



AB LINAS
CONSOLIDATED AND COMPANY'S
ANNUAL FINANCIAL ACCOUNTABILITY
YEAR 2008



SUMMARY

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INDEPENDENT AUDITOR'S REPORT

To AB Linas shareholders

Report on a set of annual financial reports

We have audited the accompanying a set of annual financial reports of AB Linas group of companies, which comprise the balance sheet as at December 31, 2008, 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 (further – annual financial reports).

Management's Responsibility for the Annual financial reports

Management is responsible for the preparation and fair presentation of these annual financial reports 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 annual financial reports 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 annual financial reports 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 annual financial reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual financial reports, 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 annual financial reports 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 annual financial reports.

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 annual financial reports present fairly, in all material respects the financial position of AB Linas group of companies as of December 31, 2008, 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.

Report on Other Legal and Regulatory Requirements

Besides, we have read the Annual Report for 2008 of AB Linas group of companies and we have not noted any material inconsistencies comparing with the audited financial reports.

2009 04 03
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
31/12/2008

Formulated according to TFAS

Reporting cycle 01 01 2008 - 31 12 2008

LTL

| No. | ASSETS | GROUP | | COMPANY | |
|-------------|---|-------------------|-------------------------|-------------------|-------------------------|
| | | Financial year | Previous financial year | Financial year | Previous financial year |
| A. | Long-term assets | 6.307.820 | 13.012.238 | 6.255.145 | 23.762.211 |
| I. | Intangible assets | 208.389 | 72.403 | 208.389 | 4.474 |
| I.1. | Developmental works | 0 | 0 | 0 | 0 |
| I.2. | Prestige | 0 | 0 | 0 | 0 |
| I.3. | Patents, licenses | 0 | 358 | 0 | 0 |
| I.4. | Software | 124.754 | 58.666 | 124.754 | 0 |
| I.5. | Other intangible assets | 83.635 | 13.379 | 83.635 | 4.474 |
| II. | Tangible assets | 658.802 | 7.154.291 | 586.127 | 243.433 |
| 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 | 48.410 | 5.558.568 | 6.410 | 0 |
| II.5. | Means of transport | 368.645 | 255.515 | 368.645 | 0 |
| II.6. | Other equipment, appliances, instruments and gear | 21.457 | 810.954 | 16.817 | 7.704 |
| II.7. | Unfinished construction | 0 | 0 | 0 | 0 |
| II.8. | Other tangible assets | 29.811 | 328.525 | 3.776 | 35.000 |
| II.9. | Investment property | 190.479 | 200.729 | 190.479 | 200.729 |
| III. | Financial assets | 5.421.830 | 5.235.842 | 5.441.830 | 23.489.663 |
| III.1. | Investments to affiliates and associated companies | 0 | 0 | 20.000 | 6.300.936 |
| III.2. | Loans to affiliates and associated companies | 0 | 0 | 0 | 0 |
| III.3. | Amounts received after one year | 5.421.830 | 5.235.842 | 5.421.830 | 17.188.727 |
| III.4. | Other financial assets | 0 | 0 | 0 | 0 |
| IV. | Other long-term assets | 18.799 | 549.702 | 18.799 | 24.641 |
| IV.1. | Deferred corporation tax assets | 18.799 | 549.702 | 18.799 | 24.641 |
| IV.2. | Other long-term assets | 0 | 0 | 0 | 0 |
| B. | Short-term assets | 18.133.603 | 33.194.830 | 17.771.884 | 9.596.095 |
| I. | Stocks, prepayments and unaccomplished contracts | 3.882.419 | 16.608.747 | 3.806.820 | 58.382 |
| I.1. | Stocks | 3.219.522 | 16.326.999 | 3.272.928 | 49.395 |
| I.1.1. | Raw materials and packaging products | 1.708.639 | 2.027.840 | 1.518.067 | 49.395 |
| I.1.2. | Unfinished production | 203.164 | 8.035.645 | 0 | 0 |
| I.1.3. | Ready production | 1.307.719 | 6.263.514 | 1.754.861 | 0 |
| I.1.4. | Goods, purchased for resell | 0 | 0 | 0 | 0 |
| I.1.5. | Other stock | 0 | 0 | 0 | 0 |
| I.2. | Prepayments | 662.897 | 281.748 | 533.892 | 8.987 |
| I.3. | Unaccomplished contracts | 0 | 0 | 0 | 0 |
| II. | Amounts, receivable over one year | 5.981.846 | 10.271.842 | 5.933.232 | 187.753 |
| II.1. | Customers' debts | 5.399.080 | 9.686.053 | 5.350.564 | 0 |
| II.2. | Debts of affiliates and associated companies | 0 | 0 | 0 | 0 |
| II.3. | Other receivable amounts | 582.766 | 585.789 | 582.668 | 187.753 |
| III. | Other short-term assets | 7.642.763 | 6.193.476 | 7.642.763 | 9.340.855 |
| III.1. | Short-term investments | 0 | 0 | 0 | 0 |
| III.2. | Term deposits | 0 | 0 | 0 | 0 |
| III.3. | Other short-term assets | 7.642.763 | 6.193.476 | 7.642.763 | 9.340.855 |
| IV. | Currency and its equivalents | 626.575 | 120.765 | 389.069 | 9.105 |
| | Total assets | 24.441.423 | 46.207.068 | 24.027.029 | 33.358.306 |

© L I N A S

| No. | PRIVATE ASSETS AND OBLIGATIONS | GROUP | | COMPANY | |
|--------------|---|---------------------|-------------------------|---------------------|-------------------------|
| | | Financial year | Previous financial year | Financial year | Previous financial year |
| C. | Private assets | 16.986.033 | 32.150.232 | 17.272.822 | 32.979.387 |
| I. | Capital | 24.038.990 | 24.038.990 | 24.038.990 | 24.038.990 |
| 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 |
| II. | Revaluation reserve (results) | 0 | 0 | 0 | 0 |
| III. | Reserves | 8.940.397 | 11.214.655 | 8.940.397 | 11.214.655 |
| III.1. | Obligatory | 2.403.898 | 2.403.898 | 2.403.898 | 2.403.898 |
| III.2. | For purchase of proprietary shares | 0 | 0 | 0 | 0 |
| III.3. | Other reserves | 6.536.499 | 8.810.757 | 6.536.499 | 8.810.757 |
| IV. | Retained profit (losses) | (15.993.354) | (3.103.413) | (15.706.565) | (2.274.258) |
| IV.1. | Profit of reporting year (losses) | (15.993.354) | 526.204 | (15.706.565) | (2.274.258) |
| IV.1.1. | Profit (loss) acknowledged in profit (loss) report | (15.993.354) | 526.204 | (15.706.565) | 525.742 |
| IV.1.2. | Profit (loss) not acknowledged in profit (loss) report | 0 | 0 | 0 | (2.800.000) |
| IV.2. | Profit (loss) of previous year | 0 | (3.629.617) | 0 | 0 |
| D. | Minority part | 0 | 0 | 0 | 0 |
| E. | Grants, subsidies | 19.433 | 19.977 | 19.433 | 0 |
| F. | Payable amounts and obligations | 7.435.957 | 14.036.859 | 6.734.774 | 378.919 |
| I. | Amounts payable after one year and long-term obligations | 292.268 | 106.007 | 292.268 | 0 |
| I.1. | Financial debts | 282.574 | 39.050 | 282.574 | 0 |
| I.1.1. | Leasing (financial rents) or similar obligations | 282.574 | 39.050 | 282.574 | 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 | 0 | 62.408 | 0 | 0 |
| I.6. | Other payable amounts and long-term obligations | 9.694 | 4.549 | 9.694 | 0 |
| II. | Amounts payable within one year and short-term obligations | 7.143.689 | 13.930.852 | 6.442.506 | 378.919 |
| II.1. | Current year part of long-term amount | 68.623 | 10.010 | 68.623 | 0 |
| II.2. | Financial debts | 68.000 | 2.958.647 | 68.000 | 0 |
| II.2.1. | To credit organizations | 0 | 2.958.647 | 0 | 0 |
| II.2.2. | Other financial debts | 68.000 | 0 | 68.000 | 0 |
| II.3. | Debts to suppliers | 4.329.369 | 7.479.743 | 5.040.824 | 96.473 |
| II.4. | Received prepayments | 593.833 | 80.955 | 593.833 | 15.109 |
| II.5. | Profit tax payment obligations | 64.885 | 0 | 20.986 | 0 |
| II.6. | Obligations related to work relations | 1.156.862 | 2.314.570 | 234.739 | 29.798 |
| II.7. | Suspensions | 0 | 0 | 0 | 0 |
| II.8. | Other payable amounts and short-term obligations | 862.117 | 1.086.927 | 415.501 | 237.539 |
| | Total proprietary capital and obligations | 24.441.423 | 46.207.068 | 24.027.029 | 33.358.306 |

Director

Martynas Jasinskis

OLINAS

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

CONFIRMED by
General shareholders' meeting
2009

Act No.

Financial accounting
formation date - 16 03 2009

PROFIT (LOSS) REPORT

Formulated according to TFAS
Reporting cycle 01 01 2008 - 31 12 2008

LTL

| No. | ARTICLES | GROUP | | COMPANY | |
|--------------|---|---------------------|-------------------------|---------------------|-------------------------|
| | | Financial year | Previous financial year | Financial year | Previous financial year |
| I. | SALE INCOME | 46.705.451 | 63.999.762 | 21.659.323 | (111) |
| I.1. | Income for sold goods | 46.520.620 | 63.678.277 | 21.655.372 | (111) |
| I.2. | Income for sold services | 184.831 | 321.485 | 3.951 | 0 |
| II. | SALE COST PRICE | 37.911.488 | 49.280.895 | 17.082.414 | 0 |
| II.1. | Cost price of sold production | 31.118.417 | 49.097.081 | 17.082.414 | 0 |
| II.2. | Cost price of sold services | 6.793.071 | 183.814 | 0 | 0 |
| III. | GROSS PROFIT (LOSS) | 8.793.963 | 14.718.867 | 4.576.909 | (111) |
| IV. | ACTIVITY EXPENDITURES | 14.927.340 | 14.776.352 | 4.882.500 | 709.806 |
| IV.1. | Sale | 4.467.582 | 6.971.116 | 1.902.822 | (3.842) |
| IV.2. | Common and administrative | 10.459.758 | 7.805.236 | 2.979.678 | 713.648 |
| V. | PROFIT (LOSS) OF STANDARD ACTIVITY | (6.133.377) | (57.485) | (305.591) | (709.917) |
| VI. | OTHER ACTIVITY | 709.679 | 254.955 | 367.223 | 2.660 |
| VI.1. | Income | 1.629.196 | 581.957 | 1.072.664 | 2.730 |
| VI.2. | Expenditures | 919.517 | 327.002 | 705.441 | 70 |
| VII. | FINANCIAL AND INVESTMENT ACTIVITY | (10.380.711) | 477.869 | (15.623.151) | 1.348.041 |
| VII.1. | Income | 6.279.092 | 682.484 | 900.248 | 1.348.305 |
| VII.2. | Expenditures | 16.659.803 | 204.615 | 16.523.399 | 264 |
| VIII. | PROFIT (LOSS) OF ROUTINE ACTIVITY | (15.804.409) | 675.339 | (15.561.519) | 640.784 |
| IX. | EXTRAORDINARY GAIN | 0 | 0 | 0 | 0 |
| X. | LOSSES | 0 | 0 | 0 | 0 |
| XI. | PROFIT (LOSS) BEFORE TAXATION | (15.804.409) | 675.339 | (15.561.519) | 640.784 |
| XII. | PROFIT TAX | 188.945 | 149.135 | 145.046 | 115.042 |
| XIII. | PROFIT (LOSS) BEFORE MINORITY PART | (15.993.354) | 526.204 | (15.706.565) | 525.742 |
| XIV. | MINORITY PART | 0 | 0 | 0 | 0 |
| XV. | NET PROFIT (LOSS) | (15.993.354) | 526.204 | (15.706.565) | 525.742 |

Director

Martynas Jasinskas

LINAS

Linas, LLC
 Company Code 147689083
 S. Kerbedzio 23, Panevezys

CONFIRMED by
 General shareholders' meeting
 2009

Act No.

