



**Linas, AB**

**To: Lithuanian Securities Commission  
Konstitucijos ave. 23  
LT-08105 Vilnius, Lithuania**

28<sup>th</sup> of November, 2008

## **CONFIRMATION OF RESPONSIBLE PERSONS**

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Martynas Jasinskas, director of Linas, AB, and Daiva Minkevičienė, chief accountant – chief of section of accounting and analysis of Linas, AB, hereby confirm that, to the best of our knowledge, the attached not audited Linas, AB Interim Consolidated Financial Statements of for the nine months of 2008, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

ENCLOSURE: Linas, AB Interim Consolidated Financial Statements of for the six months of 2008 (17 pages).

Director of Linas, AB

A blue ink signature of Martynas Jasinskas, written in a cursive style.

Martynas Jasinskas

A.V.

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

A blue ink signature of Daiva Minkevičienė, written in a cursive style.

Daiva Minkevičienė

A.V.



**Linas, AB**

**Consolidated Interim Financial Statements  
of for the nine months of 2008**

**2008 09 30**

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**Linus, AB**

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

**CONSOLIDATED BALANCE OF THE GROUP AND THE COMPANY**  
**2008 09 30**

Formulated according to IFRS, not audited

Current period 01 01 2008 – 30 09 2008

LTL

Run. No.	ASSETS	THE GROUP		THE COMPANY	
		30 09 2008	31 12 2007	30 09 2008	31 12 2007
<b>A.</b>	<b>Long-term assets</b>	<b>6.016.754</b>	<b>13.012.238</b>	<b>6.036.754</b>	<b>23.762.211</b>
<b>I.</b>	<b>Intangible assets</b>	<b>112.297</b>	<b>72.403</b>	<b>112.297</b>	<b>4.474</b>
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	48.382	58.666	48.382	0
I.5.	Other intangible assets	63.915	13.379	63.915	4.474
<b>II.</b>	<b>Tangible assets</b>	<b>504.683</b>	<b>7.154.291</b>	<b>504.683</b>	<b>243.433</b>
II.1.	Land	0	0	0	0
II.2.	Buildings	0	0	0	0
II.3.	Structures	0	0	0	0
II.4.	Machinery and equipment	0	5.558.568	0	0
II.5.	Means of transport	283.527	255.515	283.527	0
II.6.	Other equipment, appliances, instruments and gear	10.018	810.954	10.018	7.704
II.7.	Constructions in progress	0	0	0	0
II.8.	Other tangible assets	18.096	328.525	18.096	35.000
II.9.	Investial assets	193.042	200.729	193.042	0
<b>III.</b>	<b>Financial assets</b>	<b>5.375.133</b>	<b>5.235.842</b>	<b>5.395.133</b>	<b>23.489.663</b>
III.1.	Investment 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	5.375.133	5.235.842	5.375.133	17.188.727
III.4.	Other financial assets	0	0	0	0
<b>IV.</b>	<b>Other long-term assets</b>	<b>24.641</b>	<b>549.702</b>	<b>24.641</b>	<b>24.641</b>
IV.1.	Deferred corporation tax assets	24.641	549.702	24.641	24.461
IV.2.	Other long-term assets	0	0	0	0
<b>B.</b>	<b>Short-term assets</b>	<b>34.014.172</b>	<b>33.194.830</b>	<b>33.440.347</b>	<b>9.596.095</b>
<b>I.</b>	<b>Stocks, prepayments and contracts in progress</b>	<b>5.570.907</b>	<b>16.608.747</b>	<b>5.046.341</b>	<b>58.382</b>
I.1.	Stocks	5.247.101	16.326.999	4.836.657	49.395
I.1.1.	Row materials and consumables	3.763.240	2.027.840	3.549.463	49.395
I.1.2.	Work in progress	196.068	8.035.645	0	0
I.1.3.	Finished products	1.287.793	6.263.514	1.287.194	0
I.1.4.	Good purchased for resale	0	0	0	0
I.1.5.	Other stocks	0	0	0	0
I.2.	Prepayments	323.806	281.748	209.683	8.987
I.3.	Contracts in progress	0	0	0	0
<b>II.</b>	<b>Amounts receivable within one year</b>	<b>10.014.602</b>	<b>10.623.855</b>	<b>9.977.554</b>	<b>557.266</b>
II.1.	Trade debtors	5.211.418	9.686.053	5.176.528	0
II.2.	Debts of affiliates and associated companies	3.389.333	0	3.389.333	0
II.3.	Other amounts receivable	1.413.851	937.802	1.411.693	577.266
<b>III.</b>	<b>Other short-term assets</b>	<b>18.361.551</b>	<b>5.841.463</b>	<b>18.361.551</b>	<b>8.971.342</b>
III.1.	Short-term investments	0	0	0	0
III.2.	Term deposits	0	0	0	0
III.3.	Other short-term assets	18.361.551	5.841.463	18.361.551	8.971.342
<b>IV.</b>	<b>Currency and its equivalents</b>	<b>67.111</b>	<b>120.765</b>	<b>54.901</b>	<b>9.105</b>
	<b>Total assets</b>	<b>40.030.926</b>	<b>46.207.068</b>	<b>39.477.101</b>	<b>33.358.306</b>

