Litas per share. The number of shares issued and paid for is 24,038,990. The Group has no unsubscribed shares. The shares of the Company are not material. The shareholding is recorded by making relevant entries in the personal securities' accounts of the shareholders. The information on the authorised capital of the Company is disclosed in note 4.13.

2.8.3. Neither daughter companies of AB Linas nor associated companies have any shares of the Company.

2.8.4. The Company has no its own shares purchased by itself.

2.8.5. The information on the reserves is provided in note 4.14. of the Memorandum.

2.8.6. Pursuant to the accounting policy adopted by the Group, long term tangible assets and financial assets are recorded for accounting purpose and shown in financial reporting at the value of acquisition, therefore no revaluation account is used.

2.8.7. Draft profit (losses) distribution prepared by the AB Linas management is provided in note 4.15. of the Memorandum.

2.8.8. The profit distribution approved by the shareholders meeting is included in the financial reporting of the period during which the shareholders' approving decision was passed concerning the profit distribution, irrespective of the time when the profit was actually earned.

## **2.9. Subsidy accounting**

2.9.1. The subsidy (grant) or its part is recognised as having been spent in the accounting period during which the costs related to the subsidy (grant) are incurred. The balance of the amount of the subsidy (grant) is shown on the balance sheet.

2.9.2. Note 4.16. of the Memorandum to the financial accounts provides information on the subsidies (grants) received by the Group / the Company.

## **2.10. Liabilities accounting**

2.10.1. Financial accounting of the Group records current liabilities, i.e. those liabilities acquired by the Group's companies, subject to fulfilment by the Group.

2.10.2. The liabilities are classified on the basis of their fulfilment requirements, i.e. long-term liabilities representing such liabilities which are due to be fulfilled by the Group's companies within a period exceeding one year, and short-term liabilities, representing those liabilities to be fulfilled within an ordinary cycle of business activity, i.e. twelve months.

2.10.3. The liabilities are assessed on the basis of their cost of acquisition, representing an amount of moneys, or an equivalent asset, to be paid at usual business circumstances.

2.10.4. Liabilities shall accrue on account of the paid leave earned by the employees of the Group's companies. The cost of paid leave shall accrue on a monthly basis. At the end of the current fiscal year, the amount of accrued leave payments shall be adjusted, by precisely calculating the amount of leave payments (including social insurance) earned by each employee over the financial year and not exhausted so far, as well as the balance of duration of leave not yet exhausted by each employee. The information on the amounts of paid leave payments, accrued as liabilities to the Group and its companies, is provided in note 4.19. to the Memorandum.

2.10.5 The information on short-term and long-term liabilities of the Group and the Company is provided in note 4.17. to the Memorandum.

2.10.6 The information on the status of the debt of the Group and the Company in respect of credit institutions is disclosed in note 4.18. to the Memorandum.

## **2.11. Income accounting**

2.11.1. Incomes are recognised in line with the accruals principle, i.e. an income is recorded in the accounting at the moment it is earned, irrespective of when the money is actually received. Upfront or similar advance payments are not recognised as income. Any revenues which are received over the reporting period, and are not recognised as income, are shown on the balance sheet as liabilities. Income is assessed at its true value.

2.11.2. Usual business income of the Group comprises the revenues generated by the sale of the products, i.e. fabrics, sewn items, yarn, combed-away remnants of yarn; by provision of production manufacturing services and the revenues of interests from provided loans and other revenues related with financial property management.

2.11.3. Income from usual business is recognised as earned income, is recorded in the accounting and shown in the financial reporting at the moment the sales when production or production related services occurs, subject to availability of a reliable assessment of the amount of income. Note 4.20. to the Memorandum provides information on the income and expenditure of the Group and the Company related to usual business, on the basis of division by geographical areas and branches of business.

2.11.4. Unusual income represents income generated by miscellaneous activities, i.e. income from sale of goods intended for resale, income from sale of surplus inventories, income from sale of unusual products or provision of unusual services, the profit from disposal of long-term assets (except of financial assets), as well as income from other kinds

of atypical business activity and / or singular business transactions. Note 4.22. to the Memorandum provides information on the income and cost of unusual business undertakings.

2.11.5. Financial and investment business income comprises the interest on the moneys deposited with banks, any profits resulting from a change in foreign exchange rate, recognised forfeiture for delay of payments and other fines and other. Note 4.23. to the Memorandum provides the information on the income and cost of financial and investment undertakings of the Group and the Company.

2.11.6. Extraordinary business income, i.e. incidental income, comprises any income resulting from incidental business events, not assignable to usual business.

## **2.12. Costs accounting**

2.12.1 Costs are defined as any decrease in economic benefits manifesting as a reduction in value of assets, or liabilities assumed during the reporting period. For the purpose of financial accounting, only that part of expenditure which is incurred in earning the income of the reporting period, or alternatively that part of expenditure which might not be related to earning of income of any of the forthcoming reporting periods, is recognised as the costs. Any expenditures falling within different accounting periods, are distributed to such accounting periods during which they generate economic benefits to the enterprise.

2.12.2. For the purpose of recording cost in the accounting, costs are recognised in line with accruals and comparison principles, within the reporting period during which the income, related to the subject expenditure, is earned, irrespective of the time when the moneys were actually expended.

2.12.3. Sales cost comprises the cost of products sold, the cost of commodities resold and the costs of provided production and financial services.

2.12.4. Operational costs in the Group are classified as general costs and management costs. In the note No.4.21. of Explanatory Memorandum of financial accounting there is presented information about activity's costs.

2.12.5. Unusual business cost comprises losses due to disposal of long-term assets, the cost of sale of products / services which are not attributed to usual business, the cost of lease of premises or provision of accounting / consulting services, as well as other miscellaneous atypical business costs, and the costs of incidental or singular business transactions.

2.12.6. Financial and investment business costs comprise costs of bank interest, any fines and forfeitures due to delay in payment, the cost resulting from a negative change in foreign currency rate and other costs of financial and investment undertakings.

2.12.7. Atypical loss comprises any loss resulting from incidental events that are not attributable to usual business.

## **2.13. Profit taxation accounting**

2.13.1. The tax of profit and social tax due as a result of the reporting year are shown in the financial accounting at the moment the profit of the reporting year is calculated upon the end of the accounting period, not at the moment a liability is incurred on the basis of the outstanding tax on profit amount. The profit, in accordance with the provisions of calculation of the tax on profit, is adjusted with any cost which incurs no reduction to the tax on profit, and any income which is not taxable or is taxable in addition to regular taxation procedure. The loss related to profit taxation may be carried forward five years. The rate of the tax on profit is 15 per cent. The tariff of social tax – 3%.

2.13.2. Advance profit tax is calculated in the company according to the foreseen sum of profit tax of current fiscal year; in the subsidiary company "Linas Nordic" – according to the activity results of last year. Advance profit tax is declared according to the confirmed order

of National Taxing Inspection by Finance Ministry and is paid according to the order indicated in the law of Profit tax.

2.13.3. The cost of the profit tax of the reporting year is calculated by adjusting the profit tax of the reporting year with the amount of any deferred profit taxes. Deferred profit taxes are calculated in accordance with the approach applied in respect of balance sheet liabilities. Deferred tax on profit reflects the net taxation effect due to provisional differences between the value of assets and liabilities in the financial accounting and the taxation accounting. Deferred taxes, as an asset or a liability, are valued applying the taxation rate, which is expected to apply in respect of the period during which the subject property would be disposed of, or the liability discharged. The deferred profit tax, as an asset, is recognised on the balance sheet to the extent it is expected to be discharged in the near future, based on the forecast of taxable profit. In case there is a part of deferred profit tax which is not going to be discharged, it is then not recognised in the financial accounting.

2.13.4. The Company's profit tax costs and deferred profit taxes are shown in detail in note 4.25. to the Memorandum.

2.13.5. The information on the Group's deferred profit taxes is provided in note 4.26. to the Memorandum.

## **2.14. Foreign exchange**

Any transactions executed in a foreign currency are converted into Litas at the official exchange rate set by the Bank of Lithuania at the transaction date, which is roughly equal to market rate of exchange. Monetary assets and liabilities are converted into Litas at the exchange rate of the date of the balance sheet. The balance sheet as of 31 December, 2006, and 2005, is based on the following currency exchange rates:

<b>2006</b>	<b>2005</b>
1 EUR = 3.4528 Lt	1 EUR = 3.4528 Lt
1 USD = 2.6304 Lt	1 USD = 2.9102 Lt

Any profit / loss related to monetary transactions is recognised in the profit and loss statement covering the period during which the subject profit / loss occurred. Any profit / loss subject to converting, is accounted on the basis of the conversion rate valid at the end of the reporting period.

## **3. Revisions to the accounting policy and corrections of essential mistakes**

3.1. Preparing the financial accounting in 2005 in accordance with the International Financial Reporting Standards did not incur any material changes of the accounting policy related to application of IFRS.

3.2. Mistake is meant as essential, if: 1)it's sum is larger than 10% of appropriate balance part or the clause of profit (loss) report and 2)if it makes 0.25% of all property balance value or 0.5% of sales revenues sum indicated in financial accounting. If mistake is not reaching these indicators, then it is meant nonessential.

3.3. The errors of the accounting of 2005 as well as earlier periods, disclosed while preparing the accounting in 2006, were reflected both retroactively and foreactively. Non-essential errors producing no material impact have been corrected in respect of the future accounting, while any essential errors with material impact have been reflected also retroactively. The costs of profit tax in the Company miscalculated in the previous years have been revised retroactively. Correction of the errors is shown in notes 4.1.; 4.2. and 4.27. to the Memorandum.



#### 4. Notes of Explanatory Memorandum

4.1. Recalculation of the 2005 balance sheet data due to correction of material errors.

4.2. Recalculation of the 2005 profit and loss account data due to correction of material errors.

4.3. The status of the long-term intangible assets of the Group, and their change over the reporting period (4.3. 'AB Linas Group of companies long-term intangible assets change). AB „Linas“ is not having long-term intangible assets.

4.4. The status of the long-term tangible assets of the Group and the Company, and their change over the reporting period (Tables 4.4.1 'AB Linas long-term tangible assets change', and 4.4.2 'AB Linas Group of companies long-term tangible assets change).

4.5. Additional information on the long-term tangible and intangible assets of the Group and the Company, i.e. adopted average rates of depreciation and amortisation of long-term assets according to the class of assets (Table 4.5.1 'Long-term assets average economic life), the cost of acquisition (production) of depreciated or worn-down assets still in use in the company (Table 4.5.2 'Depreciated or worn-down assets still in use), information on the mortgages of long-term assets (Table 4.5.3 'Long-term tangible assets mortgages'); information about rented long-term tangible asset (table 4.5.4. "The rent of long-term tangible asset).

4.6. Long-term financial assets and their change over the reporting period (Tables 4.6.1 'AB Linas Group of companies long-term financial assets change', and 4.6.2 'AB Linas long-term financial assets change').

4.7. Short-term financial assets and their change over the reporting period (Tables 4.7.1 'AB Linas Group of companies short-term financial assets change', and 4.7.2 'AB Linas short-term financial assets change').

4.8. Gross balance sheet value of the Group's and the Company's stocks, their balance value by type of stock, the balance sheet value of the stocks recorded in the accounting at their net potential sale value, the amount of discounting to the net potential sale value, the amount of reversion of the discounting, the balance value of mortgaged stocks, and the stocks held with third parties (Tables 4.8.1 'AB Linas Group of companies stocks' and 4.8.2 'AB Linas stocks').

4.9. Advance payments by the Group and the Company to suppliers for short term assets and services (Table 'Advance payments for short term assets and services').

4.10. The Group's and the Company's one year receivable amounts by major groups of receivable amounts, their change compared to the previous financial year (Table 'One year receivable amounts').

4.11. The Group's and the Company's one year receivable amounts recognised as bad debt in the accounting, the cost of bad debt over the financial year, and recovered bad debt (Table 'Bad debt').

4.12. Long-term and short-term loans issued by the Group and the Company, including balance sheet values, maturity terms, accrued interest (Table 'Loans issued').