Financial accounting
 formation date - 16 03 2009

REPORT OF LINAS, LLC ENTERPRISE GROUP PROPRIETARY CAPITAL ALTERATIONS

31 December, 2008

Report period 01 01 2008 - 31 12 2008

LTL

| | Paid-up Authorized capital | Additions 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, 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 |
| Profit/loss not acknowledged in profit (loss) report | | | | | | | | | | 829.155 | 829.155 |
| Net profit / loss of the current period | | | | | | | | | | (15.993.354) | (15.993.354) |
| Increase/reduction of authorized capital | | | | | | | | | | | 0 |
| Formed reserves | | | | | | | | 26.499 | 6.510.000 | (6.536.499) | 0 |
| Liquidates reserves | | | | | | | | (30.757) | (8.780.000) | 8.810.757 | 0 |
| Remainder on 31 December, 2008 | 24.038.990 | 0 | 0 | 0 | 0 | 2.403.898 | 0 | 26.499 | 6.510.000 | (15.993.354) | 16.986.033 |

Director

Martynas Jasinskas

LINAS

Linas, LLC
 Company Code 147689083
 S. Kerbedzio 23, Panevezys

CONFIRMED by
 General shareholders' meeting
 2009
 Act No.

Financial accounting
 formation date - 16 03 2009

REPORT OF OWN CAPITAL CHANGES

31 December, 2008

Report period 01 01 2008 - 31 12 2008

LTL

| | Paid-up authorized capital | Additions 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, 2006 | 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 |
| Remainder on 31 December, 2007 | 24.038.990 | 0 | 0 | 0 | 0 | 2.403.898 | 0 | 30.757 | 8.780.000 | (2.274.258) | 32.979.387 |
| Profit/loss not acknowledged in profit (loss) report | | | | | | | | | | | 0 |
| Net profit / loss of the current period | | | | | | | | | | (15.706.565) | (15.706.565) |
| Formed reserves | | | | | | | | 26.499 | 6.510.000 | (6.536.499) | 0 |
| Liquidates reserves | | | | | | | | (30.757) | (8.780.000) | 8.810.757 | 0 |
| Remainder on 31 December, 2008 | 24.038.990 | 0 | 0 | 0 | 0 | 2.403.898 | 0 | 26.499 | 6.510.000 | (15.706.565) | 17.272.822 |

Director

Martynas Jasinskas

LINAS

CURRENCY CIRCULATION REPORT
31 December, 2008

Report period 01 01 2008 - 31 12 2008

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) | 28.627.641 | 64.811.831 | 28.335.348 | 410.380 |
| I.1.1. | Earnings from clients | 21.870.232 | 62.599.835 | 21.581.697 | 481 |
| I.1.2. | Other earnings | 6.757.409 | 2.211.996 | 6.753.651 | 409.899 |
| I.2. | Report period payouts | (28.222.020) | (63.828.494) | (28.182.270) | (938.788) |
| I.2.1. | Payouts to suppliers of products, raw materials and services(including VAT) | (16.068.900) | (40.976.772) | (20.257.743) | (308.077) |
| I.2.2. | Monetary payouts related to work relations | (4.618.971) | (20.708.929) | (1.025.537) | (197.000) |
| I.2.3. | Taxes paid to budget | (973.562) | (1.206.833) | (352.927) | (106.086) |
| I.2.4. | Other payouts | (6.560.587) | (935.960) | (6.546.063) | (327.625) |
| | Cash circulation of primary activity | 405.621 | 983.337 | 153.078 | (528.408) |
| II. | Currency circulation of investment activity | | | | |
| II.1. | Procurement of long-term assets (excluding investments) | (267.145) | (3.399.159) | (232.237) | (244.575) |
| II.2. | Transfer of long-term assets (excluding investments) | 0 | 11.154 | 0 | 0 |
| II.3. | Procurement of long-term investments | 0 | 0 | (20.000) | 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 | 0 | 266.950 | 0 | 266.950 |
| II.7. | Provision of loans | (300.000) | (967.450) | (300.000) | (925.000) |
| II.8. | Return of loans | 543.369 | 114.569 | 543.369 | 824.072 |
| II.9. | Received dividends | 0 | 0 | 0 | 0 |
| II.10. | Interests received for loans granted | 290.052 | 2.772 | 290.052 | 611.852 |
| 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 | 266.276 | (3.971.164) | 281.184 | 533.299 |
| III. | Currency circulation of financial activity | | | | |
| III.1. | Currency circulation related to company owners | 0 | (254) | 0 | (254) |
| 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 | 0 | (254) | 0 | (254) |
| III.2. | Currency circulation related to other financial sources | (43.119) | 2.779.152 | (43.216) | 0 |
| III.2.1. | Increase of financial debts | 68.000 | 20.964.880 | 68.000 | 0 |
| III.2.1.1. | Receipt of loans from credit institutions | 0 | 20.964.880 | 0 | 0 |
| III.2.1.2. | Receipt of loans from associated and third parties | 68.000 | 0 | 68.000 | 0 |
| III.2.1.3. | Emission of bonds | 0 | 0 | 0 | 0 |
| III.2.2. | Reduction of financial debts | (112.286) | (18.180.237) | (112.286) | 0 |
| III.2.2.1. | Return of loans to credit institutions | 0 | (18.006.233) | 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 | (45.824) | (174.004) | (45.824) | 0 |
| III.2.2.5. | Leasing (financial rent) payments | (66.462) | 0 | (66.462) | 0 |
| III.2.3. | Interests received for bank accounts | 1.167 | 73 | 1.070 | 0 |
| III.2.4. | Increase of company's other liabilities | 0 | 0 | 0 | 0 |
| III.2.5. | Reduction of company's other liabilities | 0 | (5.564) | 0 | 0 |
| III.3. | Other increases of currency circulation of financial activity | 1.834 | 105 | 1.834 | 0 |
| III.4. | Other reductions of currency circulation of financial activity | (10.512) | (29.277) | (10.286) | (255) |
| | Cash circulation of financial activity | (51.797) | 2.749.726 | (51.668) | (509) |
| 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 | (2.630) | 827 | (2.630) | 37 |
| VI. | Net currency circulation increase (reduction) | 617.470 | (237.274) | 379.964 | 4.419 |
| VII. | Currency and currency equivalents at the beginning of the | 9.105 | 358.039 | 9.105 | 4.686 |
| VIII. | Currency and currency equivalents at the end of the period | 626.575 | 120.765 | 389.069 | 9.105 |

Director

Martynas Jasinskas

LINAS

Public Limited Company Linas

Corporate identification 147689083

S. Kerbedžio Street 23, Panevezys

CONFIRMED by
General shareholders' meeting
of
Act no.

Financial accounting
Formation date – 16 03 2009

EXPLANATORY MEMORANDUM TO THE YEAR 2008 FINANCIAL ACCOUNTS

31 December, 2008

Beginning of accounting period 2008 01 01

End of accounting period 2008 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 31th of December, 2008, the Linas, AB group of companies (further called as the Group) consisted of holding company Linas, AB and it's affiliated companies UAB Lino aptarnavimas, UAB Lino apdaila. UAB "Lino aptarnavimas" was registered at Legal entity register on May 23, 2008, registration No.114551, company code 301733535. UAB "Lino apdaila" was registered on May 23, 2008 at Legal entity register, registration No.114552, company code 301733421. All of affiliated companies are registered at address S. Kerbedžio Street 23, Panevėžys. AB Linas own 100 % of affiliated companies shares.

AB "Linas" has lost control of the subsidiary company "Lino audiniai" (company code 1485 32327) from July 14, 2008 because of the bankruptcy of mentioned company.

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

3. The Company and its affiliated companies do not have subsidiaries and representatives.

4. Authorized capital of AB "Linas" is 24.038.990 LTL. It is divided into 24.038.990 denominative equity shares the nominal value of which is 1 Lt, there are no issued and not paid shares. There were no changes in authorized capital during accounting period.

5. Number of employees in the company was 4 employees on December 31, 2007, end of financial year – 60 employees. Number of employees in the Group was 1228 employees on December 31, 2007, end of financial year – 482 employees.

6. The main Group activity is production of textile products and selling of it. Since June, 2008 AB "Linas" started to execute the activity of sales of linen textile items; other activity of the company – management of financial asset (shares and lend loans). Activity of UAB Lino apdaila is production of textile products. Till 31st of December, 2008 UAB Lino aptarnavimas haven't executed any activity.

7. During 2008 the Group was produced: linen and tow yarns – 438 tons (during 2007 – 1.114 tons); raw fabrics – 2.441 thousand mtrs (the result of the same period of 2007 – 4.796 thousand mtrs); ready made fabrics – 3.553 thousand mtrs (the result of the same period of 2007 – 5.146 thousand mtrs). 33,0 % of all produced fabrics were used for sewn items during 2008 (2007 – 38,0 %).

During year 2008 Group export volumes made 89,1 % of the total product sales. The breakdown of the sales by country is as follows: Sweden – 34,1 %, Lithuania – 10,9 %, USA – 7,0 %, Denmark – 5,8 %, Spain – 5,2 %, Belgium – 4,8 %, Great Britain – 4,6 %, France – 4,4 %, Estonia – 4,2 %, Finland – 3,8 %, other countries – 15,2 %.

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The main incomes of group of companies were received from the activity of textile goods production and selling. During 2008 Linas, AB group of companies sold linen textile goods and services for 46.705 thousand Lt. Comparing to 2007 the volume of sales increased by 17.294 thousand Lt or 27,02 percent.

The sales volumes of Group of companies decreased signally because the usage of textile items is decreasing during present economic situation. Unfavourable business situation determined very bad activity results of the subsidiary company "Lino audiniai". On July 14, 2008 the bankrupt was announced for this company. On August 2008 new established company "Lino apdaila" cancelled production of yarns and decreased volumes of weaving production. Presently AB "Linas" is buying raw fabrics from producers of East countries and passes to the company "Lino apdaila" where fabric finishing (dyeing, bleaching, printing, softening,...) and textile items sewing services are done. UAB "Lino apdaila" is weaving only such fabrics which are not possible to buy from produces of East countries, i.e. company produces various weaves and designs fabrics from dyed yarns and jacquard fabrics acc.to individual orders of the customers. Yarns dyeing equipment is renovated in the company and it is possible to dye linen and cotton yarns in small quantities.

After the activity reorganization, buying cheap semimanufactures from third countries and after the decreasing of activity costs of Group of companies, average cost price of fabrics sold by AB "Linas" decreased even 8%, from 12.57 Lt/m during I st half of year 2008 to 11.53 Lt/m during II nd half of the year. It allowed to keep quite not high price for sold production. Good proportion of price and quality allowed "Linas" to remain competitive member of linen textile market.

During 2008 the Group's typical activity result was 6.133 thousand Lt loss and the result of year 2007 was 57 thousand Lt loss. The Group's regular activity loss is 15.993 thousand Lt after the investments into BUAB "Lino audiniai" shares and granted loans for bankrupted company, totally 16.467 thousand Lt, were indicated as losses in the financial reports.

Trying to become competitive and attractive partners in textile sphere it is planned to obtain fabric finishing equipment on 2009. Technologically progressive fabric finishing will be done with this equipment and this will allow to expand assortment of produced fabrics. Further it is planned to fit produced items to the individual requirements of the customers, to use advantages of export possibilities, to offer the customers small shipments and quicker deliveries, also it is planned to expand branded shops chain in Lithuania. It is forecasted that sales volumes will be lower 30% on I st half of year 2009 than it was during the same period of year 2008, only on the II nd half of year 2009 it is planned that increase of production and sales will be 15% in comparison with the I st half of year 2009.

8. UAB "Revizorius", company code 122894931 performed the audit of financial accountability of the company of year 2008 and the audit of consolidated financial accountability and annual report of Group of companies of year 2008. During 2008 it was calculated 8.000 Lt costs for the supplied services of company UAB "Revizorius". During the financial year it was calculated 15.000 Lt costs for the audit of financial accountability of year 2008 and for the audit of annual report of year 2008 of company UAB "Lino apdaila". During 2008 it was calculated 7.000 Lt costs for the financial review of year 2008 of companies UAB "Lino aptarnavimas" and BUAB "Lino audiniai", evaluation of bookkeeping accounting organization, checking of accounting records.

9. 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

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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.