Director

Martynas Jasinskas

linas

**CONSOLIDATED BALANCE OF THE GROUP AND THE COMPANY (continuation)**

Run. No.	PRIVATE ASSETS AND LIABILITIES	THE GROUP		THE COMPANY	
		30 09 2008	31 12 2007	30 09 2008	31 12 2007
<b>C.</b>	<b>Private assets</b>	<b>27.391.207</b>	<b>32.150.232</b>	<b>27.372.435</b>	<b>32.979.387</b>
<b>I.</b>	<b>Capital</b>	<b>24.038.990</b>	<b>24.038.990</b>	<b>24.038.990</b>	<b>24.038.990</b>
I.1.	Subscribed capital	24.038.990	24.038.990	24.038.990	24.038.990
I.2.	Sign unpaid capital (-)	0	0	0	0
I.3.	Shares premiums	0	0	0	0
I.4.	Private shares (-)	0	0	0	0
<b>II.</b>	<b>Revaluation reserve (results)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>Reserves</b>	<b>8.940.397</b>	<b>11.214.655</b>	<b>8.940.397</b>	<b>11.214.655</b>
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
<b>IV.</b>	<b>Profit (loss) brought forward</b>	<b>(5.588.180)</b>	<b>(3.103.413)</b>	<b>(5.606.952)</b>	<b>(2.274.258)</b>
IV.1.	Profit (loss) of period under review	(4.759.025)	526.204	(5.606.952)	(2.274.258)
IV.1.1.	Profit (loss) acknowledged in Profit (Loss) Report	(5.588.180)	526.204	(5.606.952)	525.742
IV.1.2.	Profit (loss) not acknowledged in Profit (Loss) Report	829.155	0	0	(2.800.000)
IV.2.	Profit (loss) of previous year	(829.155)	(3.629.617)	0	0
<b>D.</b>	<b>Minority part</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>Grants, subsidies</b>	<b>0</b>	<b>19.977</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Amounts payable and liabilities</b>	<b>12.639.719</b>	<b>14.036.859</b>	<b>12.104.666</b>	<b>378.919</b>
<b>I.</b>	<b>Amounts payable after one year and long-term liabilities</b>	<b>3.643.228</b>	<b>106.007</b>	<b>3.643.228</b>	<b>0</b>
I.1.	Financial debts	253.895	39.050	253.895	0
I.1.1.	Leasing (financial rents) or similar liabilities	253.895	39.050	253.895	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 liabilities and demands	0	0	0	0
I.4.2.	Pensions and similar liabilities	0	0	0	0
I.4.3.	Other suspensions	0	0	0	0
I.5.	Suspended taxes	0	62.408	0	0
I.6.	Other amounts payable and long-term liabilities	3.389.333	4.549	3.389.333	0
<b>II.</b>	<b>Amounts payable within one year and short-term liabilities</b>	<b>8.996.491</b>	<b>13.930.852</b>	<b>8.461.438</b>	<b>378.919</b>
II.1.	Short-term portion of long-term debts	12.346	10.010	12.346	0
II.2.	Financial debts	0	2.958.647	0	0
II.2.1.	To credit organizations	0	2.958.647	0	0
II.2.2.	Other financial debts	0	0	0	0
II.3.	Debt for suppliers	6.801.606	7.479.743	7.382.500	96.473
II.4.	Received prepayments	360.840	80.955	360.840	15.109
II.5.	Liabilities of income taxes	0	0	0	0
II.6.	Liabilities related to work relations	1.132.031	2.314.570	240.279	29.798
II.7.	Suspensions	0	0	0	0
II.8.	Other amounts payable and short-term liabilities	689.669	1.086.927	465.474	273.539
	<b>Total proprietary capital and liabilities</b>	<b>40.030.926</b>	<b>46.207.068</b>	<b>39.477.101</b>	<b>33.358.306</b>