4.13. The structure of the authorised capital stock of the Company, the number of shares and their par value, the numbers of shares held by the state, the municipality, the company (redeemed shares), and the number of company shares and sums which belongs to subsidiary company, also company's shareholders who have more than 5% shares. (Table 'AB Linas authorised capital structure and the main shareholders').

Average price of sale per share of the Company on the market in 2006 was 0.51 Litas, and in 2005 average market sale price per share was 1.26 Litas.

4.14. The information on the reserves of the Company (Table 'AB Linas reserves').

4.15. Draft distribution of the Company's profit (losses) (Table 'AB Linas draft profit (losses) distribution').

4.16. The subsidies (grants) received (or receivable) by the Group and the Company (Table 'Subsidies and grants').

4.17. Short-term and long-term liabilities of the Group and the Company in accordance with the term of maturity, showing specifically those debt liabilities which are secured with company's assets (Table 'Short-term and long-term liabilities').

4.18. The status of the debt of the Group and the Company to credit institutions (Table 'Status of debt to credit institutions').

On June, 2006 the company provided 12 mln Litas loan to the subsidiary company UAB „Linus Nordic“ and subsidiary company, because of this reason, was able to cover 11.7 mln Litas loan sum for the bank. On 31 12 2006 the Group of companies didn't have debts for the bank.

4.19. The Group's and the Company's accruals for employee vacations (Table 'Vacation accruals').

4.20. Typical business of the Group and Company.

The typical activity of AB „Linus“ has been changed after the activity of the Group of companies was transformed at the end of 2005. Since 2006 the typical activity of the company is the management of financial property – investment to the Funds and the management of provided loans. During 2006 the company earned 1.023.599 Litas of interest incomes. The interest sum of provided loans to subsidiary company made 560.922 Litas. The cost price of provided financial services was 98.760 Litas.

The largest part the activity of the Group of companies makes the activity of textile items production. Information about the sales of textile items, i.e. the segment of textile items production business and geographical segment, is indicated in tables 4.20.1. „Information about the segments of textile items production business“ and 4.20.2 „Information about geographical segments of textile items production business“.

4.21. The information on the operational costs of the Group and the Company (Table 'Operational costs').

4.22. The information on the cost and revenues of miscellaneous ('atypical') activities of the Group and the Company (Table 'Miscellaneous ('atypical') activities').

4.23. Financial and investment undertakings of the Group and the Company, revenues and costs shown by material items (Table 'Financial and investment undertakings').

4.24. The amounts of moneys accrued to the executives of the Group and the Company, and other persons, as well as other disposed assets and guarantees provided (Table 'Financial relations to corporate executives and other related persons').

4.25. The tax on profit due to be paid by the Company and the cost (income) of deferred profit tax, including a detailed outlay (Tables 4.25.1 'Profit tax costs breakdown', 4.25.2 'Recalculation of profit tax costs taking account of permanent and provisional differences of accounting and taxable profit').

4.26. Deferred profit taxes of the Group and the Company (Table 4.28 'Deferred profit taxes').

4.27. Non-essential errors of 2006 have been corrected in respect of future accounting. Retroactively, in 2006, the Company corrected miscalculations of profit tax cost of the previous years (Table 'The information on error correction in AB Linus').

4.28. Material out-of-balance-sheet amounts, i.e. mortgages, guarantees, securities (Table 'Out-of-the-balance-sheet entitlements and liabilities').

4.29. Significant post-balance sheet events.

AB „Linus“ – the only one shareholder of UAB „Linus Nordic“ – on 14 02 2007 took a decision to cover UAB „Linus Nordic“ loss of 2006 with the shareholder contribution, i.e. to decrease in a sum of 2.8 mln Litas the sum of loan provided to the company. The Board of UAB „Linus Nordic“ has cancelled general director Žibutė Gaivenienė from the post since 08 03 2007, by the agreement of both parties. Since 09 03 2007 temporary appointed general director of UAB „Linus Nordic“ is Lilijana Pūrienė.

**4.1. REVISION OF DATA OF BALANCE SHEET OF LINAS LLC  
OF 2005 CONCERNING MAJOR ERRORS CORRECTION**

LTL

Run. No.	ASSETS	Remark No.	Linac LLC 31/12/2005	Revision	Linac LLC 31/12/2005, after revision
<b>A.</b>	<b>Long-term assets</b>		<b>7.509.313</b>	<b>0</b>	<b>7.509.313</b>
<b>I.</b>	<b>Intangible assets</b>		<b>0</b>	<b>0</b>	<b>0</b>
I.1.	Development works				
I.2.	Prestige				
I.3.	Patents, licences				
I.4.	Software				
I.5.	Other intangible assets				
<b>II.</b>	<b>Tangible assets</b>		<b>12.395</b>	<b>0</b>	<b>12.395</b>
II.1.	Land				
II.2.	Buildings				
II.3.	Constructions				
II.4.	Machinery and equipment				
II.5.	Means of transport				
II.6.	Other mechanisms, gear, tools and equipment		12.395		12.395
II.7.	Construction in progress				
II.8.	Other tangible assets				
II.9.	Investment assets				
<b>III.</b>	<b>Financial assets</b>		<b>7.451.245</b>	<b>0</b>	<b>7.451.245</b>
III.1.	Investment into branch and associated enterprises		6.309.508		6.309.508
III.2.	Loans for associated and branch enterprises				
III.3.	Amounts receivable after one year		1.131.737		1.131.737
III.4.	Other financial assets		10.000		10.000
<b>IV.</b>	<b>Other long-term assets</b>		<b>45.673</b>	<b>0</b>	<b>45.673</b>
IV.1.	Deferred corporation tax assets		45.673		45.673
IV.2.	Other long-term assets				
<b>B.</b>	<b>Current assets</b>		<b>28.195.645</b>	<b>63.591</b>	<b>28.259.236</b>
<b>I.</b>	<b>Stocks, prepayments and contracts in progress</b>		<b>2</b>	<b>0</b>	<b>2</b>
I.1.	Stocks		0		0
I.1.1.	Raw material and assembly products				
I.1.2.	Production in progress				
I.1.3.	Production produced				
I.1.4.	Goods acquired for reselling purposes				
I.1.5.	Other stocks				
I.2.	Advance payments		2		2
I.3.	Contracts in progress				
<b>II.</b>	<b>Amounts receivable within one year</b>		<b>14.949.699</b>	<b>0</b>	<b>14.949.699</b>
II.1.	Customers' debt		12.986.422		12.986.422
II.2.	Debts of subsidiaries and associated enterprises				
II.3.	Other receivable amounts		1.963.277		1.963.277
<b>III.</b>	<b>Other current assets</b>		<b>12.902.541</b>	<b>63.591</b>	<b>12.966.132</b>
III.1.	Current investments				
III.2.	Fixed-term deposits				
III.3.	Other current assets	4.26.	12.902.541	63.591	12.966.132
<b>IV.</b>	<b>Cash and cash equivalents</b>		<b>343.403</b>		<b>343.403</b>
	<b>Total assets:</b>		<b>35.704.958</b>	<b>63.591</b>	<b>35.768.549</b>

Run. No.	EQUITY AND LIABILITIES	Remark No.	Linac LLC 31/12/2005	Revision	Linac LLC 31/12/2005, after revision
<b>C.</b>	<b>Equity capital</b>		<b>35.108.798</b>	<b>63.591</b>	<b>35.172.389</b>
<b>I.</b>	<b>Capital</b>		<b>24.038.990</b>	<b>0</b>	<b>24.038.990</b>
I.1.	Share capital (subscribed)		24.038.990		24.038.990
I.2.	Subscribed unpaid capital (-)				
I.3.	Appendices to shares				
I.4.	Own shares (-)				
<b>II.</b>	<b>Revaluation reserve (results)</b>				
<b>III.</b>	<b>Reserves</b>		<b>8.378.511</b>	<b>0</b>	<b>8.378.511</b>
III.1.	Obligatory		2.071.473		2.071.473
III.2.	For acquirement of own shares				
III.3.	Other reserves		6.307.038		6.307.038
<b>IV.</b>	<b>Retained profit (loss)</b>		<b>2.691.297</b>	<b>63.591</b>	<b>2.754.888</b>
<b>IV.1.</b>	<b>Earnings (losses) of the reporting year</b>		<b>2.646.458</b>	<b>(78.895)</b>	<b>2.567.563</b>
IV.1.1.	Profit (loss) of the reporting year from profit (loss) report	4.26.	2.401.789	(78.895)	2.322.894
IV.1.2.	Unacknowledged profit (loss) in profit (loss) report		244.669		244.669
<b>IV.2.</b>	<b>Profit (loss) of the last year</b>	4.26.	<b>44.839</b>	<b>142.486</b>	<b>187.325</b>
<b>D.</b>	<b>Minority part</b>				
<b>E.</b>	<b>Grants, subsidies</b>				
<b>F.</b>	<b>Amounts payable and liabilities</b>		<b>596.160</b>	<b>0</b>	<b>596.160</b>
<b>I.</b>	<b>Amounts payable after one year and long-term liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>
I.1.	Financial debts				
I.1.1.	Leasing (financial lease) or similar liabilities				
I.1.2.	For credit institutions				
I.1.3.	Other financial debts				
I.2.	Debts for suppliers				
I.3.	Advance payments perceived				
I.4.	Suspensions				
I.4.1.	Of reimbursement of liabilities and demands				
I.4.2.	Pensions and similar liabilities				
I.4.3.	Other suspensions				
I.5.	Taxes suspended				
I.6.	Other amounts payable and long-term liabilities				
<b>II.</b>	<b>Amounts payable within one year and short-term liabilities</b>		<b>596.160</b>	<b>0</b>	<b>596.160</b>
II.1.	The part of the current year of long-term debts				
II.2.	Financial debts		0		0
II.2.1.	For credit institutions				
II.2.2.	Other financial debts				
II.3.	Debts for suppliers		52.170		52.170
II.4.	Advance payments perceived		229.335		229.335
II.5.	Liabilities of income tax		272.509		272.509
II.6.	Liabilities related to industrial relations		4.220		4.220
II.7.	Suspensions				
II.8.	Other amounts payable and short-term liabilities		37.926		37.926
	<b>Total equity and liabilities:</b>		<b>35.704.958</b>	<b>63.591</b>	<b>35.768.549</b>

**4.2. DATA REVISION DUE TO THE CORRECTION OF MAJOR ERRORS  
OF EARNINGS (LOSSES) REPORT OF LINAS LLC 2005**

LTL

Run No.	ARTICLES	Remark Nr.	Year 2005	Revision	2005 after revision
<b>I.</b>	<b>SALES INCOME</b>		<b>45.570.106</b>	<b>0</b>	<b>45.570.106</b>
I.1.	Production of textile products		45.570.106	0	45.570.106
I.1.1.	Income for sold goods		45.206.216		45.206.216
I.1.2.	Income for services provided		363.890		363.890
I.2.	Financial assets management		0		0
<b>II.</b>	<b>COST OF SALES</b>		<b>31.749.866</b>	<b>0</b>	<b>31.749.866</b>
II.1.	Production of textile products		31.749.866	0	31.749.866
II.1.1.	Cost of production sold		31.480.149		31.480.149
II.1.2.	Cost of services provided		269.717		269.717
II.2.	Cost price of financial assets management		0		
<b>III.</b>	<b>GROSS PROFIT (LOSSES)</b>		<b>13.820.240</b>	<b>0</b>	<b>13.820.240</b>
<b>IV.</b>	<b>OPERATING EXPENSES</b>		<b>11.381.523</b>	<b>0</b>	<b>11.381.523</b>
IV.1	Sales		4.653.499		4.653.499
IV.2	Total and administrative		6.728.024		6.728.024
<b>V.</b>	<b>OPERATING PROFIT (LOSS)</b>		<b>2.438.717</b>	<b>0</b>	<b>2.438.717</b>
<b>VI.</b>	<b>OTHER ACTIVITY</b>		<b>(222.869)</b>	<b>0</b>	<b>(222.869)</b>
VI.1.	Income		317.752		317.752
VI.2.	Expenses		540.621		540.621
<b>VII.</b>	<b>FINANCIAL AND INVESTING ACTIVITY</b>		<b>661.869</b>	<b>0</b>	<b>661.869</b>
VII.1	Income		1.101.952		1.101.952
VII.2	Expenses		440.083		440.083
<b>VIII.</b>	<b>ORDINARY PROFIT (LOSS)</b>		<b>2.877.717</b>	<b>0</b>	<b>2.877.717</b>
<b>IX.</b>	<b>EXTRAORDINARY GAIN</b>				
<b>X.</b>	<b>EXTRAORDINARY LOSS</b>				
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAXATION</b>		<b>2.877.717</b>	<b>0</b>	<b>2.877.717</b>
<b>XII.</b>	<b>CORPORATE INCOME TAX</b>	4.26.	475.928	78.895	554.823
<b>XIII.</b>	<b>NET PROFIT (LOSS)</b>		<b>2.401.789</b>	<b>(78.895)</b>	<b>2.322.894</b>