2.1.3. Activity of financial property management is attributed to financial and investment activity after typical activity of AB "Linas" was changed in 2008. In the report of profit (loss) consolidated financial accountability of year 2008 the incomes (869 thousand Lt) of financial asset management were transferred into incomes of financial and investment activity, expenses of financial asset management – into general and administrative expenses. The incomes of financial asset management (1.071 thousand Lt) of year 2007 are transferred into the incomes financial and investment activity to show the comparative base. There were no financial asset expenses in 2007.

2.1.4. The mother company has lost the control of bankrupted subsidiary company "Lino audiniai", that is why BUAB "Lino audiniai" balance data (long-term asset, current asset, equity capital and liabilities) are not included in AB "Linas" group of companies consolidated financial accountability of year 2008. Till the bankrupt of company "Lino audiniai" the earned incomes and incurred expenses were included into the report of consolidated profit (loss). The sustained activity loss (5.738 thousand Lt) of UAB "Lino audiniai" till the bankrupt was indicated as profit of Group's financial and investment activity in the report of profit (loss). The lost investments into BUAB "Lino audiniai" (6.301 thousand Lt) were included into the expenses of financial and investment activity as the loss of investment deprivation. Accumulative loss (829 thousand Lt) of previous years of BUAB "Lino audiniai" is shown as unadmitted profit in the report of consolidated equity capital change of the Group.

2.2. Long-term intangible assets accounting

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

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

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

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

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

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

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

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

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

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

2.2.11. Additional information concerning long-term intangible assets of the Group and the Company has been disclosed in notes 4.1. 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 it's usage, foreseen property's liquidity value and other factors. It is indicated the liquidity (retain) value of long-term tangible asset 1 Litas.

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

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

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

The complex of buildings and constructions located in Panevezys city, S.Kerbedzio str.23, in which the activity of AB "Linās" Group of companies executes, is rented to UAB "Nordic investicija" (company code 135442762).

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 it's financial assets as long-term and short-term assets.

2.4.2. Long-term financial assets comprise investments in daughter and associated companies, investments in other companies' shares, long-term loans issued by the Group to it's 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, interest receivable for granted loans.

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 it's 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 it's 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 it's companies, is provided in note 4.18. of the Memorandum.

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

2.10.6. The information about leasing (financial rent) liabilities of the Group and Company, state of debts for credit agencies is presented in note No.4.17 of explanatory 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 it's 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.

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, the revenues of interests from provided loans and other revenues related with financial property management. 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.

In the financial reports of year 2008 eliminated losses till the bankruptcy (I st half of year 2008) of BUAB "Lino audiniai" are attributed to the financial and investment activity.

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 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, investment transfer (deprivation) loss, costs of granted loans reappraisal, costs of financial services supply, other financial – investment activity costs.

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

2.13. Profit tax accounting

2.13.1. Payable profit tax of the reporting year is 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 costs which incur no reduction to the tax on profit, and any incomes which are not taxable or are taxable in addition to regular taxation procedure. The rate of the tax on profit is 15 per cent. The rate of the tax on profit is 15 per cent.

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 new established subsidiary company "Lino apdaila" the advanced profit tax was not calculated on 2008. Advance profit tax is declared according to the confirmed order of National Taxing Inspection by Finance Ministry and is paid according to the order indicated in the law of Profit tax.

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

2.13.4. The Company's profit tax costs and deferred profit taxes are shown in detail in note 4.24. 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, 2008, and 2007, is based on the following currency exchange rates:

| 2008 | 2007 |
|-------------------|-------------------|
| 1 EUR = 3,4528 Lt | 1 EUR = 3,4528 Lt |
| 1 USD = 2,4507 Lt | 1 USD = 2,3572 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 2008 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 2,5% 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 2008 not significant and substantial mistakes of year 2007 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'); information about rented long-term tangible asset (table 4.3.2. "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 2008 was 0,29 Litass, and in 2007 average market sale price per share was 0,38 Litass.

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. Leasing (financial rate) liabilities of Group and Company, state of debts for credit institutions (table "Leasing liabilities and state of debts for 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 Group of companies is production of textile products and selling of it. 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. There are no significant events after balance in Group and Company.

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 | 4.474 | 4.474 |
| a) Procurement cost price of long-term intangible assets | | | | | | |
| At the end of previous financial year | | | 0 | 0 | 4.474 | 4.474 |
| Changes of financial year | | | 0 | 138.059 | 80.000 | 218.059 |
| · Procurement of assets | | | 0 | 138.059 | 80.000 | 218.059 |
| · 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 | 138.059 | 84.474 | 222.533 |
| b) Amortization | | | | | | |
| At the end of previous financial year | | | 0 | 0 | 0 | 0 |
| Changes of financial year | | | 0 | 13.305 | 839 | 14.144 |
| · Financial year amortization | | | 0 | 13.305 | 839 | 14.144 |
| · 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 | 13.305 | 839 | 14.144 |
| e) Residual value at the end of financial year (a) - (b) | | | 0 | 124.754 | 83.635 | 208.389 |

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

LTL

| Indicators | Develop- mental works | Prestige | Patents, licenses | Software | Other intangible assets | Total |
|---|-----------------------------|----------|----------------------|----------|-------------------------------|---------|
| Residual value at the end of previous financial year | | | 0 | 0 | 4.474 | 4.474 |
| a) Procurement cost price of long-term intangible assets | | | | | | |
| At the end of previous financial year | | | 0 | 0 | 4.474 | 4.474 |
| Changes of financial year | | | 0 | 138.059 | 80.000 | 218.059 |
| · Procurement of assets | | | 0 | 138.059 | 80.000 | 218.059 |
| · 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 | 138.059 | 84.474 | 222.533 |
| b) Amortization | | | | | | |
| At the end of previous financial year | | | 0 | 0 | 0 | 0 |
| Changes of financial year | | | 0 | 13.305 | 839 | 14.144 |
| · Financial year amortization | | | 0 | 13.305 | 839 | 14.144 |
| · 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 | 13.305 | 839 | 14.144 |
| e) Residual value at the end of financial year (a) - (b) | | | 0 | 124.754 | 83.635 | 208.389 |

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 | 7.704 | 35.000 | 0 | 200.729 | 243.433 |
| a) Procurement of cost price long-term tangible assets | | | | | | | | | |
| At the end of previous financial year | 0 | 0 | 0 | 0 | 17.440 | 35.000 | 0 | 205.000 | 257.440 |
| Changes of financial year | 0 | 0 | 6.410 | 399.213 | 15.617 | (31.224) | 0 | 0 | 390.016 |
| · Procurement of assets | 0 | 0 | 6.410 | 364.213 | 15.617 | 3.776 | 0 | 0 | 390.016 |
| · 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 | 0 | 0 | 35.000 | 0 | (35.000) | 0 | 0 | 0 |
| At the end of financial year | 0 | 0 | 6.410 | 399.213 | 33.057 | 3.776 | 0 | 205.000 | 647.456 |
| 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 | 9.736 | 0 | 0 | 4.271 | 14.007 |
| Changes of financial year | 0 | 0 | 0 | 30.568 | 6.504 | 0 | 0 | 10.250 | 47.322 |
| · Financial year depreciation | 0 | 0 | 0 | 30.568 | 6.504 | 0 | 0 | 10.250 | 47.322 |
| · 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 | 30.568 | 16.240 | 0 | 0 | 14.521 | 61.329 |
| 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 | 6.410 | 368.645 | 16.817 | 3.776 | 0 | 190.479 | 586.127 |

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 | 0 | 0 | 7.704 | 35.000 | 0 | 200.729 | 243.433 |
| a) Procurement of cost price long-term tangible assets | | | | | | | | | |
| At the end of previous financial year | 0 | 0 | 0 | 0 | 17.440 | 35.000 | 0 | 205.000 | 257.440 |
| Changes of financial year | 0 | 0 | 48.410 | 399.213 | 20.417 | (5.189) | 0 | 0 | 462.851 |
| · Procurement of assets | 0 | 0 | 48.410 | 364.213 | 20.417 | 29.811 | 0 | 0 | 462.851 |
| · 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 | 0 | 0 | 35.000 | 0 | (35.000) | 0 | 0 | 0 |
| At the end of financial year | 0 | 0 | 48.410 | 399.213 | 37.857 | 29.811 | 0 | 205.000 | 720.291 |
| 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 | 0 | 0 | 9.736 | 0 | 0 | 4.271 | 14.007 |
| Changes of financial year | 0 | 0 | 0 | 30.568 | 6.664 | 0 | 0 | 10.250 | 47.482 |
| · Depreciation of financial year | 0 | 0 | 0 | 30.568 | 6.664 | 0 | 0 | 10.250 | 47.482 |
| · 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 | 30.568 | 16.400 | 0 | 0 | 14.521 | 61.489 |
| 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 | 48.410 | 368.645 | 21.457 | 29.811 | 0 | 190.479 | 658.802 |

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. | - | - |
| 1.2. | Software | 4 | 4 |
| 1.3. | Other intangible assets | 4 | 4 |
| 2. | Long-term tangible asset groups | | |
| 2.1. | Machines and equipment | 5 | 5 |
| 2.2. | Means of transport | 6 | 6 |
| 2.3. | Other equipment, appliances, instruments, gear, inventory | 4 | 4 |
| 2.4. | Investment property | 20 | 20 |

4.3.2. 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. | Buildings, constructions, totally | | 1.950.724 | | 1.950.724 |
| 1.1. | Buildings and constructions at S.Kerbedžio g. 23, Panevėžys | 30 years | 1.850.808 | until 2038-08-01 | 1.850.808 |
| 1.2. | Administrative premises in Vilnius | 10 years | 96.000 | until 2018-06-01 | 96.000 |
| 1.3. | Store in Vilnius | 10 years | 3.916 | until 2018-08-01 | 3.916 |
| 1.4. | Other buildings and constructions | - | - | - | - |
| 2. | Vehicles | various terms | 67.703 | various terms | 64.703 |
| 3. | Plant and machinery, other equipment, appliances, tools | various terms | 517.046 | various terms | 117.046 |
| 4. | 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 | 0 | 700.449 | (62.000) | 5.235.842 | 0 | 5.235.842 |
| 2. | Changes of financial year | 0 | 0 | 185.988 | 0 | 185.988 | 0 | 185.988 |
| 2.1. | Acquisitions, granting of loans, appearance of receivable amounts | | | 186.961 | | 186.961 | | 186.961 |
| 2.2. | Sales, return of loans and other receivable amounts (-) | | | (973) | | (973) | | (973) |
| 2.3. | Transfer to current financial assets (-) | | | | | 0 | | 0 |
| 2.4. | Decrease of value (-) | | | | | 0 | | 0 |
| 3. | Remainder in the end of financial year (1 + 2) | 4.597.393 | 0 | 886.437 | (62.000) | 5.421.830 | 0 | 5.421.830 |

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 | 0 | 700.449 | (62.000) | 5.235.842 | 0 | 23.489.663 |
| 2. | Changes of financial year | (6.280.936) | (11.952.885) | 0 | 0 | 185.988 | 0 | 185.988 | 0 | (18.047.833) |
| 2.1. | Investments in subsidiaries | 20.000 | | | | | | 0 | | 20.000 |
| 2.2. | Acquisitions, granting of loans, appearance of receivable amounts | | | | | 186.961 | | 186.961 | | 186.961 |
| 2.3. | Sales, return of loans and other receivable amounts (-) | | | | | (973) | | (973) | | (973) |
| 2.4. | Transfer to current financial assets (-) | | (11.952.885) | | | | | 0 | | (11.952.885) |
| 2.5. | Investment transfer (deprivation) loss | (6.300.936) | | | | | | | | |
| 2.6. | Decrease of value (-) | | | | | | | 0 | | 0 |
| 3. | Remainder in the end of financial year (1 + 2) | 20.000 | 0 | 4.597.393 | 0 | 886.437 | (62.000) | 5.421.830 | 0 | 5.441.830 |