Director



Martynas Jasinskas

**Linat, AB**

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

**CONSOLIDATED PROFIT (LOSS) REPORT OF THE GROUP**  
**30 09 2008**

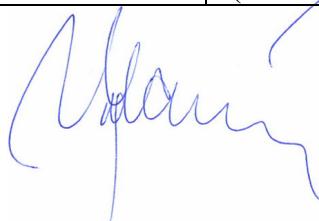
Formulated according to IFRS, not audited

Current period 01 01 2008 – 30 09 2008

LTL

Run. No.		III quarter of 2008	III quarter of 2007	III <sup>rd</sup> quarter of 2008	III <sup>rd</sup> quarter of 2007
<b>I.</b>	<b>SALES INCOME</b>	<b>32.943.988</b>	<b>45.861.613</b>	<b>7.761.203</b>	<b>13.845.343</b>
<b>I.1.</b>	<b>Production of textile products</b>	<b>32.542.685</b>	<b>45.598.122</b>	<b>7.580.461</b>	<b>13.745.283</b>
I.1.1.	Income for sold goods	32.404.216	45.342.927	7.538.968	13.712.344
I.1.2.	Income for sold services	138.469	255.195	41.493	32.939
<b>I.2.</b>	<b>Management of financial assets</b>	<b>401.303</b>	<b>263.491</b>	<b>180.742</b>	<b>100.060</b>
<b>II.</b>	<b>SALES COST PRICE</b>	<b>28.562.784</b>	<b>35.015.963</b>	<b>4.188.346</b>	<b>10.778.878</b>
<b>II.1.</b>	<b>Production of textile products</b>	<b>28.559.624</b>	<b>34.956.561</b>	<b>4.188.346</b>	<b>10.759.078</b>
II.1.1.	Cost price of sold production	25.939.190	34.809.388	1.626.242	10.738.696
II.1.2.	Cost price of sold services	2.620.434	147.173	2.562.104	20.382
<b>II.2.</b>	<b>Cost price of financial assets management</b>	<b>3.160</b>	<b>59.402</b>	<b>0</b>	<b>19.800</b>
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>	<b>4.381.204</b>	<b>10.845.650</b>	<b>3.572.857</b>	<b>3.066.465</b>
<b>IV.</b>	<b>OPERATING EXPENSES</b>	<b>9.705.554</b>	<b>10.624.733</b>	<b>3.110.722</b>	<b>3.065.013</b>
IV.1.	Sales	3.416.960	4.886.740	776.636	1.473.084
IV.2.	General and administrative	6.288.594	5.737.993	2.334.086	1.591.929
<b>V.</b>	<b>PROFIT (LOSS) OF STANDARD ACTIVITY</b>	<b>(5.324.350)</b>	<b>220.917</b>	<b>462.135</b>	<b>1.452</b>
<b>VI.</b>	<b>OTHER OPERATIONS</b>	<b>458.804</b>	<b>191.204</b>	<b>80.152</b>	<b>39.763</b>
VI.1.	Income	1.355.926	486.966	761.773	191.929
VI.2.	Expenses	897.122	295.762	681.621	152.166
<b>VII.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY</b>	<b>(722.634)</b>	<b>152.728</b>	<b>(574.758)</b>	<b>(56.542)</b>
VII.1.	Income	5.780.244	280.840	5.752.352	7.418
VII.2.	Expenses	6.502.878	128.112	6.327.110	63.960
<b>VIII.</b>	<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>(5.588.180)</b>	<b>564.849</b>	<b>(32.472)</b>	<b>(15.327)</b>
<b>IX.</b>	<b>EXTRAORDINARY GAIN</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>X.</b>	<b>EXTRAORDINARY LOSSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>(5.588.180)</b>	<b>564.849</b>	<b>(32.472)</b>	<b>(15.327)</b>
<b>XII.</b>	<b>PROFIT TAX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XIII.</b>	<b>PROFIT (LOSS) BEFORE MINORITY PART</b>	<b>(5.588.180)</b>	<b>564.849</b>	<b>(32.472)</b>	<b>(15.327)</b>
<b>XIV.</b>	<b>MINORITY PART</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XV.</b>	<b>NET PROFIT (LOSS)</b>	<b>(5.588.180)</b>	<b>564.849</b>	<b>(32.472)</b>	<b>(15.327)</b>

