



CONFIRMED at  
the meeting of the Board by  
the protocol No. 3  
on 18 April, 2008

**„LINAS“ AB**  
**CONSOLIDATED ANNUAL REPORT FOR THE**  
**YEAR 2007**

## CONFIRMATION BY THE RESPONSIBLE PERSONS

Following Art.21 of the Law on Securities of the Republic of Lithuania and the Regulations for Drawing-up and Submission of the Periodic and the Additional Information issued by the Securities Commission of the Republic of Lithuania, we, Lilijana Puriene, Director of the Linas AB, and Virginija Jukoniene, Finance Director of the Linas Nordic UAB, the provider of accounting services to the Linas AB, hereby confirm that to our best knowledge the annual consolidated financial reporting statements of the Linas AB were drawn following the International Financial Reporting Standards adopted for use in the European Union, and present the fair and accurate status of the assets, liabilities, financial condition and profit (loss) of the Linas AB and the Company Group, and that the review of activities and business development and the condition of the Linas AB and Company Group together with the description of the principle risks and uncertainties it faces has been described correctly.

Director Linas AB

March 14, 2008

A.V.



Lilijana Puriene

Finance Director Linas Nordic UAB

March 14, 2008

A.V.



Virginija Jukoniene

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**1. Accounting period the annual report is covering.**

The AB „Linas“ consolidated annual report has been prepared for the year 2007.

**2. Companies comprising the Company Group and their contact data.**

***Principal Company data***

Name	AB „Linas“ (hereinafter the Company)
Authorised (share) capital	24 038 990 Lt
Domicile address	S.Kerbedžio g. 23, LT-35114 Panevėžys
Telephone	(8-45) 506100
Fax	(8-45) 506345
E-mail address	<a href="mailto:linas@linas.lt">linas@linas.lt</a>
Webpage	<a href="http://www.linas.lt">www.linas.lt</a>
Legal-organisational form	Public Limited Liability Company
Date and place of registration	08-03-1993, Company Register/ City of Panevėžys
Company registration number	AB 9329
Date and place of re-registration	September 9, 2004, Register of Legal Persons, Registration Certificate No. 003429.
Company code	1476 89083
VAT code	LT476890811

***Principal subsidiary data***

Name	UAB „Linas Nordic“
Authorised (share) capital	5 999 000 Lt
Domicile address	S.Kerbedžio g. 23, LT-35114 Panevėžys
Telephone	(8-45) 506111
Fax	(8-45) 506346
E-mail address	<a href="mailto:office@linasnordic.lt">office@linasnordic.lt</a>
Webpage	<a href="http://www.linasnordic.lt">www.linasnordic.lt</a>
Legal –organisational form	Private Limited Liability Company
Date and place of registration	May 17, 2005 Register of Legal Persons, Registration Certificate No. 054596
Company code	1485 32327
VAT code	LT100001371219

**3. Principal nature of activities.**

Principal nature of activities is production of textile products.

As for December 31, 2007 the Company Group comprised of the AB “Linas” and its subsidiary UAB “Linas Nordic”. The AB “Linas” holds 100% shares of the subsidiary. AB “Linas” is in control of the financial assets ( and loans granted). The activities of the textile products production is carried out at the subsidiary UAB „Linas Nordic“. The UAB „Linas Nordic“ produces high quality linen, white, dyed, printed, striped, jacquard fabrics for making bedding articles, curtains/blinds, table cloths, napkins, towels and clothes.

#### 4. Contracts with intermediaries of public trading securities.

On December 4, 2003 the Issuer Servicing Contract was signed with the AB SEB Bank (company code 112021238, Gedimino pr. 12, Vilnius) represented by the Department of Financial Markets.

#### 5. Data on trading in securities of the issuer in regulated markets.

The total of 24 038 990 ordinary registered shares (ISIN code LT0000100661) the total nominal value of which is 24 038 990 Litass have been on the Baltic trading secondary list of the Vilnius Securities Exchange (VVPB symbol – LNS1).

#### 6. Fair review of entity's position, performance and development of the entity's business, description of the principal risks and uncertainties that it faces.

Risk factors related to the activities of the issuer:

##### *Economic and political:*

- Increase in supply of Asian and Russian textile products and dumping.
- Cyclicity of demand for linen products.
- Seasonality: less demand in summer and winter.
- Rise of prices for energy resources.
- Shortage of qualified staff.
- Increase of labour costs, increase of minimum wage fixed by the state.
- Sustainable tax burden.
- Migration of labour force
- Passive policy of the Lithuanian state in regard of foreign investment and local exporters.

##### *Technical-technological:*

- Quite significant part of the technological equipment are old and wear-tear, requiring huge investment in to their repair and maintenance;
- Lack of modern technological equipment for performance of modern and progressive processing/finishing of fabrics.

##### *Environmental:*

In 2004 the AB „Linus“ was issued the TIPK (integrated pollution prevention and control) license No. 1 – 1/002. The GPGB (best available manufacturing methods) requirements are implemented. The license issued on December 25, 2005, renewed for the UAB „Linus Nordic“, subsidiary of the AB „Linus“, came into effect on January 1, 2006. The TIPK license has been reviewed on 20-12-2007 and is valid starting 01-01-2008. On 09-03-2006 the application for license on greenhouse gas emission and CO2 emission monitoring plan for 2006-2007 were reviewed. Operative pollution license (ATL) quota for 2008 has been acquired.

During 2007 the AB “Linus” Company Group sold products and services for 64,4 million Litass. Compared against the forecast for 2007 the sales income was less by 4,7 million Litass (by 6,8 %). Compared to the results of 2006 the revenue from sales went up by 4,3 million Litass or by 7,2 %.

Item	Unit	Forecast 2007	Actual 2007	Performance 2007
Sales	Thou.Lt	69 100	64 422	93,2 %
Profit before taxes	thou.Lt	1 600	675	42,2 %

The main cause for significant decrease of production and sales volumes of the EU textile industry is the import of textile products from developing Eastern Asia countries, which especially has been growing since 2005 following full liberalisation of trade in textile products and lifting all quantitative restrictions on import of textile products.

The results of activities of the Group for 2007 were also affected by other objective economic factors: increase of prices for raw materials used by the subsidiary (i.e. scotched flax, linen and cotton yarns); increase of prices for energy resources used in technological processes; increase of wages. All that resulted in rise of self costs of our textile products and operating expenses.

The forecast for 2007 presumed increase of sales by 10 per cent compared to sales of 2006. In order to attaining that goal in 2007 the company was expanding its agency network in Germany, France, Norway, other measures were taken to ensure reliable and stable income and enabling us to offer the consumers wide range of linen textile products. In order to increase the sales in Lithuania the factory outlet network has been expanded during 2007. The UAB „Linas Nordic“ outlet was opened in Kaunas “Akropolis” shopping centre, the other shop is due to be opened in the old town of Vilnius.

The projects for developing new range of products, quality improvement and cost efficiency were implemented. During 2007 part of the weaving machines were replaced by more productive ones, a new yarn rewinding-cleaning automatic machine was purchased, other important innovations introduced as well. Total amount invested into production was 3,3 mio.Lt.

**7. Analysis of financial and non-financial performance, information relating to environmental and employee matters.**

Indicators	Group 2007	Group 2006	Company 2007	Company 2006
Net profitability (net profit/sales * 100)	0,82	-6,6	49,1	7,9
Return on equity ROE (net [profit/equity)	1,64	-12,5	1,59	0,23
Debt ratio (liabilities/assets)	0,3	0,22	0,01	0,01
Turnability of assets (sales/assets)	1,39	1,49	0,03	0,03
Book value of shares (equity/number of shares)	1,34	1,32	1,37	1,47
Indicators	Group 2007	Grupės 2006	Company 2007	Company 2006
Net profit (loss) (thou. Lt)	526	(3.948)	526	81
EBITDA (mio. Lt)	3,2	-1,86	0,7	0,2
Profit per share	0,02	-0,164	0,02	0,003
Lowest share price (Lt)	-	-	0,24	0,24
Highest share price (Lt)	-	-	0,52	1,05
Closing price (Lt)	-	-	0,42	0,28
Capitalisation (mio. Lt)	-	-	10,82	6,491

The subsidiary UAB "Linās Nordic" produced:

Product description	Unit	2007	2006	Change (-/+ decrease/increase)
Yarn	mt	1114	1283	-169
Raw fabrics	Thou. m	4796	4833	-37
Finished fabrics	thou. m	5146	4870	276

The range of the pure linen and noil woven fabrics accounted for 65,2% of the total products produced in 2007 (in 2006 – 73,8 %). In 2007 38,0 % of the total fabrics produced were used for sewing articles (in 2006 - 28,3 %).

In 2007 the Company Group earned 0,675 million Lt profit before taxes, and taking into account the taxes the net profit of the Group was 0,526 mio. Lt. In 2006 the net loss of the Group was close to 4 million Litas.

Exports accounted for 92,2 % of the total sales. Geographically the export distribution is as follows: Sweden – 39,2 %, Denmark – 6,5 %, USA – 6,0 %, Lithuania – 7,8 %, Italy – 4,6 %, Estonia – 3,4 %, Belgium – 4,0 %, France – 4,0 %, Great Britain – 3,8 %, Netherlands - 3,7 %, other countries – 17,9 %. The products were sold in .... countries.

We participated in 8 specialized textile exhibitions: in Germany, France and Lithuania.

During 2007 the subsidiary UAB "Linās Nordic" was buying the main raw material – scotched flax – from France (31,4 % of the total), Poland (50,4 %) and Ukraine (18,2 %). The price for the flax went up by 19,5 per cent compared to 2006. Total quantity purchased was 1461,6 tons of long brins. Also during 2007 the company purchased 237 tons of cotton yarn: from Lithuania – 33,6 %, from Latvia – 66,4 %. Price for 1 ton of cotton yarn went up by 0,4 pr cent compared to the level of 2006.

As the demand for high quality products was growing in 2007 we purchased 151,8 tons on linen yarn, 31,3% of which was purchased from the Lithuanian suppliers and 64,4% from the Polish suppliers.

Most of the chemical materials were purchased from Germany, Switzerland and Holland..

As for 31-12-2007 the Group's liabilities to banks amounted to 3 mio. Lt. As for 2007 ending the AB „Linās“ had granted loans to its subsidiary in the total amount of 15,2 mio. Lt. The total amount of loans granted by the AB "Linās" as for 31-12-2007 was 25,5 mio. Lt.

#### ***8. References and additional explanatory notes regarding the data provided in the annual financial statements.***

The financial statements have been prepared following the International Financial Accounting Standards. The data provided in the annual financial reporting statements and in the explanatory note are sufficient and comprehensive.

#### ***9.Important events having occurred since the end of the preceding financial year.***

The financial report of the Company and Consolidate financial statements were audited by the independent auditing company the UAB „Revizorius“ selected via the bidding procedure. The audit was performed by auditor Galina Ivanova (Auditor certificate No.000088).

On December 20, 2007 the Vilnius District Administrative Court took the judgement by which it dismissed as unfounded the claim by the shareholder of the AB "Linās" Lionė Lenčiauskienė regarding the decision No. 2K-158, dated 31-05-2007 on target inspection and the decision No. 3R-484 (AB-35) dated 31-05-2007 on approval of the official offer circular adopted by of the Commission of Securities of the Republic of Lithuania. The said judgement of the Vilnius District Administrative Court dated December 20, 2007 has not come into effect as on January 02, 2008 Lionė Lenčiauskienė lodged an appeal against said judgement to

the court of appeals. As for December 31, 2007 Lionė Lenčiauskienė held in her ownership 20,11 % of the AB „Linus“ shares.

During the months of January and February of 2008 the AB „Linus“ subsidiary UAB „Linus Nordic“ suffered the loss of 1,98 mio.Litas.

The information about the post-balance events is provided in section 4.27 of the explanatory note to the financial statements.

#### ***10. Operating plans and forecasts of the Company Group.***

On February 14, 2008 the Board of the AB "Linus" confirmed the consolidated strategic goals of the AB "Linus" Company Group for the year 2008: expected sales revenue - 70,4 mio.Litas, profit before taxes - 1,3 mio Litas. The amount of 6,3 mio.Litas has been planned for purchasing technological equipment and renewal of the old one.