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 | Receivable interest for granted loans | Total | |
| 1. | Remainder in the beginning of financial year | 0 | 0 | 0 | 250 | 5.641.174 | 369.513 | 6.010.937 | 6.010.937 |
| 2. | Changes of financial year | 0 | 0 | 0 | (250) | 1.477.797 | 154.279 | 1.631.826 | 1.631.826 |
| 2.1. | Acquisitions, calculated interest, granting of loans | | | 0 | | 300.000 | 689.989 | 989.989 | 989.989 |
| 2.2. | Loans BUAB "Lino audiniai" | | | 0 | | 1.927.943 | | 1.927.943 | 1.927.943 |
| 2.3. | Transfer of long-term financial assets | | | 0 | | | | 0 | 0 |
| 2.4. | Transfer from current assets to long-term financial assets | | | 0 | | | | 0 | 0 |
| 2.5. | Transfer to other receivable sums | | | 0 | | 153.942 | (153.266) | 676 | 676 |
| 2.6. | Sales, return of loans, interest (-) | | | 0 | (250) | (904.088) | (382.444) | (1.286.782) | (1.286.782) |
| 2.7. | Decrease of value (-) | | | 0 | | | | 0 | 0 |
| 3. | Remainder in the end of financial year (1 + 2) | 0 | 0 | 0 | 0 | 7.118.971 | 523.792 | 7.642.763 | 7.642.763 |

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 BUAB "Lino audiniai" | Loans for employees of the enterprise to be returned in 1 year | Other current loans | Receivable interest for granted loans | | |
| 1. | Remainder in the beginning of financial year | 0 | 0 | 0 | 3.289.053 | 250 | 5.641.174 | 369.513 | 9.299.990 | 9.299.990 |
| 2. | Changes of financial year | 0 | 0 | 0 | (1.361.110) | (250) | (450.146) | 154.279 | (1.657.227) | (1.657.227) |
| 2.1. | Acquisitions, calculated interest, granting of loans | | | 0 | | | 300.000 | 689.989 | 989.989 | 989.989 |
| 2.2. | Transfer of long-term financial assets | | | 0 | 11.952.885 | | | | 11.952.885 | 11.952.885 |
| 2.3. | Transfer from current assets to long-term financial assets | | | 0 | | | | | 0 | 0 |
| 2.4. | Transfer to other receivable sums | | | 0 | | | 153.942 | (153.266) | 676 | 676 |
| 2.5. | Sales, return of loans, interest (-) | | | 0 | (4.447.710) | (250) | (904.088) | (382.444) | (5.734.492) | (5.734.492) |
| 2.6. | Decrease of value (-) | | | 0 | (8.866.285) | | | | (8.866.285) | (8.866.285) |
| 3. | Remainder in the end of financial year (1 + 2) | 0 | 0 | 0 | 1.927.943 | 0 | 5.191.028 | 523.792 | 7.642.763 | 7.642.763 |

® LINAS

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. | Cost price of purchased stocks | | | | | |
| 1.1. | At the end of last financial year | 2.079.714 | 8.035.645 | 6.263.514 | 0 | 16.378.873 |
| 1.2. | At the end of financial year (incl. stocks en route and by the third parties) | 1.708.639 | 203.164 | 1.307.719 | 0 | 3.219.522 |
| 2. | Depreciation until net possible selling value (restitution) | | | | | |
| 2.1. | At the end of last financial year | 51.874 | 0 | 0 | 0 | 51.874 |
| 2.2. | At the end of financial year | 0 | 0 | 0 | 0 | 0 |
| 3. | Net value possible sales at the end of financial year (1-2) | | | | | |
| 3.1. | At the end of last financial year (1.1.-2.1.) | 2.027.840 | 8.035.645 | 6.263.514 | 0 | 16.326.999 |
| 3.2. | At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2) | 1.708.639 | 203.164 | 1.307.719 | 0 | 3.219.522 |

4.6.2. Stocks of Linas, LLC

(LTL)

| Run. No. | Indicators | Raw material and assembly products | Raw material and assembly products are at the third parties | Current construction | Production produced | Goods purchased for reselling purposes | Total |
|----------|--|------------------------------------|---|----------------------|---------------------|--|-----------|
| 1. | Cost price of purchased stocks | | | | | | |
| 1.1. | At the end of last financial year | 49.395 | 0 | 0 | 0 | 0 | 49.395 |
| 1.2. | At the end of financial year (incl. stocks en route and by the third parties) | 507.190 | 1.010.877 | 0 | 1.754.861 | 0 | 3.272.928 |
| 2. | Depreciation until net possible selling value (restitution) | | | | | | |
| 2.1. | At the end of last financial year | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2. | At the end of financial year | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. | Net value possible sales at the end of financial year (1-2) | | | | | | |
| 3.1. | At the end of last financial year (1.1.-2.1.) | 49.395 | 0 | 0 | 0 | 0 | 49.395 |
| 3.2. | At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2) | 507.190 | 1.010.877 | 0 | 1.754.861 | 0 | 3.272.928 |

**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 | 142.682 | 33.598 | 106.229 | 1.471 |
| 2 | Advance payment to the service providers | 310.048 | 113.910 | 220.520 | 3.304 |
| 3 | Balance value of uncertain advance payment | 0 | 0 | 0 | 0 |
| 3.1. | Uncertain advance payment | 0 | 88.179 | 0 | 0 |
| 3.2. | Part of uncertain advance payment written-off to the expenses (-) | 0 | (88.179) | 0 | 0 |
| 4. | Expenses of coming period acknowledged as uncounted within one year | 210.167 | 134.240 | 207.143 | 4.212 |
| 5. | Advance payment | 662.897 | 281.748 | 533.892 | 8.987 |

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. | Trade debtors | 5.399.080 | 9.686.053 | 5.350.564 | 0 |
| incl. 1.1. | debts of branch enterprise | | | | 0 |
| 1.2. | other trade debtors | 5.399.080 | 9.686.053 | 5.350.564 | 0 |
| | Debt for the sold financial asset - shares of branch enterprise | 0 | 0 | 0 | 0 |
| 2. | Other amount receivable within one year | 582.766 | 585.789 | 582.668 | 187.753 |
| incl. 2.1. | Receivable VAT | 538.497 | 329.857 | 538.497 | 0 |
| 2.2. | Budget debt to the enterprise | 0 | 306 | 0 | 0 |
| 2.3. | Debt of social insurance to the enterprise | 0 | | | |
| 2.4. | Amounts receivable from accountable persons | 17.718 | 6.572 | 17.710 | 6.572 |
| 2.5. | Amounts receivable from employees for loans provided | 0 | 18.215 | 0 | 1.250 |
| 2.6. | Amounts receivable from branch enterprises | 0 | 0 | 0 | 0 |
| 2.7. | Advance payment for employees | 0 | 1.547 | 0 | 0 |
| 2.8. | Other amounts receivable (amounts receivable from var. debtors, except for the debt of branch enterprise) | 26.551 | 229.292 | 26.461 | 179.931 |
| | Amount receivable within one year, total | 5.981.846 | 10.271.842 | 5.933.232 | 187.753 |

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 | 2.884.793 | | 3.170.934 | | 2.884.793 | | 3.049.156 | |
| 2. | Part of uncertain debts written-off to the expenses at the beginning of the financial year (-) | (2.884.793) | | (3.170.934) | | (2.884.793) | | (3.049.156) | |
| 3. | Balance value of uncertain debts at the beginning of the financial year | 0 | | 0 | | 0 | | 0 | |
| 4. | Debts acknowledge as uncertain within financial year | 10.166.104 | | 20.822 | | 10.166.104 | | 0 | |
| 5. | Part of uncertain debt written-off to expenses within financial year | (10.166.104) | | (20.822) | | (10.166.104) | | 0 | |
| 6. | Uncertain debts acknowledge as expenses within financial year | | 10.166.104 | | 20.822 | | 10.166.104 | | 0 |
| 7. | Written-off to expenses without transferring debt into uncertain debts of foreign consumer account | | 0 | | 0 | | 0 | | 0 |
| 8. | Uncertain debts recovered within financial year (restoring of written-off debts (-)) | | (1.790) | | 0 | | (1.790) | | 0 |
| 9. | Impact of currency exchange rates to advance payment | 0 | 0 | (1.267) | (1.267) | 0 | 0 | 0 | 0 |
| 10. | Impact of currency exchange rates to debts of foreign consumer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. | Uncertain debts written-off from financial accounting (-) | (72.802) | | (164.363) | | (72.802) | | (164.363) | |
| 12. | Uncertain debt at the end of financial year | 12.976.305 | | 3.026.126 | | 12.976.305 | | 2.884.793 | |
| 13. | Part of uncertain debt written-off to expenses at the end of financial year (-) | (12.976.305) | | (3.026.126) | | (12.976.305) | | (2.884.793) | |
| 14. | Balance value of uncertain debts at the end of the financial year | 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 2008, LTL | Term of recovery | Interest payable for loan provided 12 31 2008 LTL | Balance value 12 31 2007, LTL | Term of recovery | Interest payable for loan provided 12 31 2007 LTL |
| 1. | Long-term loans provided | | 4.597.393 | | 816.798 | 4.597.393 | | 629.838 |
| 1.1 | Long-term loans provided for employees of enterprise | LTL | 0 | | 0 | 0 | | 0 |
| 1.2 | Long-term loans provided for shareholders | LTL | 0 | | 0 | 0 | | 0 |
| 1.3 | Long-term loans provided for branch of enterprise | LTL | 0 | | 0 | 0 | until 2009-06-30 | 0 |
| 1.4. | Long-term loans provided for other third parties | LTL | 4.597.393 | until 2013-07-01 | 816.798 | 4.597.393 | until 2013-07-01 | 629.838 |
| 2. | Short-term loans provided | | 7.118.971 | | 523.793 | 5.659.390 | | 352.013 |
| 2.1 | Short-term loans provided for employees of enterprise and part of long-term for current year | LTL | | | | 18.215 | 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 | 0 | until 2009-09-15 | 3.857 | | | |
| 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 | 7.118.971 | various terms since 2009-06-30 until 2009-12-31 | 519.936 | 5.641.175 | various terms since 2007-11-04 until 2008-12-31 | 352.013 |
| 2.6 | Short-term loans provided for branch of enterprise | LTL | 0 | | 0 | 0 | until 2008-12-31 | 0 |
| 3. | Total (1+2) | | 11.716.364 | | 1.340.591 | 10.256.783 | | 981.851 |

4.10.2. AB "LINAS" PROVIDED LOANS

| Run. No. | Loans provided | Currency of loan | Financial year | | | Last financial year | | |
|-------------|--|---------------------|--|---|---|--|---|---|
| | | | Balance value 12 31 2008, LTL | Term of recovery | Interest payable for loan provided 12 31 2008 LTL | Balance value 12 31 2007, LTL | Term of recovery | Interest payable for loan provided 12 31 2007 LTL |
| 1. | Long-term loans provided | | 4.597.393 | | 816.798 | 16.550.278 | | 636.009 |
| 1.1 | Long-term loans provided for employees of enterprise | LTL | 0 | | 0 | 0 | | 0 |
| 1.2 | Long-term loans provided for shareholders | LTL | | | | | | |
| 1.3 | Long-term loans provided for branch of enterprise | LTL | 0 | | 0 | 11.952.885 | until 2009-06-30 | 6.171 |
| 1.4. | Long-term loans provided for other third parties | LTL | 4.597.393 | until 2013-07-01 | 816.798 | 4.597.393 | until 2013-07-01 | 629.838 |
| 2. | Short-term loans provided | | 7.118.971 | | 523.793 | 8.931.478 | | 363.342 |
| 2.1 | Short-term loans provided for employees of enterprise and part of long-term for current year | LTL | 0 | | 0 | 1.250 | until 2008-07-01 | 0 |
| 2.2 | Provided for shareholders part of long-term for current year | LTL | | | | | | |
| 2.3 | Short-term loans provided for shareholders | LTL | 0 | until 2009-09-15 | 3.857 | | | |
| 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 | 7.118.971 | various terms since 2009-06-30 until 2009-12-31 | 519.936 | 5.641.175 | various terms since 2007-11-04 until 2008-12-31 | 352.013 |
| 2.6 | Short-term loans provided for branch of enterprise | LTL | | | | 3.289.053 | until 2008-12-31 | 11.329 |
| 3. | Total (1+2) | | 11.716.364 | | 1.340.591 | 25.481.756 | | 999.351 |

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 | 0 | 189.807 | 0 | 30.633 |
| 2. | Overpay of social tax | 0 | 10.482 | 0 | 10.482 |
| 3. | Other short-term assets | 0 | 200.289 | 0 | 41.115 |