Director



Martynas Jasinskis

**Linās, AB**

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

**PROFIT (LOSS) REPORT OF THE COMPANY**  
**30 09 2008**

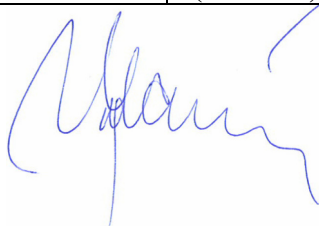
Formulated according to IFRS, not audited

Current period 01 01 2008 – 30 09 2008

LTL

Run. No.		III quarter of 2008	III quarter of 2007	III <sup>rd</sup> quarter of 2008	III <sup>rd</sup> quarter of 2007
<b>I.</b>	<b>SALES INCOME</b>	<b>8.282.290</b>	<b>756.162</b>	<b>7.723.514</b>	<b>258.323</b>
<b>I.1.</b>	<b>Production of textile products</b>	<b>7.542.772</b>	<b>(111)</b>	<b>7.542.772</b>	<b>0</b>
I.1.1.	Income for sold goods	7.538.968	(111)	7.538.968	0
I.1.2.	Income for sold services	3.804	0	3.804	0
<b>I.2.</b>	<b>Management of financial assets</b>	<b>739.518</b>	<b>756.273</b>	<b>180.742</b>	<b>258.323</b>
<b>II.</b>	<b>SALES COST PRICE</b>	<b>5.511.464</b>	<b>59.402</b>	<b>5.508.304</b>	<b>19.800</b>
<b>II.1.</b>	<b>Production of textile products</b>	<b>5.508.304</b>	<b>0</b>	<b>5.508.304</b>	<b>0</b>
II.1.1.	Cost price of sold production	5.508.304	0	5.508.304	0
II.1.2.	Cost price of sold services	0	0	0	0
<b>II.2.</b>	<b>Cost price of financial assets management</b>	<b>3.160</b>	<b>59.402</b>	<b>0</b>	<b>19.800</b>
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>	<b>2.770.826</b>	<b>696.760</b>	<b>2.215.210</b>	<b>238.523</b>
<b>IV.</b>	<b>OPERATING EXPENSES</b>	<b>2.282.002</b>	<b>394.208</b>	<b>1.848.008</b>	<b>137.926</b>
IV.1.	Sales	788.268	(3.842)	776.636	0
IV.2.	General and administrative	1.493.734	398.050	1.071.372	137.926
<b>V.</b>	<b>PROFIT (LOSS) OF STANDARD ACTIVITY</b>	<b>488.824</b>	<b>302.552</b>	<b>367.202</b>	<b>100.597</b>
<b>VI.</b>	<b>OTHER OPERATIONS</b>	<b>208.361</b>	<b>(19)</b>	<b>155.675</b>	<b>0</b>
VI.1.	Income	901.256	50	837.294	0
VI.2.	Expenses	692.895	69	681.619	0
<b>VII.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY</b>	<b>(6.304.137)</b>	<b>257.061</b>	<b>(6.311.997)</b>	<b>(12)</b>
VII.1.	Income	27.244	257.158	14.784	0
VII.2.	Expenses	6.331.381	97	6.326.781	12
<b>VIII.</b>	<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>(5.606.952)</b>	<b>559.594</b>	<b>(5.789.120)</b>	<b>100.585</b>
<b>IX.</b>	<b>EXTRAORDINARY GAIN</b>		<b>0</b>		<b>0</b>
<b>X.</b>	<b>EXTRAORDINARY LOSSES</b>		<b>0</b>		<b>0</b>
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>(5.606.952)</b>	<b>559.594</b>	<b>(5.789.120)</b>	<b>100.585</b>
<b>XII.</b>	<b>PROFIT TAX</b>		<b>0</b>		<b>0</b>
<b>XIII.</b>	<b>PROFIT (LOSS) BEFORE MINORITY PART</b>	<b>(5.606.952)</b>	<b>559.594</b>	<b>(5.789.120)</b>	<b>100.585</b>
<b>XIV.</b>	<b>MINORITY PART</b>		<b>0</b>		<b>0</b>
<b>XV.</b>	<b>NET PROFIT (LOSS)</b>	<b>(5.606.952)</b>	<b>559.594</b>	<b>(5.789.120)</b>	<b>100.585</b>