#### ***11. Information about research and development activities of the Company Group.***

The Company Group was not carrying out activities related to research and development.

***12. Information about financial risk management objectives, its measures for hedging major types of forecasted transactions for which hedge accounting is used, and the Company Group's exposure to the cope of price risk, credit risk, liquidity risk and cash flow risk where the Company Group uses financial instruments and where this is of importance for the evaluation of the Group's assets, equity capital, liabilities, financial position and performance results.***

The Company Group was not using the financial instruments which are of importance for the evaluation of the Group's assets, equity capital, financial position and performance results.

#### ***13. Information about branches and representative offices of the Company.***

The AB „Linus“ does not have any branches or representative offices.

#### ***14. Issuer's authorised capital.***

The authorised capital registered in the company register of the Republic of Lithuania is equal to 24 038 990 Lt.

The structure of the authorised capital of the AB „Linus“ according to types of shares is as below:

Type of shares	Number of shares	Nominal value (Lt)	Total nominal value	Percentage in the authorised capital
Ordinary registered shares	24 038 990	1	24 038 990	100,00
Total:	24 038 990	-	24 038 990	100,00

All shares of the AB „Linus“ have been paid in full and they are not subject to any encumbrances for transfer/disposal of said securities.



**15. Information about the own shares acquired and held by the Company and the Group and the same acquired and transferred during the reporting period.**

The Company has not acquired any of its own shares. The subsidiary has also not acquired any of the Company's shares. Neither the Company nor its subsidiary has bought or sold its own shares.

**16. Shareholders.**

The total number of shareholder of the AB „Linus“ as for December 31, 2007 was 1266.

The shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2007 were:

Shareholder's name, surname, company's name, type, domicile address, code in the Register of Enterprises)	Number of ordinary registered shares held on property ownership right (pcs.)	Percentage of authorised capital held	Percentage of votes granted by the shares held on property ownership right	Percentage of votes held together with the persons acting together
Lionė Lenčiauskienė	4 834 244	20,11%	20,11%	20,11%
Ramūnas Lenčiauskas	4 892 111	20,35%	20,35%	37,64%
UAB „Nordic investicija“ Company code 135442762 Savanorių pr. 192, Kaunas	4 156 585	17,29%	17,29%	37,64%

None of the shareholders of the Company have any special control rights. All shareholders have equal rights, so the number of shares of the AB „Linus“ carrying votes at the general meeting of shareholders is 24 038 990.

The Company has not been notified any agreements between the shareholders due to which the transfer of securities and/or voting rights could be encumbered.

**17. Employees.**

The average number of employees in the AB „Linus“ Company Group as for December 31, 2007 was 1537. During the year the average number of employees decreased by 236 or 15,35 %. The number of employees during the preceding financial year changed due to changes in labour organisation.

Employees	2007		2006	
	Average number of employees	Average salary/wage, Lt	Average number of employees	Average salary/wage, Lt
Management personnel	37	4491	39	4276
Specialists and clerks	118	1757	158	1526
Workers	1146	1082	1340	938
<b>Total</b>	<b>1301</b>	<b>1246</b>	<b>1537</b>	<b>1035</b>

The wages to the employees of the Group were paid observing the confirmed labour payment regulations, the Law on labour safety and health and other laws of the Republic of Lithuania and decisions

by the Government. Wages were paid in time and no interest for delay were calculated. Actual labour payment fund was 2.350 thou.Litas and compared to the same of 2006 decreased by 4,2 %. Average calculated wage in 2007 was 1246 Lt and compared to 2006 increased by 20 % (in 2006 - 1035 Lt).

The Collective Agreement in the AB „Linus“ subsidiary UAB „Linus Nordic“ provides that:

1. The employees, whose service in the company is 10, 15, 20, 25, 30, 35, (further at 5 years indents) years, shall be paid bonuses (in favourable financial situation).
2. Allocate additional social support (in favourable financial situation) as follows:
  - the employees raising a disabled child under 18 years old shall be paid single time allowance in the amount of 3 minimal subsistence levels;
  - in case of death of the company's employee the allowance of 6 minimal subsistence levels shall be paid;
  - in case of death of close relatives (parents, children and spouse) the allowance of 7 minimal subsistence levels shall be paid;
  - in other cases allowances shall also be paid. The amount of the allowance shall be decided by both parties.
3. To give the employees additional holiday leave:
  - up to 3 calendar days in case of death of a family member (parents, husband, wife, child, brother, sister);
  - 1 calendar day for marriage.
  - average wage shall be paid for the working days of such leave.
4. The employees who must undergo compulsory medical examination shall be paid average wage for the time spent for such medical check-up. The employer shall also cover all the costs related to such medical checkups.

#### ***18. Procedure for amendment of the Articles of association of the Issuer.***

The Law on Companies of the Republic of Lithuania provides that the right to amend the Articles of Association shall be vested exclusively in the general meeting of shareholders. Adoption of amendment of the Articles of Association requires 2/3 majority vote of the shareholders attending the meeting.

#### ***19. Management bodies of the Issuer***

As determined by the Articles of Association of the AB „Linus“ the management bodies of the Company are:

- General meeting of shareholders;
- The Board of the AB „Linus“;
- Head (Director) of the AB „Linus“.

The Supervisory Council shall not be formed.

The competence of the Company's Board the procedure of it election and dismissal are not different from the same provided for in the Law on Companies of the Republic of Lithuania.

The Board shall consider and confirm:

- Strategy of the Company's activities;
- Organisation/management structure of the Company and list of positions;
- List of positions to which the employees are admitted following selection procedure;
- Regulations of branches and representative offices of the Company.

The Board shall elect the head of the Company and fix his salary, other terms and conditions of the employment contract with him, confirm his job description, apply motivation and disciplinary measures.

The Board shall decide on the information to be treated as commercial (production) secret of the Company.

The Board shall adopt:

- Decisions on becoming the founder or member of other legal persons;

- Decisions on establishing branches and representative offices of the Company;
- Decisions on the investment, transfer or lease of the fixed assets of the Company, the book value of which amounts to over 1/20 of the Company's authorised capital (to be calculated separately for every type of a transaction);
- Decisions on pledge/mortgage and hypothecisation of the fixed assets of the Company the book value of which amounts to over 1/20 of the Company's authorised capital (to be calculated as total for all transactions);
- Decisions on offering guarantee or surety for the discharge of liabilities of other persons when the amount of such obligations exceeds 1/20 of the Company's authorised capital;
- Decisions to acquire fixed assets for the price exceeding 1/20 of the Company's authorised capital;
- Decision to reorganise the Company in cases provided for in Law on Reorganisation of Companies;
- Other decisions attributed to the competence of the Board by the Articles of Association or by resolutions of the General meeting of shareholders;

Before investing the funds or other assets into other legal persons the Board must notify the creditors with who the Company has not settled accounts in the event the total outstanding amount to such creditors is exceeding 1/20 of the authorised capital of the Company.

The Board shall analyse and assess the materials presented by the head of the Company concerning:

- Implementation of the strategy of Company's activities;
- Organisation of company's activities;
- Financial condition of the Company;
- Results of business activities, budgets for income and expenses, data of stocktaking and other changes related to assets of the Company;
- The draft annual financial statements of the Company and the draft profit (loss) appropriation statement and present them to the General meeting of shareholders. The Board shall establish the methods for calculation of tangible assets depreciation and intangible assets amortisation.

## ***20. Data about the Board members and administration of the Company.***

**RAMŪNAS LENČIAUSKAS** – Chairman of the Board. Education – higher, graduated from the Kaunas Technology University where studied machine engineering, economics and management. Qualifications – engineer-economist. Since 16-10-1995 head (president) of the AB „Linus“, since 19-02-1996 – Director General of the AB „Linus“, since 14-03-1997 – President of the AB „Linus“, since 24-04-1998- AB „Linus“ interim expert of business and finance strategic management, from 04-03-2003 to 01-10-2005 the advisor of the AB „Linus“ on business and finance strategic management issues. Since 10-01-2007 the advisor of the AB „Linus“ on business and finance strategic management issues. Holds 4 892 111 ordinary registered shares of the AB „Linus“. The total percentage of shares capital and votes in the total of the issuer is 20,35 %. Chairman of the Board of the UAB „Linus Nordic“. From 01-10-2005 to 09-01-2007 advisor to the UAB on business and finance strategic management issues. Since 17-06-2004 – the head of the UAB „Lino investicinis fondas“ (Linus Investment Fund) (in 2005 renamed to the UAB „Nordic investicija“). Since 01-10-2006 advisor to the President of the UAB „Nordic Investicija“ on business and finance strategic management issues. Chairman of the Board and the shareholder of the UAB „Nordic investicija“. The percentage of capital and votes held in the authorised capital is 100 %. The director of the shareholder of the UAB „Tryliktas aukštas“ (Thirteenth Floor). The percentage of capital and votes held in the authorised capital is 50 %.

**VIKTORAS MAJAUSKAS** – member of the Board. Member of the Board of the UAB „Linus Nordic“. Does not participate in the capital of the issuer. Since 26-02-2007 – the advisor to AB „Linus“ on general issues. President of the UAB „Nordic investicija“.

**VAIDAS ŽARNAUSKAS**– member of the Board of the Company. Does not participate in the capital of the issuer. Director of the UAB „Verslo investicijų sistemos“ (Business investment systems). Does not participate in management or capital of other companies.

A;; members of the Board were elected on May 24, 2007 by the General meeting of shareholders for four period in office.

**LILIJANA PURIENE** – head of administration of the Company – the Director. Education - higher, graduate from the Kaunas Technology University, studied labour organisation and rating. Qualifications-engineer-economist. Since 01-03-1995 – Deputy Chief Financial office (Accountant) of the AB „Linus“, since 04-07-1995 – Chief Financial officer of the AB „Linus“, from 01-12-2000 to 01-10-2005 – Finance Director of the AB „Linus“, since 05-10-2005 – Director General of the AB „Linus“, since 10-05-2006- Director of the AB „Linus“. Does not hold shares of the Company. Since 01-10-2005 – Finance Director of the UAB „Linus Nordic“. Since 09-03-2007 acting Director General of the UAB „Linus Nordic“. Director General since 20-06-2007.

The members of the management bodies of the AB „Linus“ have never been convicted for property, business or financial offences.

The AB „Linus“ does not employ the chief accountant, accounting services are provided by the UAB „Linus Nordic“.

Information about total amounts and averages per person of the salaries and annual payments from profit paid during the reporting period to the members of the Board and head of administration:

Indicator	Salary for 2007 (Lt)	Payment from profit for 2007 (Lt)	Other payments from profit (Lt)	Total (Lt)
Average per member of the Board	22236	-	-	22236
Total for all members of the Board	66708	-	-	66708
Average per member of administration	67127	-	-	67127
Total for all members of administration	1006911	-	-	1006911

*21. All material agreements to which the Issuer is a party and which would come into effect, be amended or terminated in case of change in the issuer's control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the Issuer*

None.

*22. All agreements of the Issuer and the members of its management bodies or the employee agreements providing for a compensation in case of the resignation or in case they are dismissed without due reason or their employment is terminated in view of the change of control of the Issuer.*

None.

*23. Information on the significant transactions between related parties.*

Information on the transactions between the related parties is provided in section 4.23 of the explanatory notes to the financial statements.

**24. Information on the compliance with the corporate governance code.**

The information regarding compliance with the corporate governance code is presented in Appendix 1.

**25. Data about publicly disclosed information.**

January to December of 2007 the Company has announced about the following materials events:

25-01-2007 Dates for announcing the activities results of the AB „Linās“ in 2007.  
15-02-2007 Preliminary results of activities of the AB „Linās“ Company Group for 2006.  
15-02-2007 Activity forecast of the AB „Linās“ Company Group for 2007.  
15-02-2007 On covering of the losses of the subsidiary UAB „Linās Nordic“ .  
09-03-2007 On replacement of the of the head of the subsidiary.  
26-03-2007 On convening the General meeting of shareholders.  
16-04-2007 On draft resolutions of the General meeting of shareholders.  
16-04-2007 Change of the Board member of the AB „Linās“.  
25-04-2007 1<sup>st</sup> quarter 2007 financial results of the AB „Linās“ Company Group.  
25-04-2007 On preliminary and audited differences of losses of the Company Group for 2006.  
27-04-2007 On the General meeting of shareholders of the AB „Linās“ having not taken place.  
27-04-2007 On calling a repeat General meeting of shareholders.  
22-05-2007 Notice of disposal /acquisition of the control block of shares  
25-05-2007 Resolution of the repeat General meeting of shareholders.  
31-05-2007 Financial statements of the AB „Linās“ Company Group for 1<sup>st</sup> quarter of 2007.  
20-06-2007 On appointment of the head.  
30-07-2007 Semi-annual results of activities, 2007.  
31-08-2007 Semi-annual Financial Statements of the AB „Linās“, 2007, and Interim Report..  
24-10-2007 Semi-annual Financial Statements of the AB „Linās“, 2007, and Interim Report.  
29-10-2007 Results of activities for 9 months of 2007.  
20-11-2007 Interim financial statements for 9 months of 2007 and confirmation by responsible persons.  
21-12-2007 On Court judgement.