### 4.3. LONG-TERM INTANGIBLE ASSETS

#### 4.3.1. Changes of Linas, LLC enterprise group long-term intangible assets

LTL

Indicators	Developmental works	Prestige	Patents, licenses	Software	Other intangible assets	Total
Residual value at the end of previous financial year			21.261	167.650	0	188.911
a) Procurement cost price of long-term intangible assets						
At the end of previous financial year			95.553	948.222	0	1.043.775
Changes of financial year			(20.250)	30.685	0	10.435
· Procurement of assets			0	37.212	0	37.212
· Assets, transferred to other individuals and discarded (-)			(20.250)	(6.527)	0	(26.777)
· Transcription from one article to another +/(-)			0	0	0	0
At the end of financial year			75.303	978.907	0	1.054.210
b) Amortization						
At the end of previous financial year			74.292	780.572	0	854.864
Changes of financial year			581	101.632	0	102.213
· Financial year amortization			20.829	108.153	0	128.982
· Restorational records (-)			0	0	0	0
· Assets, transferred to other individuals and discarded (-)			(20.248)	(6.521)	0	(26.769)
· Transcription from one article to another +/(-)			0	0	0	0
At the end of financial year			74.873	882.204	0	957.077
e) Residual value at the end of financial year (a) - (b)			430	96.703	0	97.133



#### 4.4. LONG-TERM TANGIBLE ASSETS

##### 4.4.1. CHANGES OF LINAS, LLC LONG-TERM TANGIBLE ASSETS

LTL

Indicators	Land	Buildings and structures	Machinery and equipment	Means of transport	Other equipment, appliances, instruments	Other tangible assets	Current construction	Total
<b>Residual value at the end of previous financial year</b>	0	0	0	0	12.395	0	0	12.395
<b>a) Procurement of cost price long-term tangible assets</b>								
<b>At the end of previous financial year</b>	0	0	0	0	12.749	0	0	12.749
<b>Changes of financial year</b>	0	0	0	0	0	0	0	0
· Procurement of assets	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	0	0	12.749	0	0	12.749
<b>b) Revaluation</b>								
<b>At the end of previous financial year</b>	0	0	0	0	0	0	0	0
<b>Changes of financial year</b>	0	0	0	0	0	0	0	0
· Increase (decrease) of value +/-(-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	0	0	0	0	0	0
<b>c) Depreciation (-)</b>								
<b>At the end of previous financial year</b>	0	0	0	0	354	0	0	354
<b>Changes of financial year</b>	0	0	0	0	4.249	0	0	4.249
· Financial year depreciation	0	0	0	0	4.249	0	0	4.249
· Restorational records (-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	0	0	4.603	0	0	4.603
<b>d) Decrease of value</b>								
<b>At the end of previous financial year</b>	0	0	0	0	0	0	0	0
<b>Changes of financial year</b>	0	0	0	0	0	0	0	0
· Decrease of value of financial year	0	0	0	0	0	0	0	0
· Restorational records (-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	0	0	0	0	0	0
<b>e) Residual value at the end of financial year (a) + (b) - (c) - (d)</b>	0	0	0	0	8.146	0	0	8.146

#### 4.4.2. Changes of Linas, LLC enterprise group long-term tangible assets

LTL

Indicators	Land	Buildings and structures	Machinery and equipment	Means of transport	Other equipment, appliances, instruments	Other tangible assets	Current construction	Total
<b>Residual value at the end of previous financial year</b>	0	0	4.032.088	293.596	1.114.805	314.855	0	5.755.344
<b>a) Procurement of cost price long-term tangible assets</b>								
<b>At the end of previous financial year</b>	0	0	21.159.165	1.514.607	3.241.169	314.855	0	26.229.796
<b>Changes of financial year</b>	0	0	613.228	30.564	(103.126)	(166.079)	0	374.587
· Procurement of assets	0	0	427.607	28.361	217.604	136.444	0	810.016
· Assets, transferred to other individuals and discarded (-)	0	0	(69.626)	(24.200)	(325.676)	0	0	(419.502)
· Transcription to short-time assets +/(-)	0	0	0	0	0	(15.927)	0	(15.927)
· Transcription from one article to another +/(-)	0	0	255.247	26.403	4.946	(286.596)	0	0
<b>At the end of financial year</b>	0	0	21.772.393	1.545.171	3.138.043	148.776	0	26.604.383
<b>b) Revaluation</b>								
<b>At the end of previous financial year</b>	0	0	0	0	0	0	0	0
<b>Changes of financial year</b>	0	0	0	0	0	0	0	0
· Increase (decrease) of value +/(-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription from one article to another +/(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	0	0	0	0	0	0
<b>c) Depreciation (-)</b>								
<b>At the end of previous financial year</b>	0	0	17.127.077	1.221.011	2.126.364	0	0	20.474.452
<b>Changes of financial year</b>	0	0	1.115.332	58.036	25.493	0	0	1.198.861
· Depreciation of financial year	0	0	1.184.918	82.235	346.923	0	0	1.614.076
· Restorational records (-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	(69.586)	(24.199)	(321.430)	0	0	(415.215)
· Transcription from one article to another +/(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	18.242.409	1.279.047	2.151.857	0	0	21.673.313
<b>d) Decrease of value</b>								
<b>At the end of previous financial year</b>	0	0	0	0	0	0	0	0
<b>Changes of financial year</b>	0	0	0	0	0	0	0	0
· Decrease of value of financial year	0	0	0	0	0	0	0	0
· Restoration records (-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription from one article to another +/(-)	0	0	0	0	0	0	0	0
<b>At the end of financial year</b>	0	0	0	0	0	0	0	0
<b>e) Residual value at the end of financial year (a) + (b) - (c) - (d)</b>	0	0	3.529.984	266.124	986.186	148.776	0	4.931.070

#### 4.5. OTHER INFORMATION ON LONG-TERM INTANGIBLE AND TANGIBLE ASSETS

##### 4.5.1. Average useful service period of long-term assets

No.	Long-term asset groups	GROUP	COMPANY
1.	<b>Long-term intangible asset groups</b>		
1.1.	Patents, licenses etc.	4	
1.2.	Software	3	
2.	<b>Long-term tangible asset groups</b>		
2.1.	Machines and equipment	11	
2.2.	Means of transport	7	
2.3.	Other equipment, appliances, instruments, gear, inventory	7	3

##### 4.5.2. Utilized totally amortized or depreciated long-term assets depreciated long-term assets

No.	Title of asset group	GROUP		COMPANY	
		Number of exploited inventory units	Purchase cost price (Lt)	Number of exploited inventory units	Purchase cost price (LTL)
1.	<b>Long-term intangible asset groups</b>				
1.1.	Patents, licenses etc.	1	74.725	0	0
1.2.	Software	258	757.647	0	0
	<b>Total</b>	<b>259</b>	<b>832.372</b>	<b>0</b>	<b>0</b>
2.	<b>Long-term tangible asset groups</b>				
2.1.	Machines and equipment	1.530	13.078.479	0	0
2.2.	Means of transport	509	1.062.383	0	0
2.3.	Other equipment, appliances, instruments, gear, inventory	1.622	1.158.880	0	0
	<b>Total</b>	<b>3.661</b>	<b>15.299.742</b>	<b>0</b>	<b>0</b>

##### 4.5.3. Mortgages of long-term tangible assets

No.	Title of mortgaged assets	GROUP		COMPANY		
		Mortgage termination date	Base value* (Lt)	Market value according to mortgage sheets (Lt)	Balance value* (Lt)	Market value according to mortgage sheets (LTL)
1	Machines, equipment and appliances*	2007-06-30	2.867.520	7.176.000	0	0
2	Other long-term tangible assets		0	0	0	0
	<b>Total mortgaged long-term tangible assets</b>		<b>2.867.520</b>	<b>7.176.000</b>	<b>0</b>	<b>0</b>

\* assets mortgaged to AB SEB Vilnius bank, for granted credit line and account credit overusage limit

#### 4.6. LONG-TERM FINANCIAL ASSETS

##### 4.6.1. Changes of long-term financial assets of Linas, LLC enterprise group (LTL)

Run. No.	Indicators	Other amounts receivable after one year					Other financial assets	Total
		Other long-term loans	Loans for employees of the enterprise to be returned in 1 year	Amounts receivable after one year	Uncertain debts (-)	Total other amounts receivable after one year		
1.	Remainder in the beginning of financial year	1.108.902	4.000	80.835	(62.000)	1.131.737	10.000	1.141.737
2.	Changes of financial year	3.488.491	(3.000)	434.062	0	3.919.553	0	3.919.553
2.1.	Acquisitions, granting of loans, appearance of receivable amounts	4.597.394		479.316		5.076.710		5.076.710
2.2.	Sales, return of loans and other receivable amounts (-)			(898)		(898)		(898)
2.3.	Transfer to current financial assets (-)	(1.108.903)	(3.000)	(44.356)		(1.156.259)		(1.156.259)
2.4.	Decrease of value (-)					0		0
3.	Remainder in the end of financial year (1 + 2)	4.597.393	1.000	514.897	(62.000)	5.051.290	10.000	5.061.290

##### 4.6.2. Changes of long-term financial assets of Linas, LLC

(LTL)

Run. No.	Indicators	Subsidiary and associated enterprises	Loans for branch enterprises	Other amounts receivable after one year					Other financial assets	Total
				Other long-term loans	Loans for employees of the enterprise to be returned in 1 year	Amounts receivable after one year	Uncertain debts (-)	All other amounts receivable after one year		
1.	Remainder in the beginning of financial year	6.309.508	0	1.108.902	4.000	80.835	(62.000)	1.131.737	10.000	7.451.245
2.	Changes of financial year	(8.572)	11.952.885	3.488.491	(3.000)	434.062	0	3.919.553	0	15.863.866
2.1.	Acquisitions, granting of loans, appearance of receivable amounts	(8.572)	11.952.885	4.597.394		479.316		5.076.710		17.021.023
2.2.	Sales, return of loans and other receivable amounts (-)					(898)		(898)		(898)
2.3.	Transfer to current financial assets (-)			(1.108.903)	(3.000)	(44.356)		(1.156.259)		(1.156.259)
2.4.	Decrease of value (-)							0		0
3.	Remainder in the end of financial year (1 + 2)	6.300.936	11.952.885	4.597.393	1.000	514.897	(62.000)	5.051.290	10.000	23.315.111

#### 4.7. CURRENT FINANCIAL ASSETS

##### 4.7.1. Changes of current financial assets of Linas, LLC enterprise group

(LTL)

Run. No.	Indicators	Current investment			Current loans			Total
		Shares of other enterprises	Other securities	Total	Loans for employees of the enterprise to be returned in 1 year	Other current loans	Total	
1.	Remainder in the beginning of financial year	0	0	0	29.420	7.977.649	8.007.069	8.007.069
2.	Changes of financial year	0	0	0	(6.264)	(3.016.626)	(3.022.890)	(3.022.890)
2.1.	Acquisitions, granting of loans			0	82.670	3.337.120	3.419.790	3.419.790
2.2.	Transfer of long-term financial assets			0	3.000	1.108.903	1.111.903	1.111.903
2.3.	Transfer from current assets to long-term financial assets			0		(4.597.394)	(4.597.394)	(4.597.394)
2.4.	Sales, return of loans (-)			0	(91.934)	(2.865.255)	(2.957.189)	(2.957.189)
2.5.	Decrease of value (-)			0			0	0
3.	Remainder in the end of financial year (1 + 2)	0	0	0	23.156	4.961.023	4.984.179	4.984.179