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 |
| | TOTAL: | 24.038.990 | 100% | 24.038.990 |
| 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 | 2.357.331 | 9,81% | |
| | 5.3. Virginijus Aršauskas | 2.156.585 | 8,97% | |
| | 5.4. Regina Aršauskienė | 2.000.000 | 8,32% | |
| | 5.5. Eimantas Lenčiauskas | 1.500.000 | 6,24% | |
| | 5.6. Laima Lenčiauskienė | 1.500.000 | 6,24% | |
| | 5.7. Zigmās Ezerskis | 1.224.291 | 5,09% | |

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 | 6.536.499 | 8.810.757 |
| 2.1. | Unappropriated reserve for investment | | |
| 2.2. | Other reserves | | |
| 2.3. | Reserve for support and benefits in line with collective agreement | 26.499 | 30.757 |
| 2.4. | Reserve for development of business projects | 6.510.000 | 8.780.000 |
| 3 | Total reserves | 8.940.397 | 11.214.655 |

**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 | (15.706.565) |
| 3. | Unadmitted profit (loss) of accounting financial year in profit (loss) report | 0 |
| 4. | Transfers from reserves, total | 8.940.397 |
| 4.1. | - from obligatory reserve | 2.403.898 |
| 4.2. | - from reserve for business projects development | 6.510.000 |
| 4.3. | - from reserve for support | 26.499 |
| 5. | Transfers from profit part which is set for dividends payment | 11.391 |
| 6. | Contributions by shareholders to cover losses | 0 |
| 7. | Appropriated profit (loss), total | (6.754.777) |
| 8. | Appropriation of profit | 0 |
| 8.1. | part of profit admitted to compulsory reserve | 0 |
| 8.2. | part of profit admitted to reserve to obtain own shares | 0 |
| 8.3. | part of profit admitted to other reserves: | 0 |
| 8.3.1. | to reserve for support | 0 |
| 8.3.2. | to reserve for project of business development | 0 |
| 8.4. | part of profit admitted to pay the dividends | 0 |
| 8.5. | part of profit admitted for annual payoffs (bonuses) to members of Board, employees bonuses and other aims; | 0 |
| 9. | Retained earnings (loss) at the end of the current year to be carried forward to the following financial year | (6.754.777) |

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 |
|-------------|--|--|---|---|---|---|--------------------------------------|
| 1. | GROUP | | | | | | |
| 1.1. | Grants related to income (compensation of expenses) | 0 | 0 | 19.433 | 0 | 0 | 19.433 |
| 1.2. | Grants related to assets | | | | | | |
| 1.3. | Subventions | | | | | | |
| 2. | COMPANY | | | | | | |
| 2.1. | Grants related to income (compensation of expenses) | 0 | 0 | 19.433 | 0 | 0 | 19.433 |
| 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: | 136.623 | 292.268 | 428.891 | 3.007.707 | 136.623 | 292.268 | 428.891 | 0 |
| 1.1. | For leasing (financial lease) or similar obligations | 68.623 | 282.574 | 351.197 | 49.060 | 68.623 | 282.574 | 351.197 | 0 |
| 1.2. | For credit institution | 0 | 0 | 0 | 2.958.647 | 0 | 0 | 0 | 0 |
| 1.3. | Other financial debts | 68.000 | 9.694 | 77.694 | 0 | 68.000 | 9.694 | 77.694 | 0 |
| 2. | Other debts | 7.007.066 | 0 | 7.007.066 | 11.029.152 | 6.305.883 | 0 | 6.305.883 | 378.919 |
| 2.1. | Debts for suppliers | 4.329.369 | 0 | 4.329.369 | 7.479.743 | 5.040.824 | 0 | 5.040.824 | 96.473 |
| 2.2. | Received advance payment | 593.833 | 0 | 593.833 | 80.955 | 593.833 | 0 | 593.833 | 15.109 |
| 2.3. | Obligations related to industrial relations | 1.156.862 | 0 | 1.156.862 | 2.314.570 | 234.739 | 0 | 234.739 | 29.798 |
| 2.3.1 | wage payable | 419.322 | 0 | 419.322 | 691.106 | 81.967 | 0 | 81.967 | 10.820 |
| 2.3.2 | social insurance payable | 242.969 | 0 | 242.969 | 495.185 | 48.850 | 0 | 48.850 | 7.597 |
| 2.3.3 | payable RIT from wage | 76.289 | 0 | 76.289 | 229.026 | 14.765 | 0 | 14.765 | 2.899 |
| 2.3.4 | leave accumulation | 417.567 | 0 | 417.567 | 896.338 | 89.013 | 0 | 89.013 | 8.437 |
| 2.3.5 | payable contributions to the Guarantee Foundation | 715 | 0 | 715 | 2.915 | 144 | 0 | 144 | 45 |
| 2.4. | Other taxes payable | 468.081 | 0 | 468.081 | 16.973 | 24.828 | 0 | 24.828 | 616 |
| 2.5. | Extended profit tax | 0 | 0 | 0 | 62.408 | 0 | 0 | 0 | 0 |
| 2.6. | Profit tax payment obligations | 64.885 | 0 | 64.885 | 0 | 20.986 | 0 | 33.732 | 0 |
| 2.7. | Payable dividends | 35.769 | 0 | 35.769 | 35.769 | 35.769 | 0 | 35.769 | 35.769 |
| 2.8. | Payable amounts for sales services | 293.117 | 0 | 293.117 | 762.695 | 293.117 | 0 | 293.117 | 0 |
| 2.9. | Various other payable amounts | 65.150 | 0 | 65.150 | 276.039 | 61.787 | 0 | 61.787 | 201.154 |
| | Total | 7.143.689 | 292.268 | 7.435.957 | 14.036.859 | 6.442.506 | 292.268 | 6.734.774 | 378.919 |

4.17. LEASING LIABILITIES AND STATE 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 leasing, loan currency | Amount of leasing, loan in LTL | Date of leasing, loan return | Amount of leasing, loan currency | Amount of leasing, loan in LTL | Date of leasing, loan return | Amount of leasing, loan currency | Amount of leasing, loan in LTL | Date of leasing, loan return | Amount of leasing, loan currency | Amount of leasing, loan in LTL | Date of leasing, loan return |
| 1. | Enterprise debts for credit institutions, leasing liabilities, payable in LTL | | 351.197 Lt | | | 1.109.910 Lt | | | 351.197 Lt | | | 0 Lt | |
| 1.1. | | | 253.980 Lt | 2013-05-05 | | 49.060 Lt | 2012-05-20 | | 253.980 Lt | 2013-05-05 | | | |
| 1.2. | | | 97.217 Lt | 2013-11-10 | | 1.060.850 Lt | 2008-07-12 | | 97.217 Lt | 2013-11-10 | | | |
| 2. | Enterprise debts for credit institutions, payable in EUR | 0 EUR | 0 Lt | | 549.640 EUR | 1.897.797 Lt | | 0 EUR | 0 Lt | | 0 EUR | | |
| 2.1. | | 0 EUR | 0 Lt | | 549.640 EUR | 1.897.797 Lt | 2008-07-01 | | 0 Lt | | | | |
| | Total | 0 EUR | 351.197 Lt | | 549.640 EUR | 3.007.707 Lt | | 0 EUR | 351.197 Lt | | 0 EUR | 0 Lt | |

4.18. ACCUMULATIONS OF LEAVES

(LTL)

| Run. No. | Indicators | GROUP | | COMPANY | |
|-----------|---|------------------|---------------------|------------------|---------------------|
| | | Financial year | Last financial year | Financial year | Last financial year |
| 1. | Remainder of accumulative leaves at the beginning of the year | 8.437 | 1.031.145 | 8.437 | 413 |
| 1.1. | Accumulative leaves at the beginning of the year | 6.442 | 787.254 | 6.442 | 315 |
| 1.2. | Social insurance of accumulative leaves at the beginning of the year | 1.995 | 243.891 | 1.995 | 98 |
| 2. | Accumulated leaves within a year (leaves with social insurance directed to expenses) | 476.966 | 2.246.132 | 132.603 | 8.437 |
| 2.1. | Accumulated leaves | 364.151 | 1.714.867 | 101.238 | 6.442 |
| 2.2. | Accumulated social insurance from accumulated leaves | 112.815 | 531.265 | 31.365 | 1.995 |
| 3. | Accumulated leaves sums receivable from BUAB "Lino audiniai" (buying-sales service contract) | 51.958 | 0 | 51.958 | 0 |
| 3.1. | Accumulated leaves | 39.669 | 0 | 39.669 | 0 |
| 3.2. | Accumulated social insurance from accumulated leaves | 12.289 | 0 | 12.289 | 0 |
| 4. | Accumulated leaves amount covered by accumulated leaves (within a financial year for employees practically counted leaves with social insurance) | (119.794) | (2.380.939) | (103.985) | (413) |
| 4.1. | Leaves expenses covered by accumulated leaves | (91.460) | (1.817.788) | (79.390) | (315) |
| 4.2. | Leaves with social insurance expenses covered by accumulated leaves | (28.334) | (563.151) | (24.595) | (98) |
| 5. | Remainder of accumulative leaves at the end of the year | 417.567 | 896.338 | 89.013 | 8.437 |
| 5.1. | Accumulated leaves at the end of the year | 318.802 | 684.333 | 67.959 | 6.442 |
| 5.2. | Social insurance from accumulated leaves at the end of the year | 98.765 | 212.005 | 21.054 | 1.995 |
| 6. | Change of accumulated leave remainder within a year (6 - 1) | 409.130 | (134.807) | 80.576 | 8.024 |
| 6.1. | Change of accumulated leave remainder | 312.360 | (102.921) | 61.517 | 6.127 |
| 6.2. | Change of social insurance from accumulated leave remainder | 96.770 | (31.886) | 19.059 | 1.897 |

4.19. PRODUCTION OF TEXTILE PRODUCTS

4.19.1. Information about segments of textile products production business

| Indicators | Segments (production, goods, types of activity) | | | | | | | | | | All enterprises | | |
|-------------------------------------|---|------------|---------------|------------|---------|---------|---------|---------|---------------------|---------|-----------------|------------|--|
| | Fabric | | Sewn products | | Yarns | | Noils | | Production services | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | | |
| Income | 28.831.539 | 33.563.997 | 17.049.891 | 29.696.262 | 584.763 | 381.070 | 54.427 | 36.948 | 184.831 | 321.485 | 46.705.451 | 63.999.762 | |
| Expenses | 18.681.482 | 28.125.446 | 12.303.864 | 20.556.113 | 120.744 | 380.799 | 12.327 | 34.723 | 6.793.071 | 183.814 | 37.911.488 | 49.280.895 | |
| Gross profit (losses) | 10.150.057 | 5.438.551 | 4.746.027 | 9.140.149 | 464.019 | 271 | 42.100 | 2.225 | (6.608.240) | 137.671 | 8.793.963 | 14.718.867 | |
| Expenditure on activity | | | | | | | | | | | 14.927.340 | 14.776.352 | |
| Profit (losses) of typical activity | 10.150.057 | 5.438.551 | 4.746.027 | 9.140.149 | 464.019 | 271 | 42.100 | 2.225 | (6.608.240) | 137.671 | (6.133.377) | (57.485) | |

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

| Indicators | Segments (regions) | | | | | | | | | | All enterprises (LTL) | | |
|-------------------------------------|------------------------|------------|--------------------|------------|-----------|-----------|-----------|-----------|-----------------|-----------|--------------------------|------------|--|
| | Scandinavian countries | | European countries | | USA | | Lithuania | | Other countries | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | 2008 y. | 2007 y. | | |
| Income | 17.579.941 | 27.967.355 | 16.207.048 | 23.854.298 | 3.020.248 | 3.895.418 | 7.980.716 | 4.568.061 | 1.917.498 | 3.714.630 | 46.705.451 | 63.999.762 | |
| Expenses | 13.099.844 | 19.774.727 | 13.808.126 | 18.846.018 | 3.129.340 | 3.747.122 | 6.605.458 | 3.891.502 | 1.268.720 | 3.021.526 | 37.911.488 | 49.280.895 | |
| Gross profit (losses) | 4.480.097 | 8.192.628 | 2.398.922 | 5.008.280 | (109.092) | 148.296 | 1.375.258 | 676.559 | 648.778 | 693.104 | 8.793.963 | 14.718.867 | |
| Expenditure on activity | | | | | | | | | | | 14.927.340 | 14.776.352 | |
| Profit (losses) of typical activity | 4.480.097 | 8.192.628 | 2.398.922 | 5.008.280 | (109.092) | 148.296 | 1.375.258 | 676.559 | 648.778 | 693.104 | (6.133.377) | (57.485) | |