All information on material events made public during 2007 is available on the AB „Linās“ webpage [www.linās.lt](http://www.linās.lt).

All material events, related to the activities of the AB „Linās“ and information about time and place of general meetings of shareholders as well as other notices the shareholders and other persons are entitled to receive were made public in the daily „Lietuvos rytas“ in the order prescribed by the laws of the Republic of Lithuania.

Director

Lilijsana Puriene

**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.linas.lt">www.linas.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	The Company bodies (the board and manager of the Company) co-operate when dealing with issues of importance to the activity of the Company. The board and the manager hold joint sessions.
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	As the Company has collegial management body, the board, there is no collegial supervision body in the Company.
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	The board holds office for four years. The statutes of the company set no restriction on re-election of the same individuals to hold office.

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>  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>		
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	The Company shall make information on candidates to the board members publicly available; voting mechanism shall be employed to implement those references. Members of collegial body of the Company are remunerated on the funds of the Company.
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	The information above shall be provided and updated regularly, in the annual and interim reports of the company.
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	The Company shall not make any information publicly available, unless the same is provided by the members of collegial body; the information on the composition of collegial body shall be included in the annual and interim reports of the Company.



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	The Company applies no evaluation on independence of the members of collegial body.

<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 I 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>NO</p>	<p>The Company does not follow reference given by the management code, as the members of collegial body are related to the key shareholders of the Company.</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>	<p>Not applicable</p>	
<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>	<p>NO</p>	<p>The Company applies no evaluation on independence of the members of collegial body.</p>

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.	NO	The Company's statements indicate the relation of the board members to the Company, although the same applies no evaluation on independence of the members of collegial body.
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	The member of the board of the Company follow legislative principles governing communication to the shareholders and make key information on the activity of the Company available at the Company's website at <a href="http://www.linus.lt">www.linus.lt</a> , as well as in reports of Vilnius Stock Exchange.
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. The board shall appoint managers of the Company, ensure regular assessment of their professional skills, take reports, assess the performance of strategic objectives. The board of the Company shall perform its functions, including approval, control and performance of budget. The board of the Company shall select auditor and offer the same for approval by the general meeting of the shareholders.</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>NO</p>	<p>Comities are not established in the company. The execution of committee functions are discussed in 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>NO</p>	<p>Comities are not established in the company. The execution of committee functions are discussed in 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.	NO	Comities are not established in the company. The execution of committee functions are discussed in 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.	NO	Comities are not established in the company. The execution of committee functions are discussed in 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>	NO	Comities are not established in the company. The execution of committee functions are discussed in 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>	NO	Comities are not established in the company. The execution of committee functions are discussed in 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>	NO	<p>Comities are not established in the company. The execution of committee functions are discussed in 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	
<b>Principle VIII: Company's remuneration policy</b>  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.		
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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<p>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.</p>	<p>Not applicable</p>	<p>Such schemes are not applied in the company.</p>
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <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>	<p>Not applicable</p>	<p>Such forms for pays for the job are not applied in the company.</p>
<p>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.</p>	<p>Not applicable</p>	<p>Such forms for pays for the job are not applied in the company.</p>
<p>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.</p>	<p>Not applicable</p>	<p>Such forms for pays for the job are not applied in the company.</p>

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	Such forms for pays for the job are not applied in the company.
<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.linas.lt">www.linas.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.linas.lt">www.linas.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.

**Joint Stock Company "Linas"**  
**Company code 147689083**  
**S.Kerbedzio 23, Panevezys**

## **OFFICE STATEMENT**

"Linas" AB members of Board and office confirm that "Linas" 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 of patronizing company and Group of companies. In the annual report of "Linas" 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 2007 will be approved by General Shareholders Meeting.

Panevezys  
14 March, 2008

Lilijana Puriene  
Director





**AB LINAS**  
**CONSOLIDATED AND COMPANY'S**  
**ANNUAL FINANCIAL ACCOUNTABILITY**  
**YEAR 2007**



## SUMMARY

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## **INDEPENDENT AUDITOR'S REPORT**

*To AB Linas shareholders*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AB Linas group of companies, which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*



In our opinion, the financial statements *present* fairly, in all material respects the financial position of AB Linas group of companies as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, adopted for the application in the European Union.

By unconditioning the conclusion by the auditor, it is being underlined that due to the disclosure of the uncorrected post-balance event by the heads about unaudited loss (1 976 560 Lt) incurred in January – February 2008, in our opinion, the risk of continuation of activities may emerge for AB Linas group of companies (the remainder of outstanding debt by UAB "Linas Nordic" on 31-12-2007 amounts to 15 241 938 Lt).

#### **Report on Other Legal and Regulatory Requirements**

Besides, we have read the Annual Report for 2007 of AB Linas group of companies and we have not noted any material inconsistencies comparing with the audited financial statements.

2008 04 02  
Vilnius

UAB "Revizorius"  
Audit company's Certificate No.001293  
Company number 122894931  
Gerosios Vilties 1, Vilnius,

Director and auditor  
Auditor's certificate No.000088



Galina Ivanova

**BALANCE**  
**31/12/2007**

Formulated according to TFAS

Reporting cycle 01 01 2007 - 31 12 2007

LTL

No.	ASSETS	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
<b>A.</b>	<b>Long-term assets</b>	<b>13.012.238</b>	<b>10.735.243</b>	<b>23.762.211</b>	<b>23.353.157</b>
<b>I.</b>	<b>Intangible assets</b>	<b>72.403</b>	<b>97.133</b>	<b>4.474</b>	<b>0</b>
I.1.	Developmental works	0	0	0	0
I.2.	Prestige	0	0	0	0
I.3.	Patents, licenses	358	430	0	0
I.4.	Software	58.666	96.703	0	0
I.5.	Other intangible assets	13.379	0	4.474	0
<b>II.</b>	<b>Tangible assets</b>	<b>7.154.291</b>	<b>4.931.070</b>	<b>243.433</b>	<b>8.146</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	5.558.568	3.529.984	0	0
II.5.	Means of transport	255.515	266.124	0	0
II.6.	Other equipment, appliances, instruments and gear	810.954	986.186	7.704	8.146
II.7.	Unfinished construction	0	0	0	0
II.8.	Other tangible assets	328.525	148.776	35.000	0
II.9.	Investment property	200.729	0	200.729	0
<b>III.</b>	<b>Financial assets</b>	<b>5.235.842</b>	<b>5.061.290</b>	<b>23.489.663</b>	<b>23.315.111</b>
III.1.	Investments to affiliates and associated companies	0	0	6.300.936	6.300.936
III.2.	Loans to affiliates and associated companies	0	0	0	0
III.3.	Amounts received after one year	5.235.842	5.051.290	17.188.727	17.004.175
III.4.	Other financial assets	0	10.000	0	10.000
<b>IV.</b>	<b>Other long-term assets</b>	<b>549.702</b>	<b>645.750</b>	<b>24.641</b>	<b>29.900</b>
IV.1.	Deferred corporation tax assets	549.702	645.750	24.641	29.900
IV.2.	Other long-term assets	0	0	0	0
<b>B.</b>	<b>Short-term assets</b>	<b>33.194.830</b>	<b>29.616.604</b>	<b>9.596.095</b>	<b>12.177.516</b>
<b>I.</b>	<b>Stocks, prepayments and unaccomplished contracts</b>	<b>16.608.747</b>	<b>14.798.659</b>	<b>58.382</b>	<b>767</b>
I.1.	Stocks	16.326.999	14.595.499	49.395	12
I.1.1.	Raw materials and packaging products	2.027.840	2.182.305	49.395	12
I.1.2.	Unfinished production	8.035.645	7.504.254	0	0
I.1.3.	Ready production	6.263.514	4.908.940	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	281.748	203.160	8.987	755
I.3.	Unaccomplished contracts	0	0	0	0
<b>II.</b>	<b>Amounts, receivable over one year</b>	<b>10.623.855</b>	<b>9.223.199</b>	<b>557.266</b>	<b>249.766</b>
II.1.	Customers' debts	9.686.053	8.698.196	0	354
II.2.	Debts of affiliates and associated companies	0	0	0	0
II.3.	Other receivable amounts	937.802	525.003	557.266	249.412
<b>III.</b>	<b>Other short-term assets</b>	<b>5.841.463</b>	<b>5.236.707</b>	<b>8.971.342</b>	<b>11.922.297</b>
III.1.	Short-term investments	0	0	0	0
III.2.	Term deposits	0	0	0	0
III.3.	Other short-term assets	5.841.463	5.236.707	8.971.342	11.922.297
<b>IV.</b>	<b>Currency and its equivalents</b>	<b>120.765</b>	<b>358.039</b>	<b>9.105</b>	<b>4.686</b>
	<b>Total assets</b>	<b>46.207.068</b>	<b>40.351.847</b>	<b>33.358.306</b>	<b>35.530.673</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>32.150.232</b>	<b>31.624.028</b>	<b>32.979.387</b>	<b>35.253.645</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>11.214.655</b>	<b>11.469.597</b>	<b>11.214.655</b>	<b>11.069.807</b>
III.1.	Obligatory	2.403.898	2.424.243	2.403.898	2.403.898
III.2.	For purchase of proprietary shares	0	0	0	0
III.3.	Other reserves	8.810.757	9.045.354	8.810.757	8.665.909
<b>IV.</b>	<b>Retained profit (losses)</b>	<b>(3.103.413)</b>	<b>(3.884.559)</b>	<b>(2.274.258)</b>	<b>144.848</b>
<b>IV.1.</b>	<b>Profit of reporting year (losses)</b>	<b>526.204</b>	<b>(3.948.150)</b>	<b>(2.274.258)</b>	<b>81.257</b>
IV.1.1.	Profit (loss) acknowledged in profit (loss) report	526.204	(3.948.150)	525.742	81.257
IV.1.2.	Profit (loss) not acknowledged in profit (loss) report	0	0	(2.800.000)	0
<b>IV.2.</b>	<b>Profit (loss) of previous year</b>	<b>(3.629.617)</b>	<b>63.591</b>	<b>0</b>	<b>63.591</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>19.977</b>	<b>12.529</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Payable amounts and obligations</b>	<b>14.036.859</b>	<b>8.715.290</b>	<b>378.919</b>	<b>277.028</b>
<b>I.</b>	<b>Amounts payable after one year and long-term obligations</b>	<b>106.007</b>	<b>119.104</b>	<b>0</b>	<b>0</b>
I.1.	Financial debts	39.050	0	0	0
I.1.1.	Leasing (financial rents) or similar obligations	39.050	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	62.408	119.104	0	0
I.6.	Other payable amounts and long-term obligations	4.549	0	0	0
<b>II.</b>	<b>Amounts payable within one year and short-term obligations</b>	<b>13.930.852</b>	<b>8.596.186</b>	<b>378.919</b>	<b>277.028</b>
II.1.	Current year part of long-term amount	10.010	0	0	0
II.2.	Financial debts	2.958.647	0	0	0
II.2.1.	To credit organizations	2.958.647	0	0	0
II.2.2.	Other financial debts	0	0	0	0
II.3.	Debts to suppliers	7.479.743	4.847.261	96.473	29.473
II.4.	Received prepayments	80.955	378.241	15.109	15.108
II.5.	Profit tax payment obligations	0	0	0	0
II.6.	Obligations related to work relations	2.314.570	2.432.475	29.798	4.252
II.7.	Suspensions	0	0	0	0
II.8.	Other payable amounts and short-term obligations	1.086.927	938.209	237.539	228.195
	<b>Total proprietary capital and obligations</b>	<b>46.207.068</b>	<b>40.351.847</b>	<b>33.358.306</b>	<b>35.530.673</b>