##### 4.7.2. Changes of current financial assets of Linas, LLC

(LTL)

Run. No.	Indicators	Current investment			Current loans			Total	Total
		Shares of other enterprises	Other securities	Total	Loans for branch enterprises	Loans for employees of the enterprise to be returned in 1 year	Other current loans		
1.	Remainder in the beginning of financial year	0	0	0	4.910.000	14.083	7.977.649	12.901.732	12.901.732
2.	Changes of financial year	0	0	0	1.890.000	(10.000)	(3.016.626)	(1.136.626)	(1.136.626)
2.1.	Acquisitions, granting of loans			0	2.090.000		3.337.120	5.427.120	5.427.120
2.2.	Transfer of long-term financial assets			0		3.000	1.108.903	1.111.903	1.111.903
2.3.	Transfer from current assets to long-term financial assets			0			(4.597.394)	(4.597.394)	(4.597.394)
2.4.	Sales, return of loans (-)			0	(200.000)	(13.000)	(2.865.255)	(3.078.255)	(3.078.255)
2.5.	Decrease of value (-)			0				0	0
3.	Remainder in the end of financial year (1 + 2)	0	0	0	6.800.000	4.083	4.961.023	11.765.106	11.765.106

## 4.8. STOCKS

### 4.8.1. Stocks of enterprise group of Linas, LLC

(LTL)

Run. No.	Indicators	Raw material and assembly products	Current construction	Production produced	Goods purchased for reselling purposes	Total
1.	<b>Cost price of purchased stocks</b>					
1.1.	At the end of last financial year	3.421.751	7.696.046	4.606.488	0	15.724.285
1.2.	<b>At the end of financial year</b> (incl. stocks en route and by the third parties)	2.249.013	7.504.254	4.908.940	0	<b>14.662.207</b>
2.	<b>Depreciation until net possible selling value (restitution)</b>					
2.1.	At the end of last financial year	67.992	0	0	0	67.992
2.2.	<b>At the end of financial year</b>	66.708	0	0	0	<b>66.708</b>
3.	<b>Net value possible sales at the end of financial year (1-2)</b>					
3.1.	At the end of last financial year (1.1.-2.1.)	3.353.759	7.696.046	4.606.488	0	15.656.293
3.2.	<b>At the end of financial year</b> (incl. stocks en route and by the third parties) (1.2-2.2)	<b>2.182.305</b>	<b>7.504.254</b>	<b>4.908.940</b>	<b>0</b>	<b>14.595.499</b>
4.	Balance value of mortgage stocks at the end of financial year (12/31/2006)	1.580.771	6.984.381	4.664.772	0	13.229.924
5.	Value of mortgage stocks according to mortgage papers (12/31/2006)	2.000.000	4.000.000	4.000.000	0	10.000.000
6.	Balance value of mortgage stocks at the end of financial year (12/31/2005)	1.053.528	6.057.308	4.074.298	0	11.185.134
7.	Value of mortgage stocks according to mortgage papers (12/31/2005)	1.000.000	7.000.000	4.000.000	0	12.000.000

### 4.8.2. Stocks of Linas, LLC

(LTL)

Run. No.	Indicators	Raw material and assembly products	Current construction	Production produced	Goods purchased for reselling purposes	Total
1.	<b>Cost price of purchased stocks</b>					
1.1.	At the end of last financial year	0	0	0	0	0
1.2.	<b>At the end of financial year</b> (incl. stocks en route and by the third parties)	12	0	0	0	<b>12</b>
2.	<b>Depreciation until net possible selling value (restitution)</b>					
2.1.	At the end of last financial year	0	0	0	0	0
2.2.	<b>At the end of financial year</b>	0	0	0	0	<b>0</b>
3.	<b>Net value possible sales at the end of financial year (1-2)</b>					
3.1.	At the end of last financial year (1.1.-2.1.)	0	0	0	0	0
3.2.	<b>At the end of financial year</b> (incl. stocks en route and by the third parties) (1.2-2.2)	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>

**4.9. ADVANCE PAYMENT FOR CURRENT ASSETS  
AND SERVICES**

Run. No.	Biggest advance payment groups	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Advance payment to the reserve providers	15.158	53.752	755	0
2	Advance payment to the service providers	65.681	66.140	0	2
3	Balance value of uncertain advance payment	0	0	0	0
3.1.	Uncertain advance payment	91.790	75.811	0	0
3.2.	Part of uncertain advance payment written-off to the expenses (-)	(91.790)	(75.811)	0	0
4.	Expenses of coming period acknowledged as uncounted within one year	122.321	165.019	0	0
5.	<b>Advance payment</b>	<b>203.160</b>	<b>284.911</b>	<b>755</b>	<b>2</b>

**4.10. AMOUNTS RECEIVABLE WITHIN ONE YEAR**

Run. No.	Biggest advance payment groups	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	<b>Debts of customers</b>	<b>8.698.196</b>	<b>20.976.084</b>	<b>354</b>	<b>12.986.422</b>
incl. 1.1.	debts of branch enterprise			0	88.442
1.2.	debts of other consumers	8.698.196	9.105.084	354	1.026.980
1.3.	Debt for the sold financial asset - shares of branch enterprise	0	11.871.000	0	11.871.000
2.	<b>Other amount receivable within one year</b>	<b>525.003</b>	<b>725.251</b>	<b>249.412</b>	<b>1.963.277</b>
incl. 2.1.	Receivable VAT	291.553	347.882	2	22.603
2.2.	Budget debt to the enterprise	3.835	27.288	3.835	27.288
2.3.	Debt of social insurance to the enterprise				
2.4.	Amounts receivable from accountable persons	3.840	16.824		
2.5.	interest receivable from branch enterprises for loans provided	0	0	64.882	37.413
2.6.	Other interest accumulated receivable for loans provided	139.326	256.920	139.326	256.920
2.7.	Amounts receivable from employees for loans provided	23.156	29.420	4.083	14.083
2.8.	Amounts receivable from branch enterprises	0	0	1.839	1.588.714
2.9.	Advance payment for employees	2.934	8.857		
2.10.	Other amounts receivable (amounts receivable from var. debtors, except for the debt of branch enterprise)	60.359	38.060	35.445	16.256
	<b>Amount receivable within one year, total</b>	<b>9.223.199</b>	<b>21.701.335</b>	<b>249.766</b>	<b>14.949.699</b>

#### 4.11. UNCERTAIN DEBTS

(LTL)

Run. No.	Uncertain debts by groups	GROUP				COMPANY			
		Financial year		Last financial year		Financial year		Last financial year	
		Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts
1.	Uncertain debts at the beginning of the financial year	2.933.422		2.802.867		2.857.611		2.802.867	
2.	Part of uncertain debts written-off to the expenses at the beginning of the financial year (-)	(2.933.422)		(2.802.867)		(2.857.611)		(2.802.867)	
3.	<b>Balance value of uncertain debts at the beginning of the financial year</b>	0		0		0		0	
4.	Property contribution- along with textile products production business from transfered uncertain debt of Linas, LLC	0		0		0		(29.107)	
5.	Property contribution- along with textile products production business written-off to expenses from transfered uncertain debt of Linas, LLC	0		0		0		29.107	
6.	Debts acknowledge as uncertain within financial year	458.510		63.418	0	407.188		17.192	0
7.	Part of uncertain debt written-off to expenses within financial year	(458.510)		(63.418)		(407.188)		(17.192)	
8.	Uncertain debts acknowledge as expenses within financial year		458.510		63.418		407.188		17.192
9.	Written-off to expenses without transferring debt into uncertain debts of foreign consumer account		191.962		0		191.962		0
10.	Uncertain debts recovered within financial year (restoring of written-off debts (-))		0		(1.375)		0		(1.375)
11.	Impact of currency exchange rates to advance payment	(5.355)	(5.355)	483	483	0	0	0	0
12.	Impact of currency exchange rates to debts of foreign consumer	(213.941)	(213.941)	287.350	287.350	(213.941)	(213.941)	287.350	287.350
13.	Uncertain debts written-off from financial accounting (-)	(1.702)		(219.321)		(1.702)		(219.316)	
14.	Uncertain debt at the end of financial year	3.170.934		2.933.422		3.049.156		2.857.611	
15.	Part of uncertain debt written-off to expenses at the end of financial year (-)	(3.170.934)		(2.933.422)		(3.049.156)		(2.857.611)	
16.	<b>Balance value of uncertain debts at the end of the financial year</b>	0		0		0		0	



## 4.12. LOANS PROVIDED

### 4.12.1. AB "LINAS" ENTERPRISE'S GROUP PROVIDED LOANS

Run. No.	Loans provided	Currency of loan	Financial year			Last financial year		
			Balance value 12 31 2006, LTL	Term of recovery	Interest payable for loan provided 12 31 2006 LTL	Balance value 12 31 2005, LTL	Term of recovery	Interest payable for loan provided 12 31 2005 LTL
<b>1.</b>	<b>Long-term loans provided</b>		<b>4.598.394</b>		<b>443.388</b>	<b>1.112.902</b>		<b>8.428</b>
1.1	Long-term loans provided for employees of enterprise	LTL	1.000		0	4.000		0
1.2	Long-term loans provided for shareholders	LTL	4.597.394	until 2013.07.01	443.388	0		0
1.3	Long-term loans provided for branch of enterprise	LTL		until 2009.06.30				
1.4	Long-term loans provided for other third parties					1.108.902	until 2007.11.04	8.428
<b>2.</b>	<b>Short-term loans provided</b>		<b>4.984.179</b>		<b>139.326</b>	<b>8.007.069</b>		<b>256.920</b>
2.1	Short-term loans provided for employees of enterprise and part of long-term for current year	LTL	23.156	various terms	0	29.420	until 2006.12.31	0
2.2	Provided for shareholders part of long-term for current year	LTL				2.300.000	until 2006.06.14	98.829
2.3	Short-term loans provided for shareholders	LTL	1.000.000	terms since 2007.10.30 until 2007.12.31	6.094	2.297.394	until 2006.12.31	106.924
2.4	Provided for other third parties part of long-term for current year	LTL				515.000	until 2006.12.31	11.260
2.5	Short-term loans provided for other third parties	LTL	3.961.023	various terms since 2007.04.30 until	133.232	2.865.255	until 2006.03.10	39.907
<b>3.</b>	<b>Total (1+2)</b>		<b>9.582.573</b>		<b>582.714</b>	<b>9.119.971</b>		<b>265.348</b>

#### 4.12.2. AB "LINAS" PROVIDED LOANS

Run. No.	Loans provided	Currency of loan	Financial year			Last financial year		
			Balance value 12 31 2006, LTL	Term of recovery	Interest payable for loan provided 12 31 2006 LTL	Balance value 12 31 2005, LTL	Term of recovery	Interest payable for loan provided 12 31 2005 LTL
<b>1.</b>	<b>Long-term loans provided</b>		<b>16.551.279</b>		<b>443.388</b>	<b>1.112.903</b>		<b>8.428</b>
1.1	Long-term loans provided for employees of enterprise	LTL	1.000	termless	0	4.000	termless	0
1.2	Long-term loans provided for shareholders	LTL	4.597.394	until 2013.07.01	443.388	0		0
1.3	Long-term loans provided for branch of enterprise	LTL	11.952.885	until 2009.06.30	0	0		0
1.4.	Long-term loans provided for other third parties					1.108.903	until 2007.11.04	8.428
<b>2.</b>	<b>Short-term loans provided</b>		<b>11.765.106</b>		<b>204.208</b>	<b>12.901.732</b>		<b>294.333</b>
2.1	Short-term loans provided for employees of enterprise and part of long-term for current year	LTL	4.083	until 2006.12.31	0	14.083	until 2006.12.31	0
2.2	Provided for shareholders part of long-term for current year	LTL				2.300.000	until 2006.06.14	98.829
2.3	Short-term loans provided for shareholders	LTL	1.000.000		6.094	2.297.394	until 2006.12.31	106.924
2.4	Provided for other third parties part of long-term for current year	LTL				515.000	until 2006.12.31	11.260
2.5	Short-term loans provided for other third parties	LTL	3.961.023		133.232	2.865.255	until 2006.03.10	39.907
2.6	Short-term loans provided for branch of enterprise	LTL	6.800.000	until 2007.12.31	64.882	4.910.000	until 2006.08.31	37.413
<b>3.</b>	<b>Total (1+2)</b>		<b>28.316.385</b>		<b>647.596</b>	<b>14.014.635</b>		<b>302.761</b>