4.20. EXPENSES OF ACTIVITY

(LTL)

| Run. No. | Indicators | GROUP | | COMPANY | |
|----------|---|-------------------|---------------------|------------------|---------------------|
| | | Financial year | Last financial year | Financial year | Last financial year |
| 1 | Expenses of sales | 4.467.582 | 6.971.116 | 1.902.822 | (3.842) |
| 1.1 | Expenses of commissions | 1.828.915 | 2.826.941 | 939.929 | |
| 1.2 | Expenses of transporting of sold production | 629.794 | 799.587 | 305.707 | (96) |
| 1.3 | Expenses of production advertising and fair | 393.299 | 546.619 | 146.626 | (3.591) |
| 1.4 | Expenses of sales number employees wage and other with employees related expenses | 868.242 | 910.814 | 381.554 | |
| 1.5 | Expenses of production packing materials | 424.073 | 1.310.568 | | |
| 1.6 | Expenses for the rent of production storage premises, exploitation and repairment | 73.004 | 180.898 | 13.165 | |
| 1.7 | Evaluate of customers creditworthiness and insurance costs of marketable credits | 159.200 | 192.609 | 76.303 | |
| 1.8 | Other sales expenses | 91.055 | 203.080 | 39.538 | (155) |
| 2 | General and administration expenses | 10.459.758 | 7.805.236 | 2.979.678 | 713.648 |
| | Expenses related with employees wage and other with employees related | 3.622.896 | 3.621.437 | 819.399 | 282.054 |
| 2.1 | Training costs of administration employees | 204.362 | 39.798 | 135.200 | 1.722 |
| 2.2 | Rent, exploitation and repairing expenses | 4.506.568 | 2.300.309 | 1.074.157 | 206.914 |
| 2.3 | Expenses of security services | 293.636 | 317.166 | 82.053 | 0 |
| 2.4 | Expenses of deterioration and amortization of non-current asset | 194.503 | 331.727 | 61.466 | 9.404 |
| 2.5 | Expenses of info technologies | 364.962 | 319.988 | 153.851 | 1.725 |
| 2.6 | Connection expenses | 96.514 | 120.545 | 17.560 | 6.695 |
| 2.7 | Expenses of bank services | 62.616 | 89.427 | 26.549 | 1.607 |
| 2.8 | Legal services expenses | 268.561 | 106.986 | 268.561 | 76.450 |
| 2.9 | Expenses of activity tax | 167.898 | 136.740 | 111.527 | 50.967 |
| 2.10 | Expenses of support provided | 2.601 | 19.406 | 2.601 | 16.345 |
| 2.11 | Expenses of social guarantees, stated in collective agreement | 41.018 | 86.772 | 2.016 | 0 |
| 2.12 | Representation expenses | 55.200 | 42.260 | 36.282 | 14.867 |
| 2.13 | Various other general and administration expenses | 578.423 | 272.675 | 188.456 | 44.898 |
| 2.14 | | | | | |
| 3 | TOTAL EXPENSES OF ACTIVITY | 14.927.340 | 14.776.352 | 4.882.500 | 709.806 |

4.21. OTHER (NON TYPICAL) ACTIVITY

(LTL)

| Run. No. | Indicators | GROUP | | COMPANY | |
|-----------|---|------------------|---------------------|------------------|---------------------|
| | | Financial year | Last financial year | Financial year | Last financial year |
| 1. | INCOME OF OTHER ACTIVITY - TOTAL Specification of significant amount: | 1.629.196 | 581.957 | 1.072.664 | 2.730 |
| 1.1. | Profit of non-current asset transferring | 501 | 9.422 | | |
| 1.2. | Income of various storages selling | 1.049.623 | 469.686 | 572.794 | |
| 1.3. | Income of rent | 106.187 | 64.434 | 13.596 | 2.680 |
| 1.4. | Income of accounting and personnel hire services | 43.564 | 2.506 | 227.672 | |
| 1.5. | Commission income | 151.345 | | 215.277 | |
| 1.6. | Various other non-typical activity income | 277.976 | 35.909 | 43.325 | 50 |
| 2. | EXPENSES OF OTHER ACTIVITY - TOTAL Specification of significant amount: | 919.517 | 327.002 | 705.441 | 70 |
| 2.1. | Loss of non-current asset transferring | 0 | 0 | | |
| 2.2. | Net cost of sold various storages | 771.296 | 284.364 | 560.463 | |
| 2.3. | Net cost of rent | 32.800 | 42.568 | 29.365 | |
| 2.4. | Various other non-typical activity expenses | 115.421 | 70 | 115.613 | 70 |
| 3. | RESULT OF OTHER ACTIVITY (1-2) | 709.679 | 254.955 | 367.223 | 2.660 |

4.22. FINANCIAL AND INVESTMENT ACTIVITY

(LTL)

| Run. No. | Indicators | GROUP | | COMPANY | |
|-----------|---|---------------------|---------------------|---------------------|---------------------|
| | | Financial year | Last financial year | Financial year | Last financial year |
| 1. | FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL Specification of significant amount: | 6.279.092 | 682.484 | 900.248 | 1.348.305 |
| 1.1. | Positive result of changes of currency exchange | 1.264 | 0 | 23.244 | 19.955 |
| 1.2. | Fines and penalties for the drawn debts of the customers | 708 | 1.995 | 644 | |
| 1.3. | Income of bank interests | 1.571 | 0 | 1.070 | 0 |
| 1.4. | Income of other interests | 535.223 | 422.628 | 873.438 | 1.071.272 |
| 1.5. | Profit of investment transferring | 0 | 256.950 | 0 | 256.950 |
| 1.6. | Evaluation of loss (I st half of 2008) of BUAB Lino audiniai until bankruptcy | 5.737.551 | 0 | 0 | 0 |
| 1.7. | Income of other financial-investment activity | 2.775 | 911 | 1.852 | 128 |
| 2. | FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL Specification of significant amount: | 16.659.803 | 204.615 | 16.523.399 | 264 |
| 2.1. | Expenses of interests | 156.689 | 170.171 | 45.961 | |
| 2.2. | Fines and delay fees | 10.322 | 8 | 83 | 8 |
| 2.3. | Negative result of changes of currency exchange | 0 | 4.519 | 0 | 0 |
| 2.4. | Loss of investment transferring | 6.300.936 | 0 | 6.300.936 | |
| 2.5. | Expenses of investment value decrease | 0 | 0 | | |
| 2.6. | Expenses of loans provided by the revaluation | 8.866.285 | 0 | 8.866.285 | |
| 2.7. | Expenses of other financial-investment activity | 1.325.571 | 29.917 | 1.310.134 | 256 |
| 3. | FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2) | (10.380.711) | 477.869 | (15.623.151) | 1.348.041 |

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: | 254.068 | 30.167 | 1.006.911 | 123.387 | 203.868 | 19.274 | 162.784 | 19.243 |
| 1. | For managers | 254.068 | 30.167 | 1.006.911 | 123.387 | 203.868 | 19.274 | 162.784 | 19.243 |
| 2. | For other related persons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. | Loans granted by Group (Company): | 2.193.928 | 9.788.421 | 2.901.563 | 10.212.860 | 2.193.928 | 9.788.421 | 2.901.563 | 25.454.798 |
| 1. | For managers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | For other related persons | 2.193.928 | 9.788.421 | 2.901.563 | 10.212.860 | 2.193.928 | 9.788.421 | 2.901.563 | 25.454.798 |
| C. | Receivable loans: | 68.000 | 68.000 | 0 | 0 | 68.000 | 68.000 | 0 | 0 |
| 1. | From managers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | From other related persons | 68.000 | 68.000 | 0 | 0 | 68.000 | 68.000 | 0 | 0 |
| D. | Repaid the loan for Group (Company): | 2.618.367 | 0 | 2.217.120 | 0 | 2.618.367 | 0 | 5.728.067 | 0 |
| 1. | From managers | 0 | 0 | 850.000 | 0 | 0 | 0 | 850.000 | 0 |
| 2. | From other related persons | 2.618.367 | 0 | 1.367.120 | 0 | 2.618.367 | 0 | 4.878.067 | 0 |
| E. | Gratuitously transferred asset and gifts: | 0 | 0 | 1.500 | 0 | 0 | 0 | 1.500 | 0 |
| 1. | For managers | 0 | 0 | 1.500 | 0 | 0 | 0 | 1.500 | 0 |
| 2. | For other related persons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| F. | Various guarantees provided by name of Group (Company): | 0 | 2.500.000 | 500.000 | 2.500.000 | 0 | 2.500.000 | 500.000 | 5.899.040 |
| 1. | For managers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | For other related persons | 0 | 2.500.000 | 500.000 | 2.500.000 | 0 | 2.500.000 | 500.000 | 5.899.040 |
| G. | Received various guarantees: | 0 | 5.431.463 | 1.870.463 | 14.722.503 | 0 | 5.431.463 | 1.870.463 | 5.431.463 |
| 1. | From managers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | From other related persons | 0 | 5.431.463 | 1.870.463 | 14.722.503 | 0 | 5.431.463 | 1.870.463 | 5.431.463 |
| H. | Other significant amounts, calculated within a year (obligations of Group (Company) to related persons): | 2.386.134 | 106.766 | 3.265.405 | 334.347 | 13.023.099 | 1.378.065 | 249.138 | 86.134 |
| 1. | For managers | 21.961 | 0 | 6.468 | 588 | 21.961 | 0 | 0 | 0 |
| 2. | For other related persons | 2.364.173 | 106.766 | 3.258.937 | 333.759 | 13.001.138 | 1.378.065 | 249.138 | 86.134 |
| I. | Other significant obligations for Group (Company): | 521.787 | 1.645.974 | 425.934 | 990.362 | 706.557 | 1.645.974 | 1.072.392 | 999.203 |
| 1. | Of managers | 0 | 0 | 14.167 | 0 | 0 | 0 | 14.167 | 0 |
| 2. | Of other related persons | 521.787 | 1.645.974 | 411.767 | 990.362 | 706.557 | 1.645.974 | 1.058.225 | 999.203 |
| J. | Sold asset: | 303 | 0 | 3.597 | 0 | 34.997 | 0 | 253 | 0 |
| 1. | For managers | 66 | 0 | 2.753 | 0 | 66 | 0 | 0 | 0 |
| 2. | For other related persons | 237 | 0 | 844 | 0 | 34.931 | 0 | 253 | 0 |
| | Average number of managers within a year | 5 | X | 10 | X | 4 | X | 4 | 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 | 183.103 | 90.190 | 139.204 | 90.190 |
| 1.1. | Reporting year profit tax according to Profit tax declaration | 183.103 | 66.867 | 139.204 | 66.867 |
| 1.2. | Corrections of profit tax of last year in perspective way | 0 | 23.323 | 0 | 23.323 |
| 2. | Expenses (incomes) of delayed taxes | 5.842 | 39.352 | 5.842 | 5.259 |
| 2.1. | Expenses (incomes) of delayed taxes, determined by appearance and (or) disappearance of temporary differences | 5.842 | 39.352 | 5.842 | 5.259 |
| 3. | Expenses of profit tax, stated in profit (loss) report | 188.945 | 129.542 | 145.046 | 95.449 |
| 4. | Social tax expenses indicated in profit (loss) report | 0 | 19.593 | 0 | 19.593 |
| 4.1. | Social tax for accounting period acc. to declaration of social tax | 0 | 13.373 | 0 | 13.373 |
| 4.2. | Social tax corrections of last year in perspective way | 0 | 6.220 | 0 | 6.220 |
| 5. | Profit tax and social tax expenses indicated in profit (loss) report | 188.945 | 149.135 | 145.046 | 115.042 |