Director



Lilijana Puriene

## PROFIT (LOSS) REPORT

Formulated according to TFAS

Reporting cycle 01 01 2007 - 31 12 2007

LTN

No.	ARTICLES	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
I.	<b>SALE INCOME</b>	<b>64.422.390</b>	<b>60.077.511</b>	<b>1.071.161</b>	<b>1.022.222</b>
I.1.	Production of textile products	63.999.762	59.614.834	(111)	(1.377)
I.1.1.	Income for sold goods	63.678.277	59.275.566	(111)	(1.377)
I.1.2.	Income for sold services	321.485	339.268	0	0
I.2.	Management of financial profit	422.628	462.677	1.071.272	1.023.599
II.	<b>SALE COST PRICE</b>	<b>49.280.895</b>	<b>47.792.438</b>	<b>0</b>	<b>98.760</b>
II.1.	Production of textile products	49.280.895	47.693.678	0	0
II.1.1.	Cost price of sold production	49.097.081	47.467.594	0	0
II.1.2.	Cost price of sold services	183.814	226.084	0	0
II.2.	Cost price of financial profit management	0	98.760	0	98.760
III.	<b>GROSS PROFIT (LOSS)</b>	<b>15.141.495</b>	<b>12.285.073</b>	<b>1.071.161</b>	<b>923.462</b>
IV.	<b>ACTIVITY EXPENDITURES</b>	<b>14.776.352</b>	<b>16.566.342</b>	<b>709.806</b>	<b>704.222</b>
IV.1.	Sale	6.971.116	6.427.524	(3.842)	508
IV.2.	Common and administrative	7.805.236	10.138.818	713.648	703.714
V.	<b>PROFIT (LOSS) OF STANDARD ACTIVITY</b>	<b>365.143</b>	<b>(4.281.269)</b>	<b>361.355</b>	<b>219.240</b>
VI.	<b>OTHER ACTIVITY</b>	<b>254.955</b>	<b>119.978</b>	<b>2.660</b>	<b>1.709</b>
VI.1.	Income	581.957	204.641	2.730	1.709
VI.2.	Expenditures	327.002	84.663	70	0
VII.	<b>FINANCIAL AND INVESTMENT ACTIVITY</b>	<b>55.241</b>	<b>(326.400)</b>	<b>276.769</b>	<b>(10.744)</b>
VII.1.	Income	259.856	2.681	277.033	432
VII.2.	Expenditures	204.615	329.081	264	11.176
VIII.	<b>PROFIT (LOSS) OF ROUTINE ACTIVITY</b>	<b>675.339</b>	<b>(4.487.691)</b>	<b>640.784</b>	<b>210.205</b>
IX.	EXTRAORDINARY GAIN	0	0	0	0
X.	LOSSES	0	0	0	0
XI.	<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>675.339</b>	<b>(4.487.691)</b>	<b>640.784</b>	<b>210.205</b>
XII.	PROFIT TAX	149.135	(539.541)	115.042	128.948
XIII.	<b>PROFIT (LOSS) BEFORE MINORITY PART</b>	<b>526.204</b>	<b>(3.948.150)</b>	<b>525.742</b>	<b>81.257</b>
XIV.	MINORITY PART	0	0	0	0
XIII.	<b>NET PROFIT (LOSS)</b>	<b>526.204</b>	<b>(3.948.150)</b>	<b>525.742</b>	<b>81.257</b>

Director



Lilijana Puriene

# REPORT OF LINAS, LLC ENTERPRISE GROUP PROPRIETARY CAPITAL ALTERATIONS

31 December, 2007

Report period 01 01 2007 - 31 12 2007

LTL

	Paid-up Authorized capital	Additio ns to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves		Unappropriat ed profit (loss)	Total
				Long- term tangible assets	Financial assets	Obligatory	Private shares procure- ment	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, 2005	24.038.990	0	0	0	0	2.071.472	0	307.038	6.000.000	3.154.678	35.572.178
Profit/loss not acknowledged in profit (loss) report											0
Profit/loss of previous year accepted in profit (loss) report											0
Net profit / loss of the current period										(3.948.150)	(3.948.150)
Increase/reduction of authorized capital											0
Formed reserves						352.771		100.000	8.945.354	(9.398.125)	0
Utilized reserves											0
Liquidates reserves								(307.038)	(6.000.000)	6.307.038	0
Remainder on 31 December, 2006	24.038.990	0	0	0	0	2.424.243	0	100.000	8.945.354	(3.884.559)	31.624.028
Profit/loss not acknowledged in profit (loss) report											0
Net profit / loss of the current period										526.204	526.204
Increase/reduction of authorized capital											0
Formed reserves								30.757	8.780.000	(8.810.757)	0
Liquidates reserves						(20.345)		(100.000)	(8.945.354)	9.065.699	0
Remainder on 31 December, 2007	24.038.990	0	0	0	0	2.403.898	0	30.757	8.780.000	(3.103.413)	32.150.232

Director



Lilijana Puriene



# REPORT OF OWN CAPITAL CHANGES

31 December, 2007

Report period 01 01 2007 - 31 12 2007

LTL

	Paid-up authorized capital	Additio ns to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves		Unappropriat ed profit (loss)	Total
				Long-term tangible assets	Financial assets	Obligatory	Private shares procuremen t	Support reserves and other payouts according to collective	Other reserves		
	1	2	3	4	5	6	7	8	9	11	12
<b>Remainder on 31 December, 2005</b>	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
Profit/loss of previous year accepted in profit (loss) report											0
Net profit / loss of the current period										81.257	81.257
Increase/reduction of authorized capital											0
Formed reserves						332.426			8.665.909	(8.998.335)	0
Utilized reserves											0
Liquidates reserves								(307.038)	(6.000.000)	6.307.038	0
<b>Remainder on 31 December, 2006</b>	24.038.990	0	0	0	0	2.403.898	0	0	8.665.909	144.848	35.253.645
Profit/loss not acknowledged in profit (loss) report										(2.800.000)	(2.800.000)
Net profit / loss of the current period										525.742	525.742
Formed reserves								30.757	8.780.000	(8.810.757)	0
Liquidates reserves									(8.665.909)	8.665.909	0
<b>Remainder on 31 December, 2007</b>	24.038.990	0	0	0	0	2.403.898	0	30.757	8.780.000	(2.274.258)	32.979.387

Director



Lilijana Puriene

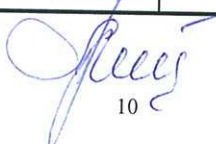
# CURRENCY CIRCULATION REPORT 31 December, 2007

Report period 01 01 2007 - 31 12 2007

LTL

No.	Articles	GROUP		ENTERPRISE	
		Financial year	Previous financial year	Financial year	Previous financial year
I.	Primary activity currency circulation				
I.1.	Earnings of report period (including VAT)	64.814.603	61.378.108	1.022.232	2.952.790
I.1.1.	Earnings from activity of textile items production received from clients	62.599.835	58.649.162	481	173.667
I.1.2.	Earnings of financial property management activity	2.772	50.859	611.852	546.179
I.1.3.	Other earnings	2.211.996	2.678.087	409.899	2.232.944
I.2.	Report period payouts	(63.828.494)	(63.223.128)	(938.788)	(2.505.963)
I.2.1.	Payouts to suppliers of products and raw materials (including VAT)	(40.976.772)	(37.334.794)	(308.077)	(228.208)
I.2.2.	Monetary payouts related to work relations	(20.708.929)	(21.620.926)	(197.000)	(20.400)
I.2.3.	Taxes paid to budget	(1.206.833)	(1.345.640)	(106.086)	(462.253)
I.2.4.	Other payouts	(935.960)	(2.921.768)	(327.625)	(1.795.102)
	Cash circulation of primary activity	986.109	(1.845.020)	83.444	446.827
II.	Currency circulation of investment activity				
II.1.	Procurement of long-term assets (excluding investments)	(3.399.159)	(883.578)	(244.575)	0
II.2.	Transfer of long-term assets (excluding investments)	11.154	2.900	0	0
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	266.950	11.871.000	266.950	11.871.000
II.7.	Provision of loans	(967.450)	(1.272.670)	(925.000)	(13.732.885)
II.8.	Return of loans	114.569	863.200	824.072	1.063.000
II.9.	Received dividends	0	0	0	0
II.10.	Interests received for loans granted	0	0	0	0
II.11.	Other currency circulation increases of investment activities	0	0	0	0
II.12.	Other currency circulation decreases of investment activities	0	0	0	0
	Cash circulation of investment activity	(3.973.936)	10.580.852	(78.553)	(798.885)
III.	Currency circulation of financial activity				
III.1.	Currency circulation related to company owners	(254)	(522)	(254)	(522)
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	(254)	(522)	(254)	(522)
III.2.	Currency circulation related to other financial sources	2.779.152	(9.516.047)	0	190
III.2.1.	Increase of financial debts	20.964.880	11.671.592	0	0
III.2.1.1.	Receipt of loans from credit institutions	20.964.880	11.671.592	0	0
III.2.1.2.	Receipt of loans from associated and third parties	0	0	0	0
III.2.1.3.	Emission of bonds	0	0	0	0
III.2.2.	Reduction of financial debts	(18.180.237)	(21.188.632)	0	0
III.2.2.1.	Return of loans to credit institutions	(18.006.233)	(21.187.564)	0	0
III.2.2.2.	Return of loans to associated and third parties	0	0	0	0
III.2.2.3.	Procurement of bonds	0	0	0	0
III.2.2.4.	Interests paid for credit institutions	(174.004)	(1.068)	0	0
III.2.2.5.	Leasing (financial rent) payments	0	0	0	0
III.2.3.	Interests received for bank accounts	73	993	0	190
III.2.4.	Increase of company's other liabilities	0	0	0	0
III.2.5.	Reduction of company's other liabilities	(5.564)	0	0	0
III.3.	Other increases of currency circulation of financial activity	105	16.290	0	14.892
III.4.	Other reductions of currency circulation of financial activity	(29.277)	(26.919)	(255)	(234)
	Cash circulation of financial activity	2.749.726	(9.527.198)	(509)	14.326
IV.	Currency circulation of special articles	0	0	0	0
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.	Impact of currency exchange rates to cash and equivalent currency remainder	827	(8.326)	37	(985)
VI.	Net currency circulation increase (reduction)	(237.274)	(799.692)	4.419	(338.717)
VII.	Currency and currency equivalents at the beginning of the period	358.039	1.157.731	4.686	343.403
VIII.	Currency and currency equivalents at the end of the period	120.765	358.039	9.105	4.686

Director



Lilijana Puriene

**Public Limited Company Linas**  
Corporate identification 147689083  
S. Kerbedzio Street 23, Panevezys

CONFIRMED by  
General shareholders' meeting  
of  
Act no.

Financial accounting  
Formation date – *2008 03 14*

**EXPLANATORY MEMORANDUM  
TO THE YEAR 2007 FINANCIAL ACCOUNTS**

31 December, 2007

Beginning of accounting period 2007 01 01  
End of accounting period 2007 12 31

**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 31 December, 2007, the group of companies 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. Kerbedzio Street 23, Panevezys. 100 % of UAB Linas Nordic shares own AB Linas.

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 manages financial asset (investments to securities, presented loans), intend to execute financial and other projects.

6. UAB "Linas Nordic" produces linen, half linen, white, dyed, printed, jacquard, striped and checked fabrics for home textile and garments. Besides various fabrics weaving and finishing types, subsidiary company produces fabrics with special finishing types. It was produced during the year of 2007: linen and tow yarns – 1.114 tons (during 12 months of year 2006 – 1.283 tons); raw fabrics – 4.796 thousand mtrs (12 months of year 2006 – 4.833 thousand mtrs); ready made fabrics – 5.146 thousand mtrs (12 months of year 2006 – 4.870 thousand mtrs). 38,0 % of all produced fabrics were used for sewn items during the year of 2007 (12 months of year 2006 – 28,7 %).

UAB Linas Nordic is reliable partner and produces production of good quality which is oriented to the average price level prices. The main competitors are Russian, Byelorussian, Chinese, Czech and Polish linen companies and Italian, French, Irish textiles producers.