#### 4.13. STRUCTURE OF STATUTORY CAPITAL OF LINAS, LLC AND MAIN SHAREHOLDERS

Run. No.	Indicators	Number of shares	%
<b>1</b>	<b>Joint-stock capital structure at the end of financial year</b>		
	According to type of shares		
	1.1. Ordinary shares	24.038.990	
	1.2. Preference shares	0	
	1.3. Shares of employees	0	
	1.4. Special shares	0	
	1.5. Other shares	0	
	<b>TOTAL:</b>	<b>24.038.990</b>	<b>100%</b>
<b>2</b>	<b>State or municipal capital</b>	<b>0</b>	
<b>3</b>	<b>Own shares, owned by the enterprise itself</b>	<b>0</b>	
<b>4</b>	<b>Shares, owned by branch enterprises</b>	<b>0</b>	
<b>5</b>	<b>Shareholders who have more than 5% of enterprises shares</b>		
	5.1. Lionė Lenčiauskienė	9.612.042	39,99%
	5.2. UAB "Nordic investicija"	4.156.585	17,29%

#### 4.14. RESERVES OF LINAS, LLC

Run. No.	Indicators	At the end of financial year	At the end of last financial year
<b>1</b>	<b>Compulsory reserve</b>	<b>2.403.898</b>	<b>2.071.473</b>
<b>2</b>	<b>Other reserves</b>	<b>8.665.909</b>	<b>6.307.038</b>
	2.1. Unappropriated reserve for investment		
	2.2. Other reserves		
	Reserve for support and benefits in line with collective agreement		307.038
	2.3.		
	2.4. Reserve for investment of textile business		2.000.000
	2.5. Reserve for improvement of textile business management		1.000.000
	2.6. Reserve for development of real estate business		3.000.000
	2.7. Reserve for development of business projects	8.665.909	
<b>3</b>	<b>Total reserves</b>	<b>11.069.807</b>	<b>8.378.511</b>

Linās, LLC  
Company Code 147689083  
S. Kerbedzio 23, Panevėžys

#### 4.15. PROFIT (LOSS) ASSIGNMENT PROJECT

(LTL)

Run. No.	Articles	Amount
1.	Retained earnings (loss) of the previous financial year at the end of the current year	63.591
2.	Net profit (loss) for the current year	81.257
3.	Unadmitted profit (loss) of accounting financial year in profit (loss) report	0
4.	Transfers from reserves, total	8.665.909
4.1.	- from reserve for business projects development	8.665.909
5.	Contributions by shareholders to cover losses	0
6.	<b>Appropriated profit (loss), total</b>	<b>8.810.757</b>
7.	<b>Appropriation of profit</b>	<b>8.810.757</b>
7.1.	part of profit admitted to compulsory reserve	0
7.2.	part of profit admitted to reserve to obtain own shares	0
7.3.	part of profit admitted to other reserves:	0
7.3.1.	to reserve for support	30.757
7.3.2.	to reserve for project of business development	8.780.000
7.4.	part of profit admitted to pay the dividends	0
7.5.	part of profit admitted for annual payoffs (bonuses) to members of Board, employees bonuses and other aims;	0
8.	<b>Retained earnings (loss) at the end of the current year to be carried forward to the following financial year</b>	<b>0</b>

#### 4.16. GRANTS AND SUBVENTIONS

(LTL)

Run. NO.	Type of grants (subventions)	Remainder at the beginning of period	Received amounts of grants (subventions)	Receivable amounts of grants (subventions)	Used amounts of grants (subventions)	Returned amounts of grants (subventions)	Remainder at the end of period
<b>1.</b>	<b>GROUP</b>						
1.1.	Grants related to income (compensation of expenses)	0	10.000	12.529	10.000	0	12.529
1.2.	Grants related to assets						
1.3.	Subventions						
<b>2.</b>	<b>COMPANY</b>						
2.1.	Grants related to income (compensation of expenses)	0	0	0	0	0	0
2.2.	Grants related to assets						
2.3.	Subventions						

#### 4.17. LONG-TERM AND SHORT-TERM OBLIGATIONS

(LTL)

Run. No.	Indicators	GROUP				COMPANY			
		Debts payable or parts thereof		Total debts at the end of financial year	Total debts at the end of last financial year	Debts payable or parts thereof		Total debts at the end of financial year	Total debts at the end of last financial year
		within one financial year	after one year			within one financial year	after one year		
1.	<b>Financial debts:</b>	0	0	0	9.491.112	0	0	0	0
1.1.	For leasing (financial lease) or similar obligations	0	0	0	0	0	0	0	0
1.2.	For credit institution	0	0	0	9.491.112	0	0	0	0
1.3.	Other financial debts	0	0	0	0	0	0	0	0
2.	<b>Other debts</b>	8.653.549	61.741	8.715.290	9.004.398	277.028	0	277.028	596.160
2.1.	Debts for suppliers	4.847.261	0	4.847.261	4.475.496	29.473	0	29.473	52.170
2.2.	Received advance payment	378.241	0	378.241	326.547	15.108	0	15.108	15.109
2.3.	Other amounts received in advance	0	0	0	214.226	0	0	0	214.226
2.4.	Obligations related to industrial relations	2.432.475	0	2.432.475	2.704.863	4.252	0	4.252	4.220
2.4.1	wage payable	621.622	0	621.622	803.594	2.982	0	2.982	2.898
2.4.2	social insurance payable	531.854	0	531.854	562.925	476	0	476	476
2.4.3	payable RIT from wage	244.724	0	244.724	298.231	378	0	378	430
2.4.4	leave accumulation	1.031.145	0	1.031.145	1.037.228	413	0	413	413
2.4.5	payable contributions to the Guarantee Foundation	3.130	0	3.130	2.885	3	0	3	3
2.5.	Other taxes payable	11.743	0	11.743	6.799	4	0	4	0
2.6.	Extended profit tax	57.363	61.741	119.104	203.063	0	0	0	0
2.7.	Obligations of profit tax	0	0	0	524.470	0	0	0	272.509
2.8.	Payable dividends	36.057	0	36.057	36.661	36.057	0	36.057	36.661
2.9.	Payable amounts for sales services	563.683	0	563.683	462.671	0	0	0	1.112
2.10.	Various other payable amounts	326.726	0	326.726	49.602	192.134	0	192.134	153
	<b>Total</b>	<b>8.653.549</b>	<b>61.741</b>	<b>8.715.290</b>	<b>18.495.510</b>	<b>277.028</b>	<b>0</b>	<b>277.028</b>	<b>596.160</b>

#### Guarantee debts of Linas, LLC enterprise group

Run. No.		Financial year debts guaranteed by		Last year financial debts guaranteed	
		Government	Group of enterprises by mortgaged assets	Government	Group of enterprises by mortgaged assets
1.	<b>Financial debts:</b>	0	0	0	9.491.112
1.1.	Leasing (financial lease) or similar obligations		0		0
1.2.	For credit institution		0		9.491.112
1.3.	Other financial debts		0		0
2.	<b>Other debts</b>	0	0	0	0

#### 4.18. SITUATION OF DEBTS FOR CREDIT INSTITUTIONS

Run. No.	Debts for credit institutions	GROUP						COMPANY					
		At the end of the financial year			At the end of the last financial year*			At the end of financial year			At the end of the last financial year		
		Amount of loan currency	Amount of loan in LTL	Date of loan return	Amount of loan currency	Amount of loan in LTL	Date of loan return	Amount of loan currency	Amount of loan in LTL	Amount of loan currency	Amount of loan in LTL	Date of loan return	
1.	Enterprise debts for credit institutions, payable in LTL		0Lt			0Lt			0Lt			0Lt	
2.	Enterprise debts for credit institutions, payable in EUR	0 EUR						0 EUR				0 EUR	
2.1.					580.000 EUR	2.002.624 Lt	30.05.2006						
2.2.					1.465.416 EUR	5.059.788 Lt	20.06.2006						
2.3.					703.400 EUR	2.428.700 Lt	20.06.2006						
	Total	0 EUR	0 Lt		2.748.816 EUR	9.491.112 Lt		0 EUR	0Lt			0 EUR	0 Lt

\* at the end of the last financial year for loans granted by Vilniaus bankas, SEB, LLC mortgaged assets:

1. Linas Nordic, LLC reserve and equipment, the market value whereof according to mortgaged papers is LTL 20.090.000
2. Nordic investicija, LLC owned real estate, the value whereof according to hypothecary papers is LTL 12.660.000

#### 4.19. ACCUMULATIONS OF LEAVES

(LTL)

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	<b>Remainder of accumulative leaves at the beginning of the year</b>	<b>1.037.228</b>	<b>1.027.035</b>	<b>413</b>	<b>1.027.036</b>
1.1.	Accumulative leaves at the beginning of the year	791.777	783.996	315	783.996
1.2.	Social insurance of accumulative leaves at the beginning of the year	245.451	243.039	98	243.040
2.	<b>Accumulative leaves amounts transfered from Linas, LLC to subsidiaries (textil products production business amd real estate business constituents)</b>	<b>0</b>	<b>(332.338)</b>	<b>0</b>	<b>(332.338)</b>
2.1.	Accumulative leaves amount transfered from Linas, LLC	0	(253.693)	0	(253.693)
2.2.	Social insurance of accumulative leaves amount transfered from Linas, LLC	0	(78.645)	0	(78.645)
3.	<b>Accumulated leaves transfered to Linas Nordic, LLC from Linas LLC (textile products production business constituent)</b>	<b>0</b>	<b>327.855</b>		
3.1.	Accumulated leaves amount transfered to Linas Nordic, LLC	0	250.271		
3.2.	Social insurance from accumulated leaves amount transfered to Linas Nordic, LLC	0	77.584		
4.	<b>Accumulated leaves within a year (leaves with social insurance directed to expenses)</b>	<b>2.558.597</b>	<b>2.475.361</b>	<b>565</b>	<b>1.611.318</b>
3.1.	Accumulated leaves	1.953.546	1.889.589	431	1.230.014
3.2.	Accumulated leaves from social insurance	605.051	585.772	134	381.304
5.	<b>Accumulated leaves amount covered by accumulated leavess (within a financial year for employees practically counted leaves with social insurance)</b>	<b>(2.564.680)</b>	<b>(2.460.686)</b>	<b>(565)</b>	<b>(2.305.603)</b>
5.1.	Leaves expenses covered by accumulated leaves	(1.958.069)	(1.878.386)	(431)	(1.760.002)
5.2.	Leaves with social insurance expenses covered by accumulated leaves	(606.611)	(582.300)	(134)	(545.601)
6.	<b>Remainder of accumulative leaves at the end of the year</b>	<b>1.031.145</b>	<b>1.037.228</b>	<b>413</b>	<b>413</b>
6.1.	Accumulated leaves at the end of the year	787.254	791.777	315	315
6.2.	Social insurance from accumulated leaves at the end of the year	243.891	245.451	98	98
7.	<b>Change of accumulated leave remainder swithin a year (6 - 1)</b>	<b>(6.083)</b>	<b>10.192</b>	<b>0</b>	<b>(1.026.623)</b>
7.1.	Change of accumulated leave remainder	(4.523)	7.781	0	(783.681)
7.2.	Change of social insurance from accumulated leave remainder	(1.560)	2.411	0	(242.942)