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) | (15.355.316) | 675.339 | (15.561.519) | 640.784 |
| 2. | Profit tax before correction cause of regular and temporary differences | (2.303.298) | 101.301 | (2.334.228) | 96.118 |
| 3. | Correction of expenses of profit tax | 2.492.243 | 28.241 | 2.479.274 | (669) |
| 3.1. | Correction of profit tax expenses cause of regular differences | 2.492.243 | 27.431 | 2.479.274 | (448) |
| 3.2. | Correction of profit tax expenses cause of temporary differences (from profit (loss) declaration) | (5.842) | (61.865) | (5.842) | (28.803) |
| 3.3. | Correction of profit tax expenses regarding temporal differences (profit tax property (obligations) decrease (increase)) | 5.842 | 39.352 | 5.842 | 5.259 |
| 3.4. | Correction of profit tax of last period in perspective way | 0 | 23.323 | 0 | 23.323 |
| 4. | Expenses of profit tax, stated in profit (loss) report | 188.945 | 129.542 | 145.046 | 95.449 |

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 | 62.408 | 119.104 | | | 0 | 0 | | |
| 2. | Asset of extended tax at the beginning of financial year | 549.702 | 645.750 | | | 24.641 | 29.900 | | |
| | 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 (-) | 0 | (56.696) | | | 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 | 0 | | | 0 | 0 | | |
| 3. | Changes of obligations of extended tax, total | 0 | (56.696) | | | 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. | 0 | 79.690 | | | 0 | 299 | | |
| 4.2. | Profit tax from social insurance sums, calculated from accumulative holiday pays, which are actually paid to the employees. | (299) | (84.473) | | | (299) | (15) | | |
| 4.3. | Profit tax from social insurance sums, calculated alterate part of salary pay (motivation), which is actually paid to the employees. | 0 | 0 | | | 0 | 0 | | |
| 4.4. | Corrected profit tax from the sum of disputed debts which were recognized as allowed deductions in taxing accounting of year 2006. | 0 | 23.544 | | | 0 | 23.544 | | |
| 4.5. | Profit tax from uncertain debts which are admitted as allowed deductions in taxing accounting. | (5.543) | (29.087) | | | (5.543) | (29.087) | | |
| 4.6. | Profit tax from loss of previous years (taxable profit of 2007 is decreased by these loss) | 0 | (84.691) | | | 0 | 0 | | |
| 4.7. | Profit tax from corrected sum of taxing loss of year 2006. | 0 | (1.031) | | | 0 | 0 | | |
| 4. | Changes of asset of extended tax, total | (5.842) | (96.048) | | | (5.842) | (5.259) | | |
| 5. | Expenses (incomes) of extended tax | | | 5.842 | 39.352 | | | 5.842 | 15.773 |
| 6. | Obligation of extended tax at the end of financial year | 0 | 62.408 | | | 0 | 0 | | |
| 7. | Asset of extended tax at the end of financial year | 18.799 | 549.702 | | | 18.799 | 24.641 | | |

OLINAS

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 | 0 | 17.176.000 | 0 | 0 |
| 2 | Mortgaged assets of third parties for the loans received by the enterprise | 0 | 5.892.000 | 0 | 0 |
| 3 | Received guarantess, sponsions | 0 | 3.399.040 | 0 | 0 |
| 4 | Tangible valuables of enterprise trusted to the third parties | 479.035 | 559.342 | 479.035 | 479.035 |
| 5 | Sponsions for the third parties | 2.500.000 | 2.500.000 | 2.500.000 | 5.899.040 |
| 6 | Confirmed notes in circulation | 0 | 0 | 0 | 0 |
| 7 | The asset of the third parties in the enterprise | 8.306.640 | 860.630 | 8.306.640 | 854.000 |
| 8 | Assets of the third parties, deposited for the enterprise by the third parties (value as agreed by the parties) | 13.539.987 | 5.433.963 | 13.539.987 | 5.433.963 |



CONFIRMED at
the meeting of the Board by
the protocol No. *4*
on *17 April*, 2009

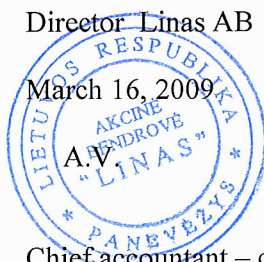
„LINAS“ AB
CONSOLIDATED ANNUAL REPORT FOR THE
YEAR 2008

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, Martynas Jasinskas, Director of Linas AB, and Daiva Minkeviciene, chief accountant – chief of section of accounting and analysis of 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.

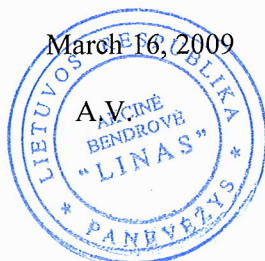
Director Linas AB

March 16, 2009



Chief accountant – chief of section
of accounting and analysis of Linas, AB

March 16, 2009



Martynas Jasinskas

Daiva Minkeviciene

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1. Accounting period the annual report is covering.

The AB „Linās“ consolidated annual report has been prepared for the year 2008.

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

Principal Company data

| | |
|-----------------------------------|--|
| Name | AB „Linās“ (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 | office@linas.lt |
| Webpage | www.linas.lt |
| 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 „Lino apdaila“ |
| Authorised (share) capital | 10 000 Lt |
| Domicile address | S.Kerbedžio g. 23, LT-35114 Panevėžys |
| Telephone | (8-45) 506111 |
| Fax | (8-45) 506346 |
| E-mail address | office@linas.lt |
| Legal –organisational form | Private Limited Liability Company |
| Date and place of registration | May 23, 2008 Register of Legal Persons, Registration Certificate No. 114552 |
| Company code | 3017 33421 |
| VAT code | LT100004113316 |

Principal subsidiary data

| | |
|--------------------------------|---|
| Name | UAB „Lino aptarnavimas“ |
| Authorised (share) capital | 10 000 Lt |
| Domicile address | S.Kerbedžio g. 23, LT-35114 Panevėžys |
| Telephone | (8-45) 506111 |
| Fax | (8-45) 506346 |
| E-mail address | office@linas.lt |
| Legal –organisational form | Private Limited Liability Company |
| Date and place of registration | May 23, 2008 Register of Legal Persons, Registration Certificate No. 114551 |
| Company code | 3017 33535 |

Principal subsidiary data

| | |
|--------------------------------|---|
| Name | BUAB „Lino audiniai“ |
| 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 | office@linas.lt |
| Legal –organisational form | Private Limited Liability Company |
| Date and place of registration | May 23, 2008 Register of Legal Persons, Registration Certificate No. 114552 |
| Company code | 3017 33421 |
| VAT code | LT100004113316 |

3. Principal nature of activity.

Principal nature of activity is production of textile products and sales.

On December 31, 2008 the Group of companies was comprised of AB “Linus” and its subsidiary companies UAB “Lino apdaila” and UAB “Lino aptarnavimas”. AB “Linus” holds 100% shares of the subsidiary companies. AB “Linus” has lost control on the company UAB “Lino audiniai” because of the bankruptcy of this company which was announced on June 14, 2008. From June of year 2008 AB “Linus” started the activity of textile items sales; other activity of AB “Linus” - management of financial asset (shares and granted loans). The activity of the textile products production is carried out at the subsidiary company UAB „Lino apdaila“. “Lino aptarnavimas” hasn’t executed the activity during 2008.

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 winter.
- Rise of prices for energy resources.
- Increasing price for work power.
- Increasing tax pressure.
- Passive policy of the Lithuanian state in regard of foreign investment and local exporters.
- World crisis.

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.

During 2008 the AB “Linat” Company Group sold products and services for 46,7 million Litat. Compared against corrected the forecast for 2008 the incomes of sales were higher by 1,7 million Litat (by 3,8 %). Compared to the results of 2007 the incomes of sales decreased 17,3 million Litat or by 27 %.

| Item | Unit | Forecast 2008 | Corrected forecast 2008 | Actual 2008 |
|---------------------|---------|---------------|-------------------------|-------------|
| Sales | Thou.Lt | 70 400 | 45 000 | 46 700 |
| Profit before taxes | thou.Lt | 1 300 | (13 000) | (15 993) |

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.

On 2008 the sales volumes of Group of companies decreased signally because the usage of textile items is decreasing during present economic situation. Unfavourable business situation determined very bad activity results of the subsidiary company “Lino audiniai”. On July 14, 2008 the bankrupt was announced for this company.

On IInd half of year 2008 significant AB “Linat” Group of companies activity reorganizations were done: after the bankrupt was announced for AB “Linat” subsidiary company UAB “Lino audiniai” on July 2008, the activity of textile items sales was transferred to AB “Linat” and the new established subsidiary company UAB “Lino apdaila” started to execute textile items production activity from August 1st, 2008. It was oriented in the production of higher added value products because after the increasing of raw materials, energetic and work power, it was economically not useful to keep all phases of linen fabric production – from yarns production till facing. Old spinning and weaving equipment required a lot of investments into the repair and exploitation. Spinning production required a lot of work power, the productivity of spinning and weaving equipment was low, high energetic losses – all this determined that cost price of raw fabrics produced by “Lino audiniai” was much higher than sales price for the analogous with items which were produced in Asia countries, Russia, Belarus. After the bankrupt of company UAB “Lino audiniai” the new established company “Lino apdaila” cancelled production of yarns and decreased volumes of weaving production. From the IInd half of year 2008 AB “Linat” is buying the largest part of raw fabrics from producers of East countries and passes to the company “Lino apdaila” where fabric facing (dyeing, bleaching, mottling, softening, etc.) and textile items sewing services are done. UAB “Lino apdaila” produces various weaves and designs fabrics from dyed yarns and jacquard fabrics according to individual orders of the customers.

Trying to increase sales in Lithuania the branded shops chain was expanded in Lithuania in 2008. AB “Linat” branded shop was opened in Vilnius old town.

Also projects for creation of new assortment, quality increasing and costs decreasing were done. In 2008 the new yarns dyeing machine was bought. It is possible to dye linen and cotton yarns in small quantities with this machine. This investment expanded the possibility to produce customers orders more operative and in better quality and also to decrease energetic and raw material costs. 641 thousand Lt of investments were put into the production. In 2008 new fabric facing machine was started to install and in 2009 it will start to work. This will allow to make technically progressive fabrics finishing – fabrics will be covered with various polymeric materials and this will give exclusive features for natural linen fabric (resistance for water, mud, chemicals, temperature, fire, rubbing and pilling). This new facing method will give new features and image for natural linen fabrics, will expand fabrics assortment for garments and home textile, will allow to produce technical fabrics.

7. Analysis of financial and non-financial performance, information relating to environment protection and employee matters.

| Indicators | Group 2008 | Group 2007 |
|--|---------------|---------------|
| Net profitability (net profit/sales * 100) | -34,24 | 0,82 |
| Return on equity ROE (net [profit/equity) | -0,94 | 1,64 |
| Debt ratio (liabilities/assets) | 0,30 | 0,30 |
| Turnability of assets (sales/assets) | 1,91 | 1,39 |
| Book value of shares (equity/number of shares) | 0,71 | 1,34 |
| Indicators | Group 2008 | Group 2007 |
| Net profit (loss) (thou. Lt) | (15 993) | 526 |
| EBITDA (mio. Lt) | (14,6) | 3,2 |
| Profit per share | (0,67) | 0,02 |
| Lowest share price (Lt) | 0,08 | 0,24 |
| Highest share price (Lt) | 0,50 | 0,52 |
| Closing price (Lt) | 0,11 | 0,42 |
| Capitalisation (mio. Lt) | 2,64 | 10,82 |

The subsidiary UAB “Lino audiniai” until 2008-07-01 and the subsidiary UAB “Lino apdaila” from 2008-07-01 produced:

| Product description | Unit | 2008 | 2007 | Change (-/+ decrease/increase) |
|---------------------|---------|------|------|------------------------------------|
| Yarn | mt | 438 | 1114 | -676 |
| Raw fabrics | Thou. m | 2441 | 4796 | -2355 |
| Finished fabrics | thou. m | 3553 | 5146 | -1593 |

The range of the pure linen and noil woven fabrics accounted for 65,8 % of the total products produced in 2008 (in 2007 –65,2 %). In 2008 33,7 % of the total fabrics produced were used for sewing articles (in 2007 – 38,0 %).