During year 2007 UAB Linas Nordic export volumes made 92,2 % of the total product sales. The breakdown of the sales by country is as follows: Sweden – 39,2 %, Denmark – 6,5 %, USA – 6,0 %, Lithuania – 7,8 %, Italy – 4,6 %, Estonia – 3,4 %, Belgium – 4,0 %, France – 4,0 %, Great Britain – 3,8 %, Netherland – 3,7 %, other countries – 17,9 %.



During year 2007 subsidiary company of AB „Linās“ earned 462 Lt of net profit when the result of year 2006 of the same period was 4 029 thousand Lt loss. At the end of financial year equity capital of UAB Linas Nordic was 5472 thousand Litas and on 31 12 2006 – 2671 thousand Litas.

The only one shareholder of UAB Linas Nordic – AB Linas – on 14 02 2007 took a decision to cover UAB Linas 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.

3,3 mln Lt were allotted for the obtaining of technological equipment and renovation during the year of 2007 in UAB Linas Nordic. In 2006 it was allotted 1,8 mln Lt for the investments and business projects.

The main reason which influences production and sales volumes of the subsidiary company is the textile items import from Asian countries which particularly increased from year 2005 after full liberalization of textile items sales and after cancellation of all quantity limitations for the import of textile items.

Objective economical factors: price increase for raw material (scutched linen fibre, linen and cotton yarns), increase of wages; price increase of technological energy influenced the results of linen textile items production and sale in year 2007.

7. 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.

## **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 its 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 its disposal.

2.2.9. The Group has no mortgages of long-term intangible assets to secure its 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 4.1. and 4.3. 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 its 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 its 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 its 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 tangible assets accounting policy and accounting evaluations have occurred in the Group and the Company during the reporting period.

2.3.10. More information on long-term tangible assets has been disclosed in notes 4.2.; 4.3. to the Memorandum.

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

2.4.1. The Group classifies its 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 4.4.; 4.5. 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 4.25. 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 4.6. 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 4.7. 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 4.8.; 4.9. 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 4.10. 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.

2.7.4. Information about the other short-term asset of the Group and the Company is presented in the note No.4.11 of Explanatory memorandum.

## **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 4.12.

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 4.13. 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 4.14. 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 4.15. 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 sum is not calculated because of sums triviality to Guarantee fund from the pays of accumulative holiday pays. The information on the amounts of paid leave payments, accrued as liabilities to the Group and its companies, is provided in note 4.18. of the Memorandum.

2.10.5. When making annual financial accountability the sums paid by the customers as prepayment are transferred to the contrary liabilities account, which are longer than a year or when the signs appear that they (or their part) could not be requested. Accordingly the decrease of liabilities is shown in the account of disputed debts in the expenditure of contrary account.

2.10.6. The information on short-term and long-term liabilities of the Group and the Company is provided in note 4.16. to the Memorandum.

2.10.7. The information on the status of the debt of the Group and the Company in respect of credit institutions is disclosed in note 4.17. 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 4.19. 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 4.21. 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 4.22. 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.4.20. 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 and social tax 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. Social tax as profit tax is shown in the line "Profit tax" of profit (loss) report.

2.13.4. The Company's profit tax costs and deferred profit taxes are shown in detail in note 4.24. of the Memorandum.

2.13.5. The information on the Group's deferred profit taxes is provided in note 4.25. 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, 2007, and 2006, is based on the following currency exchange rates:

**2007**  
1 EUR = 3.4528 Lt  
1 USD = 2.3572 Lt

**2006**  
1 EUR = 3.4528 Lt  
1 USD = 2.6304 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 2007 in accordance with the International Financial Reporting Standards there were no any material changes of the accounting policy and the accounting evaluations 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. Preparing the financial accountability for year 2007 not significant and substantial mistakes of year 2006 are corrected in perspective way.

### **4. Notes of Explanatory Memorandum**

4.1. The status of the long-term intangible assets of the Group and the Company, and their change over the reporting period (Tables 4.1.1. 'AB Linas long-term intangible assets change'; 4.1.2. 'AB Linas Group of companies long-term intangible assets change').

4.2. The status of the long-term tangible assets of the Group and the Company, and their change over the reporting period (Tables 4.2.1 'AB Linas long-term tangible assets change'; 4.2.2 'AB Linas Group of companies long-term tangible assets change').

4.3. 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 4.3.1 'Long-term assets average economic life'), the cost of acquisition (production) of depreciated or worn-down assets still in use in the company (Table 4.3.2 'Depreciated or worn-down assets still in use'), information on the mortgages of long-term assets (Table 4.3.3 'Long-term tangible assets mortgages'); information about rented long-term tangible asset (table 4.3.4. "The rent of long-term tangible asset).

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

4.5. Short-term financial assets and their change over the reporting period (Tables 4.5.1 'AB Linas Group of companies short-term financial assets change', and 4.5.2 'AB Linas short-term financial assets change').

4.6. 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 4.6.1 'AB Linas Group of companies stocks' and 4.6.2 'AB Linas stocks').

4.7. 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').

4.8. 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').

4.9. 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').

4.10. Long-term and short-term loans issued by the Group and the Company, including balance sheet values, maturity terms, accrued interest (Tables 4.10.1. 'AB Linas Group of companies loans issued' and 4.10.2. 'AB Linas loans issued').

4.11. Information about other short-term asset of the Group and the Company (table "Other short-term asset).

4.12. 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 2007 was 0.38 Litas, and in 2006 average market sale price per share was 0.51 Litas.

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

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

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

4.16. 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').

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

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

4.19. Typical business of the Group and Company.

The typical activity of the company is the management of financial property – investment to the Funds and the management of provided loans. During 2007 the company earned 1,071,272 Litas of interest incomes, during year 2006 it was earned 1,023,599 Lt. The sum of interest from granted loans for subsidiary company for year 2007 makes 648,644 Lt, for year 2006 it made 560,922 Lt. The cost price of presented financial services was 98,760 Lt in year 2006.

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 4.19.1. „Information about the segments of textile items production business“ and 4.19.2 „Information about geographical segments of textile items production business“.

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

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

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

4.23. 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').

4.24. The tax on profit due to be paid by the Company and the cost (income) of deferred profit tax, including a detailed outlay (Tables 4.24.1 'Specification of expenses of profit tax', 4.24.2 'Recalculation of expenses of profit taxes, according to regular and temporary difference of accounting and taxable profit').

4.25. Deferred profit taxes of the Group and the Company (Table 'Extended profit tax').

4.26. Material out-of-balance-sheet amounts, i.e. mortgages, guarantees, securities (Table 'Rights and obligations, not stated in the balance sheet').

4.27. Significant post-balance sheet events.

On 2008-01-31 the Company presented the claim to Kaunas district court regarding adjudge of debt and fine acc.to the documentary process order from UAB „Tryliktas aukštas“ company code 3001 54688, address – Savanoriu avenue. 192, LT-44151 Kaunas. The debt of UAB „Tryliktas aukštas“ to AB „Linas“ makes 1.219.324,65 Lt on January 31, 2008.

During 01-02 months of year 2008 AB „Linas“ subsidiary company UAB „Linas Nordic“ sustained 1.976.560 Lt loss.



#### 4.1. LONG-TERM INTANGIBLE ASSETS

##### 4.1.1. Changes of Linas, LLC 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			0	0	0	0
a) Procurement cost price of long-term intangible assets						
At the end of previous financial year			0	0	0	0
Changes of financial year			0	0	4.474	4.474
· Procurement of assets			0	0	4.474	4.474
· Assets, transferred to other individuals and discarded (-)			0	0	0	0
· Transcription from one article to another +/(-)			0	0	0	0
At the end of financial year			0	0	4.474	4.474
b) Amortization						
At the end of previous financial year			0	0	0	0
Changes of financial year			0	0	0	0
· Financial year amortization			0	0	0	0
· Restorational records (-)			0	0	0	0
· Assets, transferred to other individuals and discarded (-)			0	0	0	0
· Transcription from one article to another +/(-)			0	0	0	0
At the end of financial year			0	0	0	0
e) Residual value at the end of financial year (a) - (b)			0	0	4.474	4.474

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

LTL

Indicators	Developme ntal works	Prestige	Patents, licenses	Software	Other intangible assets	Total
Residual value at the end of previous financial year			430	96.703	0	97.133
a) Procurement cost price of long-term intangible assets						
At the end of previous financial year			75.303	978.907	0	1.054.210
Changes of financial year			0	(25.321)	13.379	(11.942)
· Procurement of assets			0	36.028	13.379	49.407
· Assets, transferred to other individuals and discarded (-)			0	(61.349)	0	(61.349)
· Transcription from one article to another +/(-)			0	0	0	0
At the end of financial year			75.303	953.586	13.379	1.042.268
b) Amortization						
At the end of previous financial year			74.873	882.204	0	957.077
Changes of financial year			72	12.716	0	12.788
· Financial year amortization			72	73.406	0	73.478
· Restorational records (-)			0	0	0	0
· Assets, transferred to other individuals and discarded (-)			0	(60.690)	0	(60.690)
· Transcription from one article to another +/(-)			0	0	0	0
At the end of financial year			74.945	894.920	0	969.865
e) Residual value at the end of financial year (a) - (b)			358	58.666	13.379	72.403

## 4.2. LONG-TERM TANGIBLE ASSETS

### 4.2.1. 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	Investment property	Total
Residual value at the end of previous financial year	0	0	0	0	8.146	0	0	0	8.146
a) Procurement of cost price long-term tangible assets									
At the end of previous financial year	0	0	0	0	12.749	0	0	0	12.749
Changes of financial year	0	0	0	0	4.691	35.000	0	205.000	244.691
· Procurement of assets	0	205.000	0	0	4.691	35.000	0	0	244.691
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0	0
· Transcription to short-time assets +/-(-)	0	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	(205.000)	0	0	0	0	0	205.000	0
At the end of financial year	0	0	0	0	17.440	35.000	0	205.000	257.440
b) Revaluation									
At the end of previous financial year	0	0	0	0	0	0	0		0
Changes of financial year	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
At the end of financial year	0	0	0	0	0	0	0		0
c) Depreciation (-)									
At the end of previous financial year	0	0	0	0	4.604	0	0	0	4.604
Changes of financial year	0	0	0	0	5.132	0	0	4.271	9.403
· Financial year depreciation	0	0	0	0	5.132	0	0	4.271	9.403
· Restorational records (-)	0	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
At the end of financial year	0	0	0	0	9.736	0	0	4.271	14.007
d) Decrease of value									
At the end of previous financial year	0	0	0	0	0	0	0	0	0
Changes of financial year	0	0	0	0	0	0	0	0	0
· Decrease of value of financial year	0	0	0	0	0	0	0	0	0
· Restorational records (-)	0	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
At the end of financial year	0	0	0	0	0	0	0	0	0
e) Residual value at the end of financial year (a) + (b) - (c) - (d)	0	0	0	0	7.704	35.000	0	200.729	243.433

## 4.2.2. 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	Investment property	Total
Residual value at the end of previous financial year	0	0	3.529.984	266.124	986.186	148.776	0	0	4.931.070
a) Procurement of cost price long-term tangible assets									
At the end of previous financial year	0	0	21.772.393	1.545.170	3.138.044	148.776	0	0	26.604.383
Changes of financial year	0	0	2.671.811	(97.954)	91.927	179.749	0	205.000	3.050.533
· Procurement of assets	0	205.000	3.163.595	94.394	166.647	197.317	0	0	3.826.953
· Assets, transferred to other individuals and discarded (-)	0	0	(498.747)	(179.977)	(81.769)	0	0	0	(760.493)
· Transcription to short-time assets +/-(-)	0	0	0	0	0	(15.927)	0	0	(15.927)
· Transcription from one article to another +/-(-)	0	(205.000)	6.963	(12.371)	7.049	(1.641)	0	205.000	0
At the end of financial year	0	0	24.444.204	1.447.216	3.229.971	328.525	0	205.000	29.654.916
b) Revaluation									
At the end of previous financial year	0	0	0	0	0	0	0	0	0
Changes of financial year	0	0	0	0	0	0	0	0	0
· Increase (decrease) of value +/-(-)	0	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
At the end of financial year	0	0	0	0	0	0	0	0	0
c) Depreciation (-)									
At the end of previous financial year	0	0	18.242.409	1.279.047	2.151.858	0	0	0	21.673.314
Changes of financial year	0	0	643.227	(87.346)	267.159	0	0	4.271	827.311
· Depreciation of financial year	0	0	1.100.235	92.626	347.281	0	0	4.271	1.544.413
· Restorational records (-)	0	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	(457.008)	(179.972)	(80.122)	0	0	0	(717.102)
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
At the end of financial year	0	0	18.885.636	1.191.701	2.419.017	0	0	4.271	22.500.625
d) Decrease of value									
At the end of previous financial year	0	0	0	0	0	0	0	0	0
Changes of financial year	0	0	0	0	0	0	0	0	0
· Decrease of value of financial year	0	0	0	0	0	0	0	0	0
· Restoration records (-)	0	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)	0	0	0	0	0	0	0	0	0
At the end of financial year	0	0	0	0	0	0	0	0	0
e) Residual value at the end of financial year (a) + (b) - (c) - (d)	0	0	5.558.568	255.515	810.954	328.525	0	200.729	7.154.291