## 4.20. PRODUCTION OF TEXTILE PRODUCTS

### 4.20.1. Information about segments of textile products production business

(textile products production activity: Linas, LLC - until 08.31.2005; Linas Nordie, LLC - since 09.01.2005)

Indicators	Book Acc. No.	Segments (production, goods, types of activity)										All enterprises	
		Fabric		Sewn products		Yarns		Noils		Production services			
		2006 y.	2005 y.	2006 y.	2005 y.	2006 y.	2005 y.	2006 y.	2005 y.	2006 y.	2005 y.	2006 y.	2005 y.
Income	50	34.845.681	35.643.818	24.190.340	36.591.390	238.676	524.823	869	55.624	339.268	474.369	59.614.834	73.290.024
Expenses	60	30.602.515	29.164.240	16.677.683	21.482.034	186.794	377.394	602	57.260	226.084	343.323	47.693.678	51.424.251
Gross profit (losses)	50-60	4.243.166	6.479.578	7.512.657	15.109.356	51.882	147.429	267	(1.636)	113.184	131.046	11.921.156	21.865.773
Expenditure on activity	61											15.866.257	18.434.044
Profit (losses) of typical activity	50-60-61	4.243.166	6.479.578	7.512.657	15.109.356	51.882	147.429	267	(1.636)	113.184	131.046	(3.945.101)	3.431.729

(LTL)

### 4.20.2. Information about segments of textile products of geographical production business

(LTL)

Indicators	Book Acc. No.	Segments (regions)										All enterprises					
		Scandinavian countries				European countries		USA		Lithuania				Other countries			
		2006 y.		2005 y.		2006 y.		2005 y.		2006 y.		2005 y.		2006 y.		2005 y.	
Income	50	25.441.277	36.635.939	20.969.739	24.828.092	4.768.553	2.423.232	4.421.374	4.544.479	4.013.891	4.858.282	59.614.834	73.290.024				
Expenses	60	17.458.714	22.502.330	18.072.262	18.569.532	4.412.189	1.865.203	4.218.198	4.393.934	3.532.315	4.093.252	47.693.678	51.424.251				
Gross profit (losses)	50-60	7.982.563	14.133.609	2.897.477	6.258.560	356.364	558.029	203.176	150.545	481.576	765.030	11.921.156	21.865.773				
Expenditure on activity	61											15.866.257	18.434.044				
Profit (losses) of typical activity	50-60-61	7.982.563	14.133.609	2.897.477	6.258.560	356.364	558.029	203.176	150.545	481.576	765.030	(3.945.101)	3.431.729				

#### 4.21. EXPENSES OF ACTIVITY

(LTL)

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
<b>1</b>	<b>Expenses of sales</b>	<b>6.427.524</b>	<b>7.637.411</b>	<b>508</b>	<b>4.653.499</b>
1.1	Expenses of commissions	2.455.805	3.528.094		2.165.479
1.2	Expenses of transporting of sold production	916.612	950.574		553.695
1.3	Expenses of production advertising and fair	675.246	407.712	(23)	182.710
1.4	Expenses of sales number employees wage and other with employees related expenses	857.297	902.858		575.478
1.5	Expenses of production packing materials	950.790	1.289.861		821.261
1.6	Expenses of production storage premises rent	163.577	61.676		0
1.7	Other sales expenses	408.197	496.636	531	354.876
<b>2</b>	<b>General and administration expenses</b>	<b>10.138.818</b>	<b>10.796.633</b>	<b>703.714</b>	<b>6.728.024</b>
	Expenses related with employees wage and other with employees related				
2.1		5.194.296	5.747.768	25.035	3.299.860
2.2	Rent, exploitation and repairing expenses	2.125.651	1.718.903	5.322	990.337
2.3	Expenses of security services	323.766	325.566	0	217.044
	Expenses of deterioration and amortization of non-current asset				
2.4		327.750	491.641	4.249	384.455
2.5	Expenses of info technologies	290.777	308.046	0	205.345
2.6	Connection expenses	198.210	207.716	771	134.452
2.7	Expenses of bank services	128.812	148.228	2.075	115.680
2.8	Legal services expenses	89.719	207.368	19.861	180.820
2.9	Expenses of support provided	27.168	161.763	0	159.541
	Expenses of social guarantees, stated in collective agreement				
2.10		117.122	122.372	0	86.808
2.11	Representation expenses	93.228	126.844	727	89.166
2.12	Various other general and administration expenses	504.136	736.091	66.081	448.196
2.13	Expenses of activity tax	67.710	430.909	(19.558)	399.128
2.14	Uncertain debts expenses	650.473	63.418	599.151	17.192
<b>3</b>	<b>TOTAL EXPENSES OF ACTIVITY</b>	<b>16.566.342</b>	<b>18.434.044</b>	<b>704.222</b>	<b>11.381.523</b>

#### 4.22. OTHER (NON TYPICAL) ACTIVITY

(LTL)

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	<b>INCOME OF OTHER ACTIVITY - TOTAL</b> Specification of significant amount:	204.641	381.814	1.709	317.752
1.1.	Profit of non-current asset transferring	2.466	20.282		17.650
1.2.	Income of various storages selling	143.195	274.560		223.964
1.3.	Income of rent	39.955	79.008		72.202
1.4.	Income of accounting and personnel hire services	12.493	3.231		
1.5.	Various other non-typical activity income	6.532	4.733	1.709	3.936
2.	<b>EXPENSES OF OTHER ACTIVITY - TOTAL</b> Specification of significant amount:	84.663	563.961	0	540.621
2.1.	Loss of non-current asset transferring	0	229.452		229.137
2.2.	Net cost of sold various storages	30.841	122.499		112.162
2.3.	Net cost of rent	47.784	204.468		191.780
2.4.	Various other non-typical activity expenses	6.038	7.542		7.542
3.	<b>RESULT OF OTHER ACTIVITY (1-2)</b>	119.978	(182.147)	1.709	(222.869)

#### 4.23. FINANCIAL AND INVESTMENT ACTIVITY

(LTL)

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	<b>FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL</b> Specification of significant amount:	2.681	1.042.860	432	1.104.986
1.1.	Positive result of changes of currency exchange		16.940		42.878
1.2.	Income of bank interests	994	1.276	191	1.018
1.3.	Income of other interests*	0	403.902	0	441.315
1.4.	Profit of investment transferring	0	238.100		238.100
1.5.	Income of other financial-investment activity	1.687	382.642	241	381.675
2.	<b>FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL</b> Specification of significant amount:	329.081	632.422	11.175	443.117
2.1.	Expenses of interests	258.081	563.691		389.440
2.2.	Fines and delay fees	10.130	840	10.004	840
2.3.	Negative result of changes of currency exchange	33.869	0	936	0
2.4.	Loss of investment transferring	0	34.258		34.258
2.5.	Expenses of investment value decrease	0	0		0
2.6.	Expenses of other financial-investment activity	27.001	33.633	235	18.579
3.	<b>FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)</b>	(326.400)	410.438	(10.743)	661.869

\* Since 2006, when typical activity of "Linus" AB has changed, received interest for provided loans are admitted to the incomes of typical activity

#### 4.24. FINANCIAL CONNECTIONS WITH MANAGERS AND OTHER RELATED PERSONS

(LTL)

Run. No.	Indicators	GROUP				COMPANY			
		Financial year	Remainder at the end of financial year	Last financial year	Remainder at the end of last financial year	Financial year	Remainder at the end of financial year	Last financial year	Remainder at the end of last financial year
A.	Amount, related with industrial relations, calculated within a year:	914.442	101.164	1.034.882	199.632	9.733	1.715	745.354	1.715
1.	For managers	872.273	101.164	1.007.065	191.330	9.733	1.715	734.269	1.715
2.	For other related persons	42.169	0	27.817	8.302	0	0	11.085	0
B.	Loans granted by Group (Company):	3.307.120	9.528.417	6.935.159	9.097.385	17.350.005	28.281.302	12.247.159	14.007.385
1.	For managers	0	0	310.000	10.833	0	0	310.000	10.833
2.	For other related persons	3.307.120	9.528.417	6.625.159	9.086.552	17.350.005	28.281.302	11.937.159	13.996.552
C.	Receivable loans:	0	0	40.000	0	0	0	40.000	0
1.	From managers	0	0	40.000	0	0	0	40.000	0
2.	From other related persons	0	0	0	0	0	0	0	0
D.	Gratuitously transferred asset and gifts:	0	0	0	0	0	0	0	0
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	0	0	0	0	0	0	0	0
E.	Various guarantees provided by name of Group (Company):	0	2.500.000	0	634.186	0	2.500.000	0	634.186
1.	For managers	0	0	0	634.186	0	0	0	634.186
2.	For other related persons	0	2.500.000	0	0	0	2.500.000	0	0
F.	Received various guarantees:	14.615.000	14.615.000	0	0	3.561.000	3.561.000	0	0
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	14.615.000	14.615.000	0	0	3.561.000	3.561.000	0	0
G.	Other significant amounts, calculated within a year (obligations of Group (Company) to related persons):	2.533.030	29.474	1.390.136	650.484	38.224	19.725	501.976	322
1.	For managers	100.855	9.749	215.387	0	0	0	215.387	0
2.	For other related persons	2.432.175	19.725	1.174.749	650.484	38.224	19.725	286.589	322
H.	Other significant obligations for Group (Company):	3.339.094	608.161	2.152.571	288.764	4.087.523	669.196	4.619.496	1.992.423
1.	Of managers	0	0	0	10.910	0	0	0	0
2.	Of other related persons	3.339.094	608.161	2.152.571	277.854	4.087.523	669.196	4.619.496	1.992.423
I.	Sold asset:	6.169	1.296	14.971.000	11.871.000	2.947	0	15.046.438	11.871.000
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	6.169	1.296	14.971.000	11.871.000	2.947	0	15.046.438	11.871.000
	Average number of managers within a year	9	X	9	X	1	X	8	X

## 4.25. PROFIT TAX

### 4.25.1. Specification of expenses of profit tax

(LTL)

Run. No.	Expenses of profit tax	Financial year	Last financial year
<b>1.</b>	<b>Expenses of profit tax</b>	<b>87.588</b>	<b>521.601</b>
1.1.	Reporting year profit taxes according to Profit tax declaration	95.952	525.250
1.2.	Corrections of profit tax of last year in perspective way	(8.364)	(3.649)
<b>2.</b>	<b>Expenses (incomes) of delayed taxes</b>	<b>15.773</b>	<b>(45.673)</b>
2.1.	Expenses (incomes) of delayed taxes, determined by appearance and (or) disappearance of temporary differences	15.773	(45.673)
2.2.	Expenses of delayed taxes, determined by change of rate of profit tax	0	0
<b>3.</b>	<b>Expenses of profit tax, stated in profit (loss) report</b>	<b>103.361</b>	<b>475.928</b>
<b>4.</b>	<b>Social tax expenses indicated in profit (loss) report</b>	<b>25.587</b>	<b>0</b>
<b>5.</b>	<b>Profit tax and social tax expenses indicated in profit (loss) report</b>	<b>128.948</b>	<b>475.928</b>

### 4.25.2. Recalculation of expenses of profit taxes, according to regular and temporary difference of accounting and taxable profit

(LTL)

Run. No.	Expenses of profit tax	Financial year	Last financial year
<b>1.</b>	<b>Accountable profit (loss) before taxing (according to profit (loss) report)</b>	<b>210.205</b>	<b>2.877.717</b>
<b>2.</b>	<b>Profit tax before correction cause of regular and temporary differences</b>	<b>31.531</b>	<b>431.658</b>
<b>3.</b>	<b>Correction of expenses of profit tax</b>	<b>71.830</b>	<b>44.270</b>
3.1.	Correction of profit tax expenses cause of regular differences	93.508	105.050
3.2.	Correction of profit tax expenses cause of temporary differences (from profit (loss) declaration)	(29.087)	(11.458)
3.3.	Correction of profit tax expenses regarding temporal differences (profit tax property (obligations) decrease (increase))	15.773	(45.673)
3.4.	Correction of profit tax of last period in perspective way	(8.364)	(3.649)
<b>4.</b>	<b>Expenses of profit tax, stated in profit (loss) report</b>	<b>103.361</b>	<b>475.928</b>
<b>5.</b>	<b>Correction of profit tax of last financial year in retrospective way</b>		<b>78.895</b>
<b>6.</b>	<b>Expenses of profit tax</b>		<b>554.823</b>