In 2008 the Company Group had 15,8 million Lt loss before taxes, and taking into account the taxes the loss of the Group was 16 mio. Lt. This kind of activity result of the Group conditioned investments lossing of shares of Subsidiary “Lino audiniai”, BUAB and loans for that company. On 2007 the net profit of the Group was 0,5 mio. Lt.

Exports accounted for 89,1 % of the total sales. Geographically the export distribution is as follows: Sweden – 34,1 %, USA – 7,0 %, Denmark – 5,8 %, Spain – 5,2 %, Belgium – 4,8 %, Great Britain – 4,6 %, France – 4,4 %, Estonia – 4,2 %, Finland – 3,8 %, other countries – 15,2 %. The products were sold in Netherlands, Italy, Morocco, Germany, Poland, Portugal, Latvia, Greece, Ireland, Japan, Singapore, Norway, Canada, Turkey Republic, Australia, Argentina, Belarus, New Zealand.

We participated in 4 specialized textile exhibitions: in Germany and in France .

During 1 st half of year 2008 subsidiary company UAB “Lino audiniai” was buying scutched linen fibre from France (40 % of the total), Poland (33 %) and Holland (27 %). Totally it was bought 417 tons of

long linen fibre. On the II nd half of year 2008 it was cancelled to keep loss-making and not perspective spinning production. During 2008 it was bought 123 tons of cotton yarns: from Ukraine – 54%, from Poland – 35%, from Lithuania – 11%.

As the demand for high quality products was growing in 2008 it was purchased 189 tons on linen yarn, 69% of which was purchased from the Lithuanian suppliers, 17% from the Estonian suppliers and 14% from Polish suppliers.

934 thousand m of raw fabric was bought in 2008, 99% of it – from Belarus.

The largest part of the chemical materials was purchased from Germany and Switzerland.

As for 31-12-2008 the Group's liabilities acc. to leasing contracts amounted to 0,4 mio. Lt. There were no liabilities to the banks. As for 2008-12-31 the sum of granted loans of AB "Linās" amounted 11,7 mio. Lt.

8. References and additional explanatory notes regarding the date provided in the consolidated 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 after 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).

10. Operating plans and forecasts of the Company Group.

In 2009 the Group of Linās, AB plans to produce linen products to customers which put value upon combination of naturalness and modernity. Companies of the Group will vouch for reliable partnership with customers and suppliers, also will vouch for safe environment to employees as before. The main objectives of the Group are: to increase volume of sales, expanding market in foreign countries and Lithuania, and to decrease cost price of production, optimizing expenses of production, buying cheaper raw materials. In 2009 the Group plans to develop web of retail. The amount of 0,6 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 „Linās“ does not have any branches or representative offices.

14. Issuer's structure of authorised capital and encumbrances for transfer/disposal of said securities.

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, 2008 was 1271.

The shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2008 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 |
|---|--|---------------------------------------|--|--|
| Ramunas Lenciauskas | 4 892 111 | 20,35% | 20,35% | 20,35% |
| Lionė Lenciauskienė | 2 357 331 | 9,81% | 9,81% | 9,81% |
| Virginijus Arsauskas | 2 156 585 | 8,97% | 8,97% | 17,29% |
| Regina Arsauskienė | 2 000 000 | 8,32% | 8,32% | 17,29% |
| Eimantas Lenciauskas | 1 500 000 | 6,24% | 6,24% | 12,48% |
| Laima Lenciauskienė | 1 500 000 | 6,24% | 6,24% | 12,48% |
| Zigmas Ezerskis | 1 224 291 | 5,09% | 5,09% | 5,09% |

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 „Linas“ Company Group on 2008 was 812. On 2007 the average was 1301. During the year the average number of employees decreased by 489 or 37,59 %. The number of employees during the preceding financial year changed due to changes in labour organisation and reorganization and optimization of activity of The Group.

| Employees | 2008 | | 2007 | |
|------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | Average number of employees | Average salary/wage, Lt | Average number of employees | Average salary/wage, Lt |
| Management personnel | 26 | 5354 | 37 | 4491 |
| Specialists and clerks | 72 | 1935 | 118 | 1757 |
| Workers | 714 | 1896 | 1146 | 1082 |
| Total | 812 | 2005 | 1301 | 1246 |

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. Average calculated wage in 2008 was 2005 Lt and compared to 2007 increased by 61 % (in 2007 - 1246 Lt).

The Collective Agreement in AB „Linas“ Group of companies indicates:

1. One-off irretrievable pay is paid:

- when employee of the company dies and the family of employee grows children (adoptive) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays;

- when spouse of company's employee dies and the family of employee grows children (adoptive) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays.

2. Additional paid holidays:

up to 3 calendar days in case of death of a family member (parents, husband, wife, child, brother, sister);

- 1 calendar day for the marriage.

3. 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 „Linas“ the management bodies of the Company are:

- General meeting of shareholders;
- The Board of the AB „Linas“;

- Head (Director) of the AB “Linas”.

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.

RAMUNAS LENCIAUSKAS – Chairman of the Board. University education, 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 „Linas”, since 19-02-1996 – Director General of the AB „Linas”, since 14-03-1997 – President of the AB „Linas”, since 24-04-1998- AB „Linas” interim expert of business and finance strategic management, from 04-03-2003 to 01-10-2005 the advisor of the AB „Linas” on business and finance strategic management issues. Since 10-01-2007 the advisor of the AB „Linas” on business and finance strategic management issues. From 21-04-2008 to 08-08-2008 Director

of the AB „Linus”. 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, President 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 until 16-07-2008. Does not participate in the capital of the issuer. Since 26-02-2007 to 16-07-2008 – the advisor to AB „Linus” on general issues. President of the UAB „Nordic investicija” until 15-07-2008.

VAIDAS ZARNAUSKAS– member of the Board of the Company. Does not participate in the capital of the issuer. Director and the shareholder (100 %) of the UAB „Ekonomika, etika, estetika” (Economy, ethic, aesthetic). Marketing director and the shareholder (33 %) of the UAB “Simplit”.

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 until 18-04-2008. University education, graduated 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 02-06-2008 – Director of the UAB „Lino aptarnavimas”.

MARTYNAS JASINSKAS – Since 11-08-2008 head of administration of the Company – the Director. University education, graduated from engineering industry and management studies in baccalaureate and engineering of technical textile studies in master’s degree in the Kaunas Technology University. Does not hold shares of the Company.

DAIVA MINKEVICIENE – Since 13-10-2008 chief accountant – chief of section of accounting and analysis of the Company. University education, graduated from economics studies in the Vilnius University. Does not hold shares of the Company.

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

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 2008 (Lt) | Payment from profit for 2008 (Lt) | Other payments from profit (Lt) | Total (Lt) |
|---|-------------------------|---|--|------------|
| Average per member of the Board | 16 252 | - | - | 16 252 |
| Total for all members of the Board | 48 756 | - | - | 48 756 |
| Average per member of administration | 16 938 | - | - | 16 938 |
| Total for all members of administration | 254 068 | - | - | 254 068 |

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.

During January – December of year 2008 the Company announced following essential events:

2008-01-11 regarding court judgment
 2008-01-31 investor calendar
 2008-02-15 preliminary activity results of AB "Linās" Group of companies of year 2007 and prognosis for year 2008
 2008-02-29 not audited interim financial accountability of AB "Linās" of year 2007 and confirmation of responsible persons
 2008-03-28 General Meeting of shareholders is held on April 29, 2008
 2008-04-18 decisions projects of General Meeting of shareholders
 2008-04-18 annual information
 2008-04-18 the director of AB "Linās" has been changed
 2008-04-28 activity results of I st quarter of year 2008
 2008-04-29 General Meeting of AB "Linās" shareholders. Repeated General Meeting of shareholders will be held on May 28, 2008.
 2008-05-10 activity structure reorganization of AB "Linās" Group of companies
 2008-05-22 notice about shares block disposal/acquisition
 2008-05-28 decisions projects of repeated General Meeting of shareholders
 2008-05-28 activity structure reorganization of AB "Linās" Group of companies
 2008-05-29 financial accountability of Ist quarter of year 2008
 2008-06-05 change of name of the subsidiary company
 2008-06-13 bankruptcy case initiation of AB "Linās" subsidiary company UAB "Lino audiniai"
 2008-06-19 notice about shares block disposal/acquisition
 2008-06-20 notice about shares block disposal/acquisition
 2008-06-25 notice about shares block disposal/acquisition
 2008-07-04 regarding bankruptcy case set for AB "Linās" subsidiary company UAB "Lino audiniai"
 2008-08-08 director of AB "Linās" has been changed
 2008-09-01 AB "Linās" financial accountability of Ist half of year 2008 and interim report
 2008-09-16 AB "Linās" consolidated interim report of six months of year 2008 and financial accountability

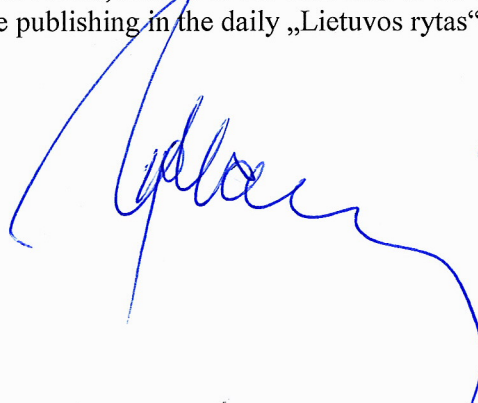
2008-10-02 specified prognosis of AB „Linus” for year 2008

2008-11-28 AB „Linus” interim financial accountability of nine months of year 2008

All information on material events made public during 2008 is available on the AB „Linus” webpage www.linus.lt.

All material events, related to the activities of the AB „Linus” and information about general meeting of shareholders are publishing in the daily „Lietuvos rytas”.

Director



Martynas Jasinskis

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 |
|---|------------------------------|--|
| Principle I: Basic Provisions 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 www.linas.lt 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 | |
| Principle II: The corporate governance framework 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/NO | Company's Board is made of 3 members. From 2008-07-16 one member of the Board resigned. |
| 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 depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision. | YES | |
| Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting 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.¹ | | |
| 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. |

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| <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"> 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; 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; 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); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 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 | <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> |

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| 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>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</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 monitoring² 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. |

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| 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 www.linias.lt , 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 | |

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| <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 director of the Company, ensure regular assessment of his 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 were not established on 2008 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 were not established on 2008 in the company. The execution of committee functions are discussed in comment 4.7.</p> |

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| 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 were not established on 2008 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 were not established on 2008 in the company. The execution of committee functions are discussed in comment 4.7. |

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| <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"> • 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; • 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; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <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 were not established on 2008 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"> • 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; • 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; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • 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); • Make general recommendations to the executive directors | NO | Comities were not established on 2008 in the company. The execution of committee functions are discussed in comment 4.7. |

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| <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"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • 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. <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"> • 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); • 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; • 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; • 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; • 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 | NO | Comities were not established on 2008 in the company. The execution of committee functions are discussed in comment 4.7. |

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| <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"> • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. <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. |
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Principle V: The working procedure of the company's collegial bodies

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.

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| 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. |

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| 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-ordinating 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>Principle VI: The equitable treatment of shareholders and shareholder rights</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. |

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| 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>Principle VII: The avoidance of conflicts of interest and their disclosure</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> | | |

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

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| 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"> • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors. | 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. |

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| <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"> • 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; • The remuneration and advantages received from any undertaking belonging to the same group; • 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; • 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; • 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; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <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"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • 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; • 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; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • 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. <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p> | <p>Not applicable</p> | <p>See comment 8.1.</p> |
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| 8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes. | Not applicable | Such schemes are not applied in the company. |
| 8.9. The following issues should be subject to approval by the shareholders' annual general meeting: <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • 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. | Not applicable | Such forms for pays for the job are not applied in the company. |
| 8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval. | Not applicable | Such forms for pays for the job are not applied in the company. |
| 8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting. | Not applicable | Such forms for pays for the job are not applied in the company. |

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| 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. |
| Principle IX: The role of stakeholders in corporate governance 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. |
| Principle X: Information disclosure and transparency 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. | | |

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| 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 www.linas.lt 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 www.linas.lt it is announced: annual prospect report, other periodical reports, notices about other essential events. |
| Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion. | | |
| 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. |