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

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

No.	Long-term asset groups	GROUP	COMPANY
1.	Long-term intangible asset groups		
1.1.	Patents, licenses etc.	7	-
1.2.	Software	4	-
2.	Long-term tangible asset groups		
2.1.	Machines and equipment	6	-
2.2.	Means of transport	5	-
2.3.	Other equipment, appliances, instruments, gear, inventory	5	3
2.4.	Investment property	20	20

##### 4.3.2. 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.	Long-term intangible asset groups				
1.1.	Patents, licenses etc.	1	74.725	0	0
1.2.	Software	251	807.051	0	0
	<b>Total</b>	<b>252</b>	<b>881.776</b>	<b>0</b>	<b>0</b>
2.	Long-term tangible asset groups				
2.1.	Machines and equipment	1.146	13.255.083	0	0
2.2.	Means of transport	417	861.597	0	0
2.3.	Other equipment, appliances, instruments, gear, inventory	1.101	1.454.152	0	0
	<b>Total</b>	<b>2.664</b>	<b>15.570.832</b>	<b>0</b>	<b>0</b>

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

No.	Title of mortgaged assets	GROUP			COMPANY	
		Mortgage termination date	Balance value (Lt)	Market value according to mortgage sheets (Lt)	Balance value (Lt)	Market value according to mortgage sheets (LTL)
1	Machines, equipment and appliances*	2008-07-01	2.635.466	7.176.000	0	0
2	Other long-term tangible assets		0	0	0	0
	<b>Total mortgaged long-term tangible assets</b>		<b>2.635.466</b>	<b>7.176.000</b>	<b>0</b>	<b>0</b>

\* assets mortgaged to AB SEB Vilnius bank for granted credit line

##### 4.3.4. Rent of long-term tangible assets

No.	Leasehold long-term tangible assets group	GROUP		COMPANY	
		Rent period	Rent tax during financial year (Lt)	Rent period	Rent tax during financial year (Lt)
1.	<b>Buildings, constructions, totally</b>		<b>3.173.832</b>		<b>97.525</b>
1.1.	Buildings and constructions at S.Kerbedžio g. 23, Panevėžys	30 years	2.959.466	-	-
1.2.	Administrative premises at S.Kerbedžio g. 23, Panevėžys	-	-	termless	1.525
1.3.	Administrative premises in Vilnius	10 years	96.000	until 2014-03-01	96.000
1.4.	Store in "Akropolis", Kaunas	3 years	44.837	-	-
1.5.	Other buildings and constructions	various periods	32.995	-	-
1.6.	Storage premise in Vilnius	30 years	40.534	-	-
2.	Plant and machinery	-	-	-	-
3.	Vehicles	termless	13.527	termless	46.796
4.	Other equipment	-	-	until 2014-03-01	13.800
5.	Other tangible assets	-	-	-	-

#### 4.4. LONG-TERM FINANCIAL ASSETS

##### 4.4.1. 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	4.597.393	1.000	514.897	(62.000)	5.051.290	10.000	5.061.290
2.	Changes of financial year	0	(1.000)	185.552	0	184.552	(10.000)	174.552
2.1.	Acquisitions, granting of loans, appearance of receivable amounts			186.450		186.450		186.450
2.2.	Sales, return of loans and other receivable amounts (-)			(898)		(898)	(10.000)	(10.898)
2.3.	Transfer to current financial assets (-)		(1.000)			(1.000)		(1.000)
2.4.	Decrease of value (-)					0		0
3.	Remainder in the end of financial year (1 + 2)	4.597.393	0	700.449	(62.000)	5.235.842	0	5.235.842

##### 4.4.2. 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	6.300.936	11.952.885	4.597.393	1.000	514.897	(62.000)	5.051.290	10.000	23.315.111
2.	Changes of financial year	0	0	0	(1.000)	185.552	0	184.552	(10.000)	174.552
2.1.	Acquisitions, granting of loans, appearance of receivable amounts					186.450		186.450		186.450
2.2.	Sales, return of loans and other receivable amounts (-)					(898)		(898)	(10.000)	(10.898)
2.3.	Transfer to current financial assets (-)				(1.000)			(1.000)		(1.000)
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	0	700.449	(62.000)	5.235.842	0	23.489.663

#### 4.5. CURRENT FINANCIAL ASSETS

##### 4.5.1. 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	4.083	4.961.023	4.965.106	4.965.106
2.	Changes of financial year	0	0	0	(2.833)	680.151	677.318	677.318
2.1.	Acquisitions, granting of loans			0		966.843	966.843	966.843
2.2.	Transfer of long-term financial assets			0	1.000		1.000	1.000
2.3.	Transfer from current assets to long-term financial assets			0			0	0
2.4.	Transfer to other receivable sums					(177.400)		
2.5.	Sales, return of loans (-)			0	(3.833)	(109.292)	(113.125)	(113.125)
2.6.	Decrease of value (-)			0			0	0
3.	Remainder in the end of financial year (1 + 2)	0	0	0	1.250	5.641.174	5.642.424	5.642.424

##### 4.5.2. 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	6.800.000	4.083	4.961.023	11.765.106	11.765.106
2.	Changes of financial year	0	0	0	(3.510.947)	(2.833)	680.151	(2.833.629)	(2.833.629)
2.1.	Acquisitions, granting of loans			0			966.843	966.843	966.843
2.2.	Transfer of long-term financial assets			0		1.000		1.000	1.000
2.3.	Transfer from current assets to long-term financial assets			0				0	0
2.4.	Transfer to other receivable sums						(177.400)		
2.5.	Sales, return of loans (-)			0	(3.510.947)	(3.833)	(109.292)	(3.624.072)	(3.624.072)
2.6.	Decrease of value (-)			0				0	0
3.	Remainder in the end of financial year (1 + 2)	0	0	0	3.289.053	1.250	5.641.174	8.931.477	8.931.477

## 4.6. STOCKS

### 4.6.1. 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	2.249.013	7.504.254	4.908.940	0	14.662.207
1.2.	<b>At the end of financial year (incl. stocks en route and by the third parties)</b>	2.079.714	8.035.645	6.263.514	0	16.378.873
2.	<b>Depreciation until net possible selling value (restitution)</b>					
2.1.	At the end of last financial year	66.708	0	0	0	66.708
2.2.	<b>At the end of financial year</b>	51.874	0	0	0	51.874
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.)	2.182.305	7.504.254	4.908.940	0	14.595.499
3.2.	<b>At the end of financial year (incl. stocks en route and by the third parties) (1.2.-2.2.)</b>	2.027.840	8.035.645	6.263.514	0	16.326.999
4.	Balance value of mortgage stocks at the end of previous 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 (12/31/2007)	1.370.784	6.901.941	5.842.221	0	14.114.946
7.	Value of mortgage stocks according to mortgage papers (12/31/2007)	2.000.000	4.000.000	4.000.000	0	10.000.000

### 4.6.2. 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	12	0	0	0	12
1.2.	<b>At the end of financial year (incl. stocks en route and by the third parties)</b>	49.395	0	0	0	49.395
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	0
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.)	12	0	0	0	12
3.2.	<b>At the end of financial year (incl. stocks en route and by the third parties) (1.2.-2.2.)</b>	49.395	0	0	0	49.395



#### 4.7. 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	33.598	15.158	1.471	755
2	Advance payment to the service providers	113.910	65.681	3.304	0
3	Balance value of uncertain advance payment	0	0	0	0
3.1.	Uncertain advance payment	88.179	91.790	0	0
3.2.	Part of uncertain advance payment written-off to the expenses (-)	(88.179)	(91.790)	0	0
4.	Expenses of coming period acknowledged as uncounted within one year	134.240	122.321	4.212	0
5.	<b>Advance payment</b>	<b>281.748</b>	<b>203.160</b>	<b>8.987</b>	<b>755</b>

#### 4.8. 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>9.686.053</b>	<b>8.698.196</b>	<b>0</b>	<b>354</b>
incl. 1.1.	debts of branch enterprise			0	0
1.2.	debts of other consumers	9.686.053	8.698.196	0	354
1.3.	Debt for the sold financial asset - shares of branch enterprise	0	0	0	0
2.	<b>Other amount receivable within one year</b>	<b>937.802</b>	<b>525.003</b>	<b>557.266</b>	<b>249.412</b>
incl. 2.1.	Receivable VAT	329.857	291.553	0	2
2.2.	Budget debt to the enterprise	306	3.835	0	3.835
2.3.	Debt of social insurance to the enterprise				
2.4.	Amounts receivable from accountable persons	6.572	3.840	6.572	0
2.5.	Interest receivable from branch enterprises for loans provided	0	0	17.500	64.882
2.6.	Other interest accumulated receivable for loans provided	352.013	139.326	352.013	139.326
2.7.	Amounts receivable from employees for loans provided	18.215	23.156	1.250	4.083
2.8.	Amounts receivable from branch enterprises	0	0	0	1.839
2.9.	Advance payment for employees	1.547	2.934	0	0
2.10.	Other amounts receivable (amounts receivable from var. debtors, except for the debt of branch enterprise)	229.292	60.359	179.931	35.445
	<b>Amount receivable within one year, total</b>	<b>10.623.855</b>	<b>9.223.199</b>	<b>557.266</b>	<b>249.766</b>

#### 4.9. 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	3.170.934		2.933.422		3.049.156		2.857.611	
2.	Part of uncertain debts written-off to the expenses at the beginning of the financial year (-)	(3.170.934)		(2.933.422)		(3.049.156)		(2.857.611)	
3.	<b>Balance value of uncertain debts at the beginning of the financial year</b>	0		0		0		0	
4.	Debts acknowledge as uncertain within financial year	20.822		458.510	0	0		407.188	0
5.	Part of uncertain debt written-off to expenses within financial year	(20.822)		(458.510)		0		(407.188)	
6.	Uncertain debts acknowledge as expenses within financial year		20.822		458.510		0		407.188
7.	Written-off to expenses without transferring debt into uncertain debts of foreign consumer account		0		191.962		0		191.962
8.	Uncertain debts recovered within financial year (restoring of written-off debts (-))		0		0		0		0
9.	Impact of currency exchange rates to advance payment	(1.267)	(1.267)	(5.355)	(5.355)	0	0	0	0
10.	Impact of currency exchange rates to debts of foreign consumer	0	0	(213.941)	(213.941)	0	0	(213.941)	(213.941)
11.	Uncertain debts written-off from financial accounting (-)	(164.363)		(1.702)		(164.363)		(1.702)	
12.	Uncertain debt at the end of financial year	3.026.126		3.170.934		2.884.793		3.049.156	
13.	Part of uncertain debt written-off to expenses at the end of financial year (-)	(3.026.126)		(3.170.934)		(2.884.793)		(3.049.156)	
14.	<b>Balance value of uncertain debts at the end of the financial year</b>	0		0		0		0	