## 4.26. EXTENDED PROFIT TAX

(LTL)

Run. No.	Reasons of originated extended tax	GROUP				COMPANY			
		Financial year		Last financial year		Financial year		Last financial year	
		Balance	Profit (loss) report	Balance	Profit (loss) report	Balance	Profit (loss) report	Balance	Profit (loss) report
1.	Obligation of extended tax at the beginning of financial year	203.063		0		0		0	
2.	Asset of extended tax at the beginning of financial year	116.723		0		45.673		0	
	Changes of obligations of extended tax (increase +, decrease -)								
3.1.	Profit tax from long-term asset transferred from "Linās" AB textile business, to which II investment way was applied, residual value			236.672					
3.2.	Profit tax from long-term asset, to which II investment way is applied, accounted deterioration (-)	(82.839)		(33.609)					
3.3.	Profit tax from long-term asset, to which II investment way is applied, value increase (privilege was not applied for value increase) (-)	(1.120)							
3.	Changes of obligations of extended tax, total	(83.959)		203.063		0		0	
	Changes of asset of extended tax (increase +, decrease -)								
4.1.	Profit tax from social insurance sums, calculated from accumulative holiday pays, which are accounted in financial accounting, but not paid to the employees.	90.758		25.180		20		15	
4.2.	Profit tax from social insurance sums, calculated from accumulative holiday pays, which are accounted in financial accounting and actually paid to the employees.	(79.354)				(20)			
4.3.	Profit tax from alternate salary pay part (motivation) and social insurance sums, calculated from accounted in 2005 financial accounting, but not paid to the employees.			45.885					
4.4.	Profit tax from social insurance sums, calculated alternate part of salary pay (motivation), which is actually paid to the employees.	(10.858)							
4.5.	Profit tax from incorrectly attributed alternate salary pay part (motivation) sum for 2005 temporal differences, because motivation sum calculated on 31 12 2005 is attributed to allowed deductions of 2005.	(35.027)							
4.6.	Profit tax from the loss of 2004 is shown in Profit tax property (the change of profit tax accounting policy is accounted in perspective way)			1.067					
4.7.	Profit tax from loss of previous years (taxable profit of 2005 is decreased by these loss)			(1.067)					
4.8.	Profit tax from calculated taxing loss of 2006. Believable, that it would be earned taxable profit till the end of period of transfer of not used taxing loss.	579.281							
4.9.	Profit tax from the sums of uncertain debts written-off to expenses in the financial accounting, which in future, in taxing accounting, we hope to admit as allowed deductions.	13.314		57.131		13.314		57.131	
4.10.	Profit tax from uncertain debts which are admitted as allowed deductions in taxing accounting.	(29.087)		(11.473)		(29.087)		(11.473)	
4.	Changes of asset of extended tax, total	529.027		116.723		(15.773)		45.673	
5.	Expenses (incomes) of extended tax		(612.986)		86.340		15.773		(45.673)
6.	Obligation of extended tax at the end of financial year	119.104		203.063		0		0	
7.	Asset of extended tax at the end of financial year	645.750		116.723		29.900		45.673	

#### 4.27. INFORMATION CONCERNING ERROR CORRECTION ON LINAS LLC

(LTL)

Run. No.	Name of the corrected article of financial accountability and error description	Error amount	Amount before correction	Amount after correction
<b>1.</b>	<b>Overpay of profit tax</b>	<b>63.591</b>		
1.1.	Revision of declaration of profit tax of 2002 and recalculation of payable income tax	118.608		
1.2.	Revision of declaration of profit tax of 2003 and recalculation of payable income tax	(118.608)		
1.3.	Revision of declaration of profit tax of 2004 and recalculation of payable income tax	142.486		
1.4.	Revision of declaration of profit tax of 2005 and recalculation of payable income tax	(78.895)		
<b>2.</b>	<b>Expenditures of income tax</b>	<b>(63.591)</b>		
2.1.	Previous than comparative period year's profit tax	(142.486)		
2.2.	Comparative period - year 2005 - profit tax	78.895	475.928	554.823
<b>3.</b>	<b>Retained profit (loss) 31 12 2005</b>	<b>63.591</b>	<b>2.691.297</b>	<b>2.754.888</b>
3.1.	Previous than comparative period profit (loss)	142.486	44.839	187.325
3.2.	Comparative period - year 2005 - profit (loss)	(78.895)	2.401.789	2.322.894

#### 4.28. RIGHTS AND OBLIGATIONS, NOT STATED IN THE BALANCE SHEET

(LTL)

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
1	The value of deposit for the loans granted by bank	17.176.000	20.090.000	0	0
2	Mortgaged assets of third parties for the loans received by the enterprise	11.054.000	12.660.000	0	0
3	Received guarantess, sponsions	2.899.040	0	0	0
4	Tangible valuables of enterprise trusted to the third parties	511.367	1.383.273	479.035	1.383.273
5	Sponsions for the third parties	2.500.000	3.134.186	5.399.040	3.134.186
6	Confirmed notes in circulation	0	0	0	0
7	The asset of the third parties in the enterprise	868.361	958.792	0	0
8	Assets of the third parties, deposited for the enterprise by the third parties (value as agreed by the parties)	3.563.500	0	3.563.500	0

**Linus, Limited Liability Company**  
**Enterprise number 147689083**  
**23 S. Kerbedzio St., Panevezys**

**ANNUAL STATEMENT 2006**

Annual statement of the company has been prepared pursuant to the requirements of Article 24 of the Law on Consolidated Accounts of Entities of the Republic of Lithuania and following Article 34 of the Law on Companies of the Republic of Lithuania and Article 21 of the Law on Securities of the Republic of Lithuania. Articles of Linas, LLC do not provide additional requirements to be submitted in the Annual Statement of the Company.

In accordance with Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and subsection 20.5. of trade rules of Vilniaus Vertybiniu Popieriu Birza, Limited Liability Company (hereinafter the VVPB), Linas, LLC discloses the way it follows the VVPB-approved governance code of companies, the securities whereof are sold in the regulated market, and specific provisions thereof (Supplement No 1).

**I. Objective overview of state, performance of activity and expansion of the enterprise, description of principal sorts of risks and uncertainties, faced by the enterprise.**

Statutory capital of Linas, LLC consists of 24,038,990 ordinary nominal shares, nominal value whereof is one litas. On 31/12/2006 the shareholders of the Company, holding more than 5% of the shares were the following: Mrs. Lione Lenciauskiene – 39.99% of total shares and 17.29% of Nordic Investicija, PLC. Other legal and natural persons, both foreign and Lithuanian, had purchased, as of 31/12/2006, 42.72% of total shares.

On 31 of December 2005, group of enterprises of Linas, LLC consisted of Linas, LLC and Linas Nordic, PLC, its subsidiary (hereinafter the Group). Linas, LLC has controlled financial assets (shares and loans granted). The activity of the subsidiary is the production of textile products and other related activity. Linas, LLC owns all the shares of the subsidiary. In 2006, main income of the Group was derived from production activity of textile products.

On 1 of January 2005, the EU abolished import quotas on textile products and garments from the countries, parties to the World Trade Organisation. Thus in 2005-2006 supply and import of textile products from China and other Asian countries increased greatly. This significant increase in competition influenced smaller sales of the Group in 2006 by comparison with 2005 and negative results of the activity. Apart from increased competition, transit of linen products market cycle to stage of decreased consumption also had great impact on the results. In 1996 and in 2001, the company had already experienced similar cycles of market demand decrease. Another challenge is the increase of production costs and lack of skilled employees.

In 2006, efforts were taken Linas Nordic, PLC, subsidiary, to increase international competitiveness and to create major added value, to adapt the products produced to individual requirements of the customer, to shorten duration of reaction to market changes, to change system of logistic and distribution. The subsidiary has further co-operated with



advisors of Goldratt Consulting Ltd, consulting company, by performing long-term, 4-year project. The aim of the project was to increase sales and to earn profit. In 2006, changes in the areas of marketing and sales, production, finance and logistic took place.

On 31/08/2006, the Board of Linas, LLC, having evaluated results of the activity of the first semester, competition conditions, decrease in price of linen products and demand, approved refined consolidated forecasts for 2006.

Indicator	Measurement unit.	Forecast 2006	Refined forecast 2006
Sales:			
Pessimistic alternative	Thousands Lt	68.8	60.8
Realistic alternative	Thousands Lt	73.8	61.8
Optimistic alternative	Thousands Lt	77.8	63.8
Profit:			
Pessimistic alternative	Thousands Lt	1	-5.2
Realistic alternative	Thousands Lt	3.5	-3.5
Optimistic alternative	Thousands Lt	5.5	-0.8

With view to accomplishing results, principal purpose of the activity of II semester has been provided, that is, to remain in the market, in order to stabilise current situation of the activity of the Group of enterprises. With this view, priority directions and tasks have been provided, in order to create reliable constant basis of income and by focusing on customers of household textile products.

In 2007, it is forecast to increase sales by more than 10%. With view to reaching this purpose, in 2006, marketing service of the subsidiary has been improved, network of agents and agencies has been expanded in Germany, France, Norway, other provided means have been performed to guarantee reliable constant income and to enable offering users wide range of textile products. In order to increase sales in Lithuania, network of company shops has been expanded and in 2007 Linas Nordic, PLC company store shall be opened in Kaunas, Akropolis trade centre. Furthermore, projects to develop new range of products, improve quality and to decrease costs shall be performed. With this view, it is planned to change part of looms by more productive ones, to acquire yarn rewind-cleaning machine order to improve yarn quality, to implement other means, by allocating to this end LTL 3.4 million.

## II. Analysis of financial and non-financial results, information related to environment and personnel issues.

Indicators	2006	2005
Net profitability (net profit / sales * 100)	-6.6	3.7
Average return of assets (ROA) (net profit / (opening assets + closing assets) / 2 * 100)	-8.4	5.0
Return of equity (ROE) (net profit / equity)	-12.5	7.7

Earnings per share (EPS) (net profit / number of shares)	-0.16	0.11
Debt quotient (liabilities / assets)	0.22	0.34
Quotient of debt – ownership (liabilities / equity)	0.28	0.52
General liquidation quotient (current assets / current liabilities)	3.45	2.56
Asset turn-over rate (sales / assets)	1.49	1.36
Book share value (equity / number of shares)	1.32	1.48
Turn-over (thousands Lt)	60.078	73.290
Total profit (loss) (thousands Lt)	12.285	21.866
Net profit (loss) (thousands Lt)	(3.948)	2.721
EBITDA (million Lt)	-1.34	7.16
Dividends per share (for the previous accounting period)	-	-
Price and profit relation per share P/E	-1.64	8.83
Smallest share price (Lt)	0.24	0.84
Highest price (Lt)	1.05	1.72
Closing price (Lt)	0.28	1.00
Capitalisation (thousands Lt)	6.491	24.039

In 2005-2006, the production in the Group was as follows:

Name	Measurement unit	2006	2005	Change
Yarn	thousands Lt	1283	1333	-281
Raw fabric	thousands Lt	4833	5370	-685
Ready fabric	thousands Lt	4870	5542	-664

In 2006, product range for purely linen and sackcloth fabric amounted to 73.8% of the total fabric produced (in 2005 – 75.2%). For the sewn products in 2006, 28.3% of the total fabric produced has been used (in 2005 – 37.6%).

With view to accommodate the needs of the customers in 2006, 162 fabrics of new patterns and structures, 28 author works and 73 new patterns intended to collections have been developed.

In 2006 Linas, LLC Group of enterprises sold production and provided services for LTL 60 million. By comparison with the refined realistic forecast, the sales income in the same period were less by 3%. By comparison with the year 2005, sales income decreased by 18%.

In 2006 the Group of enterprises incurred loss of LTL 4.5 million before profit taxes. For 2006, pursuant to the IAS requirements, LTL 0.5 million of income for tax purposes have been accounted, thus in 2006 net loss of the Group amounted to almost LTL 4 million.