#### 4.10. LOANS PROVIDED

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

Run. No.	Loans provided	Currency of loan	Financial year			Last financial year		
			Balance value 12 31 2007, LTL	Term of recovery	Interest payable for loan provided 12 31 2007 LTL	Balance value 12 31 2006, LTL	Term of recovery	Interest payable for loan provided 12 31 2006 LTL
1.	<b>Long-term loans provided</b>		4.597.394		629.838	4.598.394		443.388
1.1	Long-term loans provided for employees of enterprise	LTL	0		0	1.000	termless	0
1.2	Long-term loans provided for shareholders	LTL	4.597.394	until 2013.07.01	629.838	4.597.394	until 2013.07.01	443.388
1.3	Long-term loans provided for branch of enterprise	LTL	0	until 2009.06.30	0		until 2009.06.30	
1.4.	Long-term loans provided for other third parties							
2.	<b>Short-term loans provided</b>		5.659.389		352.013	4.984.179		139.326
2.1	Short-term loans provided for employees of enterprise and part of long-term for current year	LTL	18.215	various terms	0	23.156	various terms	0
2.2	Provided for shareholders part of long-term for current year	LTL						
2.3	Short-term loans provided for shareholders	LTL	3.901.563	various terms since 2008.07.31 until 2008.12.31	183.192	1.000.000	various terms since 2007.10.30 until 2007.12.31	6.094
2.4	Provided for other third parties part of long-term for current year	LTL						
2.5	Short-term loans provided for other third parties	LTL	1.739.611	various terms since 2007.11.04 until 2008.12.31	168.821	3.961.023	various terms since 2007.04.30 until 2007.12.31	133.232
2.6	Short-term loans provided for branch of enterprise	LTL	0	until 2008.12.31	0		until 2007.12.31	
3.	<b>Total (1+2)</b>		10.256.783		981.851	9.582.573		582.714

#### 4.10.2. AB "LINAS" PROVIDED LOANS

Run. No.	Loans provided	Currency of loan	Financial year			Last financial year		
			Balance value 12 31 2007, LTL	Term of recovery	Interest payable for loan provided 12 31 2007 LTL	Balance value 12 31 2006, LTL	Term of recovery	Interest payable for loan provided 12 31 2006 LTL
1.	<b>Long-term loans provided</b>		<b>16.550.279</b>		<b>636.009</b>	<b>16.551.279</b>		<b>443.388</b>
1.1	Long-term loans provided for employees of enterprise	LTL	0		0	1.000	termless	0
1.2	Long-term loans provided for shareholders	LTL	4.597.394	until 2013.07.01	629.838	4.597.394	until 2013.07.01	443.388
1.3	Long-term loans provided for branch of enterprise	LTL	11.952.885	until 2009.06.30	6.171	11.952.885	until 2009.06.30	0
1.4.	Long-term loans provided for other third parties							
2.	<b>Short-term loans provided</b>		<b>8.931.477</b>		<b>363.342</b>	<b>11.765.106</b>		<b>204.208</b>
2.1	Short-term loans provided for employees of enterprise and part of long-term for current year	LTL	1.250	until 2008.07.01	0	4.083	until 2006.12.31	0
2.2	Provided for shareholders part of long-term for current year	LTL						
2.3	Short-term loans provided for shareholders	LTL	3.901.563	various terms since 2008.07.31 until 2008.12.31	183.192	1.000.000	various terms since 2007.10.30 until 2007.12.31	6.094
2.4	Provided for other third parties part of long-term for current year	LTL						
2.5	Short-term loans provided for other third parties	LTL	1.739.611	various terms since 2007.11.04 until 2008.12.31	168.821	3.961.023	various terms since 2007.04.30 until 2007.12.31	133.232
2.6	Short-term loans provided for branch of enterprise	LTL	3.289.053	until 2008.12.31	11.329	6.800.000	until 2007.12.31	64.882
3.	<b>Total (1+2)</b>		<b>25.481.756</b>		<b>999.351</b>	<b>28.316.385</b>		<b>647.596</b>

#### 4.11. OTHER SHORT-TERM ASSETS

Run. No.	Other short-term assets	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Overpay of profit tax	189.807	136.505	30.633	79.527
2.	Overpay of social tax	10.482	139.179	10.482	81.747
3.	<b>Other short-term assets</b>	<b>200.289</b>	<b>275.684</b>	<b>41.115</b>	<b>161.274</b>

**4.12. STRUCTURE OF STATUTORY CAPITAL OF LINAS, LLC  
AND MAIN SHAREHOLDERS**

Run. No.	Indicators	Number of shares	%	Amount (LTL)
1	Joint-stock capital structure at the end of financial year			
	According to type of shares			
	1.1. Ordinary shares	24.038.990		24.038.990
	1.2. Preference shares	0		0
	1.3. Shares of employees	0		0
	1.4. Special shares	0		0
	1.5. Other shares	0		0
	<b>TOTAL:</b>	<b>24.038.990</b>	<b>100%</b>	<b>24.038.990</b>
2	State or municipal capital	0		0
3	Own shares, owned by the enterprise itself	0		0
4	Shares, owned by branch enterprises	0		0
5	Shareholders who have more than 5% of enterprises shares			
	5.1. Ramūnas Lenčiauskas	4.892.111	20,35%	
	5.2. Lionė Lenčiauskienė	4.834.244	20,11%	
	5.3. UAB "Nordic investicija"	4.156.585	17,29%	

**4.13. RESERVES OF LINAS, LLC**

Run. No.	Indicators	At the end of financial year	At the end of last financial year
1	Compulsory reserve	2.403.898	2.403.898
2	Other reserves	8.810.757	8.665.909
	2.1. Unappropriated reserve for investment		
	2.2. Other reserves		
	2.3. Reserve for support and benefits in line with collective agreement	30.757	
	2.4. Reserve for development of business projects	8.780.000	8.665.909
3	Total reserves	11.214.655	11.069.807

**Linus, LLC**  
Company Code 147689083  
S. Kerbedzio 23, Panevėžys

**4.14. 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	0
2.	Net profit (loss) for the current year	525.742
3.	Unadmitted profit (loss) of accounting financial year in profit (loss) report	(2.800.000)
4.	Transfers from reserves, total	8.810.757
4.1.	- from reserve for business projects development	8.780.000
4.2.	- from reserve for support	30.757
5.	Contributions by shareholders to cover losses	0
6.	<b>Appropriated profit (loss), total</b>	<b>6.536.499</b>
7.	<b>Appropriation of profit</b>	<b>6.536.499</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	26.499
7.3.2.	to reserve for project of business development	6.510.000
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>

#### 4.15. 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)	12.529	22.724	19.977	35.253	0	19.977
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						



#### 4.16. 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		
	Splitting of amounts payable by types								
1.	Financial debts:	2.968.657	39.050	3.007.707	0	0	0	0	0
1.1.	For leasing (financial lease) or similar obligations	10.010	39.050	49.060	0	0	0	0	0
1.2.	For credit institution	2.958.647	0	2.958.647	0	0	0	0	0
1.3.	Other financial debts	0	0	0	0	0	0	0	0
2.	Other debts	10.990.494	38.658	11.029.152	8.715.290	378.919	0	378.919	277.028
2.1.	Debts for suppliers	7.479.743	0	7.479.743	4.847.261	96.473	0	96.473	29.473
2.2.	Received advance payment	80.954	0	80.954	378.241	15.108	0	15.108	15.108
2.3.	Obligations related to industrial relations	2.314.570	0	2.314.570	2.432.475	29.798	0	29.798	4.252
2.3.1	wage payable	691.106	0	691.106	621.622	10.820	0	10.820	2.982
2.3.2	social insurance payable	495.185	0	495.185	531.854	7.597	0	7.597	476
2.3.3	payable RIT from wage	229.026	0	229.026	244.724	2.899	0	2.899	378
2.3.4	leave accumulation	896.338	0	896.338	1.031.145	8.437	0	8.437	413
2.3.5	payable contributions to the Guarantee Foundation	2.915	0	2.915	3.130	45	0	45	3
2.4.	Other taxes payable	16.973	0	16.973	11.743	616	0	616	4
2.5.	Extended profit tax	28.299	34.109	62.408	119.104	0	0	0	0
2.6.	Payable dividends	35.769	0	35.769	36.057	35.769	0	35.769	36.057
2.7.	Payable amounts for sales services	762.695	0	762.695	563.683	0	0	0	0
2.8.	Various other payable amounts	271.491	4.549	276.040	326.726	201.155	0	201.155	192.134
	Total	13.959.151	77.708	14.036.859	8.715.290	378.919	0	378.919	277.028

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

Run. No.		Financial year debts guaranteed by		Last year financial debts guaranteed	
		Government	Third parties by mortgaged assets	Government	Third parties by mortgaged assets
1.	Financial debts:	0	2.958.647	0	0
1.1.	Leasing (financial lease) or similar obligations		0		0
1.2.	For credit institution		2.958.647		0
1.3.	Other financial debts		0		0
2.	Other debts	0	0	0	0

#### 4.17. 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		1.109.910 Lt			0Lt			0Lt		0Lt	
1.1.			49.060 Lt	2012-05-20								
1.2.			1.060.850 Lt	2008-07-12								
2.	Enterprise debts for credit institutions, payable in EUR	549.640 EUR	1.897.797 Lt		0 EUR			0 EUR		0 EUR		
2.1.		549.640 EUR	1.897.797 Lt	2008-07-01								
	<b>Total</b>	<b>549.640 EUR</b>	<b>3.007.707 Lt</b>		<b>0 EUR</b>	<b>0 Lt</b>		<b>0 EUR</b>	<b>0Lt</b>	<b>0 EUR</b>	<b>0 Lt</b>	

#### 4.18. 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>1.031.145</b>	<b>1.037.228</b>	<b>413</b>	<b>413</b>
1.1.	Accumulative leaves at the beginning of the year	787.254	791.777	315	315
1.2.	Social insurance of accumulative leaves at the beginning of the year	243.891	245.451	98	98
2.	<b>Accumulated leaves within a year (leaves with social insurance directed to expenses)</b>	<b>2.246.132</b>	<b>2.558.597</b>	<b>8.437</b>	<b>565</b>
2.1.	Accumulated leaves	1.714.867	1.953.546	6.442	431
2.2.	Accumulated leaves from social insurance	531.265	605.051	1.995	134
3.	<b>Accumulated leaves amount covered by accumulated leaves (within a financial year for employees practically counted leaves with social insurance)</b>	<b>(2.380.939)</b>	<b>(2.564.680)</b>	<b>(413)</b>	<b>(565)</b>
3.1.	Leaves expenses covered by accumulated leaves	(1.817.788)	(1.958.069)	(315)	(431)
3.2.	Leaves with social insurance expenses covered by accumulated leaves	(563.151)	(606.611)	(98)	(134)
4.	<b>Remainder of accumulative leaves at the end of the year</b>	<b>896.338</b>	<b>1.031.145</b>	<b>8.437</b>	<b>413</b>
4.1.	Accumulated leaves at the end of the year	684.333	787.254	6.442	315
4.2.	Social insurance from accumulated leaves at the end of the year	212.005	243.891	1.995	98
5.	<b>Change of accumulated leave remainder within a year (6 - 1)</b>	<b>(134.807)</b>	<b>(6.083)</b>	<b>8.024</b>	<b>0</b>
5.1.	Change of accumulated leave remainder	(102.921)	(4.523)	6.127	0
5.2.	Change of social insurance from accumulated leave remainder	(31.886)	(1.560)	1.897	0

#### 4.19. PRODUCTION OF TEXTILE PRODUCTS

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

Indicators	Book Acc. No.	Segments (production, goods, types of activity)										All enterprises			
		Fabric		Sewn products		Yarns		Noils		Production services					
		2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.
		2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.
Income	50	33.563.997	34.849.250	29.696.262	24.191.095	381.070	238.676	36.948	869	321.485	339.268	63.999.762	59.619.158		
Expenses	60	28.125.446	30.605.463	20.556.113	16.677.682	380.799	186.794	34.723	602	183.814	226.084	49.280.895	47.696.625		
Gross profit (losses)	50-60	5.438.551	4.243.787	9.140.149	7.513.413	271	51.882	2.225	267	137.671	113.184	14.718.867	11.922.533		

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

(LTL)

Indicators	Book Acc. No.	Segments (regions)										All enterprises	
		Skandinavian countries		European countries		USA		Lithuania		Other countries			
		2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.	2007 y.	2006 y.
		Income	50	27.967.355	25.441.277	23.854.298	20.969.739	3.895.418	4.768.553	4.568.061	4.425.698	3.714.630	4.013.891
Expenses	60	19.774.727	17.458.714	18.846.018	18.072.262	3.747.122	4.412.189	3.891.502	4.221.145	3.021.526	3.532.315	49.280.895	47.696.625
Gross profit (losses)	50-60	8.192.628	7.982.563	5.008.280	2.897.477	148.296	356.364	676.559	204.553	693.104	481.576	14.718.867	11.922.533

#### 4.20. 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>6.971.116</b>	<b>6.427.524</b>	<b>(3.842)</b>	<b>508</b>
1.1	Expenses of commissions	2.826.941	2.455.805		
1.2	Expenses of transporting of sold production	799.587	916.612	(96)	
1.3	Expenses of production advertising and fair	546.619	675.246	(3.591)	(23)
1.4	Expenses of sales number employees wage and other with employees related expenses	910.814	857.297		
1.5	Expenses of production packing materials	1.310.568	950.790		
1.6	Expenses for the rent of production storage premises, exploitation and repairment	180.898	163.577		
1.7	Evaluate of customers creditworthiness and insurance costs of marketable credits	192.609	214.206		
1.8	Other sales expenses	203.080	193.991	(155)	531
<b>2</b>	<b>General and administration expenses</b>	<b>7.805.236</b>	<b>10.138.818</b>	<b>713.648</b>	<b>703.714</b>
	Expenses related with employees wage and other with employees related				
2.1	Expenses related with employees related	3.621.437	4.115.294	282.054	25.035
2.2	Training costs of administration employees	39.798	1.079.002	1.722	0
2.3	Rent, exploitation and repairing expenses	2.300.309	2.125.651	206.914	5.322
2.4	Expenses of security services	317.166	323.766	0	0
2.5	Expenses of deterioration and amortization of non-current asset	331.727	327.750	9.404	4.249
2.6	Expenses of info technologies	319.988	290.777	1.725	0
2.7	Connection expenses	120.545	198.210	6.695	771
2.8	Expenses of bank services	89.427	128.812	1.607	2.075
2.9	Legal services expenses	106.986	89.719	76.450	19.861
2.10	Expenses of support provided	19.406	27.168	16.345	0
	Expenses of social guarantees, stated in collective agreement				
2.11	Expenses of social guarantees, stated in collective agreement	86.772	117.122	0	0
2.12	Representation expenses	42.260	93.228	14.867	727
2.13	Various other general and administration expenses	272.675	1.154.609	44.898	665.232
2.14	Expenses of activity tax	136.740	67.710	50.967	(19.558)
<b>3</b>	<b>TOTAL EXPENSES OF ACTIVITY</b>	<b>14.776.352</b>	<b>16.566.342</b>	<b>709.806</b>	<b>704.222</b>

#### 4.21. 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>	581.957	204.641	2.730	1.709
	Specification of significant amount:				
1.1.	Profit of non-current asset transferring	9.422	2.466		
1.2.	Income of various storages selling	469.686	143.195		
1.3.	Income of rent	64.434	39.955	2.680	0
1.4.	Income of accounting and personnel hire services	2.506	12.493		
1.5.	Various other non-typical activity income	35.909	6.532	50	1.709
2.	<b>EXPENSES OF OTHER ACTIVITY - TOTAL</b>	327.002	84.663	70	0
	Specification of significant amount:				
2.1.	Loss of non-current asset transferring	0	0		
2.2.	Net cost of sold various storages	284.364	30.841		
2.3.	Net cost of rent	42.568	47.784		
2.4.	Various other non-typical activity expenses	70	6.038	70	
3.	<b>RESULT OF OTHER ACTIVITY (1-2)</b>	254.955	119.978	2.660	1.709

#### 4.22. 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>	259.856	2.681	277.033	432
	Specification of significant amount:				
1.1.	Positive result of changes of currency exchange	0		19.955	0
1.2.	Fines and penalties for the drawn debts of the customers	1.995	0		
1.3.	Income of bank interests	0	994	0	191
1.4.	Income of other interests	0	0	0	0
1.5.	Profit of investment transferring	256.950	0	256.950	
1.6.	Income of other financial-investment activity	911	1.687	128	241
2.	<b>FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL</b>	204.615	329.081	264	11.176
	Specification of significant amount:				
2.1.	Expenses of interests	170.171	258.081		
2.2.	Fines and delay fees	8	10.130	8	10.004
2.3.	Negative result of changes of currency exchange	4.519	33.869	0	936
2.4.	Loss of investment transferring	0	0		
2.5.	Expenses of investment value decrease	0	0		
2.6.	Expenses of other financial-investment activity	29.917	27.001	256	236
3.	<b>FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)</b>	55.241	(326.400)	276.769	(10.744)

#### 4.23. 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:	1.006.911	123.387	914.442	101.164	162.784	19.243	9.733	1.715
1.	For managers	1.006.911	123.387	872.273	101.164	162.784	19.243	9.733	1.715
2.	For other related persons	0	0	42.169	0	0	0	0	0
B.	Loans granted by Group (Company):	2.901.563	10.212.860	3.307.120	9.528.417	2.901.563	25.454.798	17.350.005	28.281.302
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	2.901.563	10.212.860	3.307.120	9.528.417	2.901.563	25.454.798	17.350.005	28.281.302
C.	Receivable loans:	0	0	0	0	0	0	0	0
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	0	0	0	0	0	0	0	0
D.	Gratuitously transferred asset and gifts:	1.500	0	0	0	1.500	0	0	0
1.	For managers	1.500	0	0	0	1.500	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):	500.000	2.500.000	0	2.500.000	500.000	5.899.040	0	2.500.000
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	500.000	2.500.000	0	2.500.000	500.000	5.899.040	0	2.500.000
F.	Received various guarantees:	1.870.463	14.722.503	14.615.000	14.615.000	1.870.463	5.431.463	3.561.000	3.561.000
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	1.870.463	14.722.503	14.615.000	14.615.000	1.870.463	5.431.463	3.561.000	3.561.000
G.	Other significant amounts, calculated within a year (obligations of Group (Company) to related persons):	3.265.405	334.347	2.533.030	29.474	249.138	86.134	38.224	19.725
1.	For managers	6.468	588	100.855	9.749	0	0	0	0
2.	For other related persons	3.258.937	333.759	2.432.175	19.725	249.138	86.134	38.224	19.725
H.	Other significant obligations for Group (Company):	2.643.054	990.362	3.339.094	608.161	6.800.459	999.203	4.087.523	669.196
1.	Of managers	864.167	0	0	0	864.167	0	0	0
2.	Of other related persons	1.778.887	990.362	3.339.094	608.161	5.936.292	999.203	4.087.523	669.196
I.	Sold asset:	3.597	0	6.169	1.296	253	0	2.947	0
1.	For managers	2.753	0	0	0	0	0	0	0
2.	For other related persons	844	0	6.169	1.296	253	0	2.947	0
	Average number of managers within a year	10	X	9	X	4	X	1	X

#### 4.24. PROFIT TAX

##### 4.24.1. Specification of expenses of profit tax

(LTL)

Run. No.	Expenses of profit tax	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Expenses of profit tax	90.190	47.858	90.190	87.588
1.1.	Reporting year profit tax according to Profit tax declaration	66.867	95.952	66.867	95.952
1.2.	Corrections of profit tax of last year in perspective way	23.323	(48.094)	23.323	(8.364)
2.	Expenses (incomes) of delayed taxes	39.352	(612.986)	5.259	15.773
2.1.	Expenses (incomes) of delayed taxes, determined by appearance and (or) disappearance of temporary differences	39.352	(612.986)	5.259	15.773
3.	Expenses of profit tax, stated in profit (loss) report	129.542	(565.128)	95.449	103.361
4.	Social tax expenses indicated in profit (loss) report	19.593	25.587	19.593	25.587
4.1.	Social tax for accounting period acc. to declaration of social tax	13.373	25.587	13.373	25.587
4.2.	Social tax corrections of last year in perspective way	6.220	0	6.220	0
5.	Profit tax and social tax expenses indicated in profit (loss) report	149.135	(539.541)	115.042	128.948

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

(LTL)

Run. No.	Expenses of profit tax	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Accountable profit (loss) before taxing (according to profit (loss) report)	675.339	(4.487.691)	640.784	210.205
2.	Profit tax before correction cause of regular and temporary differences	101.301	(673.153)	96.118	31.531
3.	Correction of expenses of profit tax	28.241	108.025	(669)	71.830
3.1.	Correction of profit tax expenses cause of regular differences	27.431	135.527	(448)	93.508
3.2.	Correction of profit tax expenses cause of temporary differences (from profit (loss) declaration)	(61.865)	633.578	(28.803)	(29.087)
3.3.	Correction of profit tax expenses regarding temporal differences (profit tax property (obligations) decrease (increase))	39.352	(612.986)	5.259	15.773
3.4.	Correction of profit tax of last period in perspective way	23.323	(48.094)	23.323	(8.364)
4.	Expenses of profit tax, stated in profit (loss) report	129.542	(565.128)	95.449	103.361



## 4.25. EXTENDED PROFIT TAX

(LTL)

Run. No.	Reasons of originated extended tax	GROUP				COMPANY			
		Balance		Profit (loss) report		Balance		Profit (loss) report	
		Financial year	Last financial year	Financial year	Last financial year	Financial year	Last financial year	Financial year	Last financial year
1.	Obligation of extended tax at the beginning of financial year	119.104	203.063			0	0		
2.	Asset of extended tax at the beginning of financial year	645.750	116.723			29.900	45.673		
	Changes of obligations of extended tax (increase +, decrease -)								
3.1.	Profit tax from long-term asset, to which II investment way is applied, accounted deterioration (-)	(56.696)	(82.839)			0	0		
3.2.	Profit tax from corrected long-term asset, for which II investment way was applied, residual value, for which privilege was not applied (-)	0	(1.120)			0	0		
3.	Changes of obligations of extended tax, total	(56.696)	(83.959)			0	0		
	Changes of asset of extended tax (increase +, decrease -)								
4.1.	Profit tax from the sums of social insurance, from accumulative leave which were accounted in financial accounting but not paid to employees.	79.690	90.758			299	20		
4.2.	Profit tax from social insurance sums, calculated from accumulative holiday pays, which are actually paid to the employees.	(84.473)	(79.354)			(15)	(20)		
4.3.	Profit tax from social insurance sums, calculated alterate part of salary pay (motivation), which is actually paid to the employees.	0	(10.858)			0	0		
4.4.	Profit tax from incorrectly attributed alterate salary pay part (motivation) sum for 2005 temporal differences, because motivation sum calculated on 31 12 2005 is attributed to allowed deductions of 2005.	0	(35.027)			0	0		
4.5.	Corrected profit tax from the sum of disputed debts which were recognized as allowed deductions in taxing accounting of year 2006.	23.544	13.314			23.544	13.314		
4.6.	Profit tax from uncertain debts which are admitted as allowed deductions in taxing accounting.	(29.087)	(29.087)			(29.087)	(29.087)		
4.7.	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.	0	579.281			0	0		
4.8.	Profit tax from loss of previous years (taxable profit of 2007 is decreased by these loss)	(84.691)	0			0	0		
4.9.	Profit tax from corrected sum of taxing loss of year 2006.	(1.031)	0			0	0		
4.	Changes of asset of extended tax, total	(96.048)	529.027			(5.259)	(15.773)		
5.	Expenses (incomes) of extended tax			39.352	(612.986)			5.259	15.773
6.	Obligation of extended tax at the end of financial year	62.408	119.104			0	0		
7.	Asset of extended tax at the end of financial year	549.702	645.750			24.641	29.900		

#### 4.26. 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	17.176.000	0	0
2	Mortgaged assets of third parties for the loans received by the enterprise	5.892.000	11.054.000	0	0
3	Received guarantess, sponsions	3.399.040	2.899.040	0	0
4	Tangible valuables of enterprise trusted to the third parties	559.342	511.367	479.035	479.035
5	Sponsions for the third parties	2.500.000	2.500.000	5.899.040	5.399.040
6	Confirmed notes in circulation	0	0	0	0
7	The asset of the third parties in the enterprise	860.630	868.361	854.000	0
8	Assets of the third parties, deposited for the enterprise by the third parties (value as agreed by the parties)	5.433.963	3.563.500	5.433.963	3.563.500