Pursuant to the refined forecast, during the above period, it was forecasted to incur loss from LTL 0.8 to 5.2 million.

In 2005, the export volumes amounted to LTL 55 million or 93% of total production unsold. The sales have distributed as follows, depending on the country: Sweden – 38%, US – 8%, Italy – 5%, Estonia – 5%, Denmark – 4.5%, Lithuania – 7%, other countries – 32.5%. The production has been sold in 29 countries.

7 specialised textile exhibitions have been attended: in Germany, France, Italy, Japan and Lithuania.

On 31/12/2006 the enterprise employed 1400 employees, on 31/12/2005 the Group of enterprises employed 1588 employees. In a year, number of employees decreased by 11.8%. The remuneration to the employees of the Group has been paid in accordance with the approved articles of job remuneration, laws on safety and health of the employees and other laws and resolutions of the Government of the Republic of Lithuania. The remuneration has been paid in timely manner, no late payment fees have been calculated for accounted period. Actual remuneration funds amounted to LTL 18.983 thousands and by comparison with 2005 remained virtually the same. In 2006 the average calculated remuneration was LTL 1,035 and by comparison with 2005 increased by almost 7%.

In 2006 the company purchased 1,659 tons of long linen fibre; 38% was purchased from France, 32% from Poland, 29% from Ukraine, and 1% - from the Netherlands. The price of fibre purchased, by comparison with 2005, decreased more than 8%.

In 2006, 200 tons of cotton yarn was purchased: from Lithuania – 33.5%, from Latvia – 66.5%. The price for ton of cotton yarn, by comparison with 2006, remained the same.

As the need for production of higher quality increased, in 2006, 88 tons of linen yarn were purchased, the greater part whereof being purchased from producers in Poland.

Majority of chemical substances, dyes have been purchased from Germany, Switzerland, Scandinavian countries. When purchasing the same, concessions have been applied and the payment took place in 2-3 months after the receipt of the goods.

On 31/12/2006, the Group of enterprises was not indebted to the banks. In June 2006 Linas, LLC granted LTL 12 million loan to Linas Nordie, PLC, the subsidiary; the subsidiary covered the bank LTL 11.7 million. At the end of 2006, in total, Linas, LLC has granted its subsidiary loans to the amount of LTL 19 million.

In 2006, enterprises of the Group paid LTL 7.7 million taxes to the budget; LTL 6.5 million to Sodra, in total LTL 14.2 million; that amounts to almost 24% of the sales income.

### **III. References and additional explanations regarding the data provided in the annual financial accountability.**

Data provided in the annual financial accountability explanatory letter are sufficient and complete. The financial accountabilities have been prepared pursuant to international financial accountability standards.

### **IV.-VII. Information regarding purchased and own shares of the Company and the Group and own shares purchased and disposed during the reporting period.**

The Company has not purchased own shares; neither has subsidiary purchased shares of the Company. Neither the Company, nor its subsidiary has purchased and sold own shares during the reporting period.

### **VIII. Information regarding the branches and offices of the Company.**

Linas, LLC has no branches and offices.

#### **IX. Important events, taken place since the end of previous financial year.**

On 14 of February, 2007 in the session, the Board of Linas, LLC decided to cover loss of Linas Nordic, PLC, the subsidiary of LTL 2.8 million (EUR 0.8 million), by decreasing the loan granted to the Company considering this amount.

The Board of Linas Nordic, PLC, the subsidiary of Linas, LLC decided to revoke from the office since 08/03/2007, by agreement of the parties, Mrs. Zibute Gaiveniene, general manager of Linas Nordic, PLC. Mrs. Lilijana Puriene was temporary appointed to the position of general manager of Linas Nordic, PLC since 09/03/2007.

#### **X. Plans and forecasts of the Company's activity.**

It is forecast, that in 2007 the income of the Group shall amount to LTL 69.1 million, profit before taxation LTL 1.6 million. In 2007, it is planned to allocate up to LTL 3.4 million for the acquisition and update of technological equipment of the subsidiary.

#### **XI. Information regarding the research and development activity of the Company.**

Neither Group of companies, nor the Company has performed research and development activity.

**XII. Where the enterprise uses financial means and where it is important in evaluating the assets, own capital, liabilities, financial state and results of the activity of the enterprise, the enterprise discloses purposes of financial risk management, insurance means of main groups of intended transactions used, whereto accounting of insurance transactions is applied, and the extent of enterprise price risk, credit risk, liquidation risk and monetary flows risk.**

The Company has not used financial means, important in evaluation of assets, liabilities, financial state and results of the activity of the enterprise.

**XIII. The disclosure of the following the governance code of the companies, the securities whereof are sold in regulated market.**

Information regarding the following of the Company's governance code shall be provided in Annex No 1.

**Disclosure form concerning the compliance with the Governance Code for the companies listed on the regulated market**

The public company „*Name of Issuer*“, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<b>Principle I: Basic Provisions</b>  The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	Company presents such kind of information in company's web page <a href="http://www.linag.lt">www.linag.lt</a> and in the reports of Vilnius Stock Exchange.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	YES	
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	
<b>Principle II: The corporate governance framework</b>  The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		

2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	NO	Supervisory Board is not formed in the company. Company's Board is executing functions of supervision body in a particular level. The Board of company controls and supervises how the chief executive officer and management execute the strategy of the company.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	Supervisory Board is not formed in the company. Board of company is executing the supervision of prosecuted functions of chief executive of the company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	YES	
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	YES	Company's Board is mad of 3 members.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Not applicable	

2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	YES	
<b>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</b>  <b>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.<sup>1</sup></b>		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	YES	
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	NO	At most, company is not keeping to this principle, does not indicates collegial body and does not informs the on candidate's particular competence relevant to his/her service on the collegial body. The company is not discloses information about the consist of collegial body.

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	YES	
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	YES/NO	Individual program is not foreseen, because it is not required by any laws.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	NO	Company's Board was elected in 2003 when the independency of collegial body members was not valuated.



<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> <li>1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;</li> <li>2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;</li> <li>3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</li> <li>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</li> <li>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization</li> </ol>	<p>Not applicable</p>	
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<p>receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	Not applicable	
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	Not applicable	Company's Board was elected in 2003 when the independency of collegial body members was not valuated.

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	Not applicable	Company's Board was elected in 2003 when the independency of collegial body members was not valued.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	Company is not remunerates the members of Board.
<p><b>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</b></p> <p>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring<sup>2</sup> of the company's management bodies and protection of interests of all the company's shareholders.</p>		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	YES	The Board is doing all supervision functions of management body activity which are attributed to the Board of the company.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES/NO	Members of Board are acting in behalf of company and shareholders and in behalf of their interest. The independency of members of the Board is not valued.

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES/NO	Members of Board are participating in the meetings and paying a lot of attention to the execution of their responsibilities. The company is not informing shareholders about the participation of members of Board in the meetings.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	YES	
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	YES	

<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>YES/NO</p>	<p>The Board is elected from three members, so recommended functions of committees are transferred to the Board.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>Not applicable</p>	<p>See comment 4.7.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that</p>	<p>Not applicable</p>	<p>See comment 4.7.</p>

committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Not applicable	See comment 4.7.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Not applicable	See comment 4.7.

<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> <li>• Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</li> <li>• Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</li> <li>• Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</li> <li>• Properly consider issues related to succession planning;</li> <li>• Review the policy of the management bodies for selection and appointment of senior management.</li> </ul> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	Not applicable	See comment 4.7.
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> <li>• Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</li> <li>• Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</li> <li>• Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</li> <li>• Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);</li> <li>• Make general recommendations to the executive directors</li> </ul>	Not applicable	See comment 4.7.

<p>and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> <li>• Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</li> <li>• Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</li> <li>• Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</li> </ul> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> <li>• Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</li> <li>• At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</li> <li>• Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</li> <li>• Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</li> <li>• Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy</li> </ul>	<p>Not applicable</p>	<p>See comment 4.7.</p>



<p>establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <ul style="list-style-type: none"> <li>• Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</li> </ul> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
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4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	NO	There is no Board evaluation practice in the company.
<b>Principle V: The working procedure of the company's collegial bodies</b>  <b>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</b>		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	YES	
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	YES/NO	Meetings of Board are held not rarely than once per quarter.

5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	YES	
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Not applicable	Supervisory Board is not formed in the company.
<p><b>Principle VI: The equitable treatment of shareholders and shareholder rights</b></p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	YES/NO	Shareholders of the company presented the right to the Board to solve regarding company's property transfer, investment, mortgage or other difficulty.

6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	YES	
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information for the shareholders is announced acting acc.to AB Law and company's regulations.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	Shareholders did not present the requests to use modern technologies during the voting.
<p><b>Principle VII: The avoidance of conflicts of interest and their disclosure</b></p> <p>The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</p>		

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	YES	
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	
<p><b>Principle VIII: Company's remuneration policy</b></p> <p>Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</p>		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	NO	The company, acc.to the order indicated by the law, announces in the periodical statements only the total salary sum of the company's head and board. The company keeps to the principle that payments related to job is not public announced and confidential information.

8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	Not applicable	See comment 8.1.
8.3. Remuneration statement should leastwise include the following information: <ul style="list-style-type: none"> <li>• Explanation of the relative importance of the variable and non-variable components of directors' remuneration;</li> <li>• Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;</li> <li>• Sufficient information on the linkage between the remuneration and performance;</li> <li>• The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;</li> <li>• A description of the main characteristics of supplementary pension or early retirement schemes for directors.</li> </ul>	Not applicable	See comment 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	Not applicable	See comment 8.1.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	Not applicable	See comment 8.1.
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	Not applicable	See comment 8.1.

<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>• The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;</li> <li>• The remuneration and advantages received from any undertaking belonging to the same group;</li> <li>• The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;</li> <li>• If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;</li> <li>• Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;</li> <li>• Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.</li> </ul> <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> <li>• The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;</li> <li>• The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</li> <li>• The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</li> <li>• All changes in the terms and conditions of existing share options occurring during the financial year.</li> </ul> <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>• When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</li> <li>• When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</li> </ul> <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
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8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	Not applicable	See comment 8.1.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: <ul style="list-style-type: none"> <li>• Grant of share-based schemes, including share options, to directors;</li> <li>• Determination of maximum number of shares and main conditions of share granting;</li> <li>• The term within which options can be exercised;</li> <li>• The conditions for any subsequent change in the exercise of the options, if permissible by law;</li> <li>• All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</li> </ul>	Not applicable	See comment 8.1.
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	Not applicable	See comment 8.1.
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	Not applicable	See comment 8.1.



8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	Not applicable	See comment 8.1.
<b>Principle IX: The role of stakeholders in corporate governance</b>  The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	It is requested to sign confidential contract in order to be able to get acquainted with proper information.
<b>Principle X: Information disclosure and transparency</b>  The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		

<p>10.1. The company should disclose information on:</p> <ul style="list-style-type: none"> <li>• The financial and operating results of the company;</li> <li>• Company objectives;</li> <li>• Persons holding by the right of ownership or in control of a block of shares in the company;</li> <li>• Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration;</li> <li>• Material foreseeable risk factors;</li> <li>• Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations;</li> <li>• Material issues regarding employees and other stakeholders;</li> <li>• Governance structures and strategy.</li> </ul> <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>	YES/NO	Company discloses the information which is not confidential. Company keeps to the principle that the payments related to job are not public announced and confidential information and it is impossible to announce some information without the allowance of persons.
<p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>	YES	
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p>	YES/NO	See comment 10.1.
<p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	YES/NO	See comment 10.1.
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	YES	

10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	Information is announced in the web page of the company <a href="http://www.linus.lt">www.linus.lt</a> in Lithuanian and English languages.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES/NO	In company's web page <a href="http://www.linus.lt">www.linus.lt</a> it is announced: annual prospect report, other periodical reports, notices about other essential events.
<b>Principle XI: The selection of the company's auditor</b>  <b>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</b>		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	YES	
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	YES	
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	Audit company receives only the pay for presented audit services from the company which is known for the shareholders.