Director



Martynas Jasinskis

**Linas, AB**

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

**REPORT OF OWN CAPITAL CHANGES OF THE GROUP**  
**30 09 2008**

LTL

	Paid-up authorized capital	Addi- tions to shares	Propri- etary shares	Revaluation reserve (results)		Low covered reserves		Other reserves		Profit (loss) brought	Total
				Long-term tangible	Financial assets	Obligatory	Proprie- tary shares	Support reserves and other payouts according to collective agreement	Other reserves		
<b>Remainder on 31<sup>st</sup> December, 2006</b>	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.424.243</b>	<b>0</b>	<b>100.000</b>	<b>8.945.354</b>	<b>(3.884.559)</b>	<b>31.624.028</b>
Profit (loss) not acknowledged in Profit (Loss) Report											
Contribution of shareholders to cover losses											
Net profit (loss) of the current period										564.849	<b>564.849</b>
Formed reserves								30.757	8.780.000	(8.810.757)	<b>0</b>
Liquidates reserves						(20.345)		(100.000)	(8.945.354)	9.065.699	<b>0</b>
<b>Remainder on 30<sup>th</sup> September, 2007</b>	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>	<b>30.757</b>	<b>8.780.000</b>	<b>(3.064.768)</b>	<b>32.188.877</b>
Profit (loss) not acknowledged in Profit (Loss) Report											<b>0</b>
Net profit (loss) of the current period										(38.645)	<b>(38.645)</b>
Formed reserves											<b>0</b>
Liquidates reserves											<b>0</b>
<b>Remainder on 31<sup>st</sup> December, 2007</b>	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>	<b>30.757</b>	<b>8.780.000</b>	<b>(3.103.413)</b>	<b>32.150.232</b>
Profit (loss) not acknowledged in Profit (Loss) Report										829.155	<b>829.155</b>
Profit (loss) acknowledged in Profit (Loss) Report										(5.588.180)	<b>(5.588.180)</b>
Formed reserves								26.499	6.510.000	(6.536.499)	<b>0</b>
Liquidates reserves								(30.757)	(8.780.000)	8.810.757	<b>0</b>
<b>Remainder on 30<sup>th</sup> September, 2008</b>	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>	<b>26.499</b>	<b>6.510.000</b>	<b>(5.588.180)</b>	<b>27.391.207</b>

Director



Martynas Jasinskas



**Linās, AB**

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

**REPORT OF OWN CAPITAL CHANGES OF THE COMPANY**  
**30 09 2008**

LTL

	Paid-up authorized capital	Addi- tions to shares	Propri- etary shares	Revaluation reserve (results)		Low covered reserves		Other reserves		Profit (loss) brought	Total
				Long-term tangible	Financial assets	Obligatory	Proprie- tary shares	Support reserves and other payouts according to collective agreement	Other reserves		
<b>Remainder on 31<sup>st</sup> December, 2006</b>	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>		<b>8.665.909</b>	<b>144.848</b>	<b>35.253.645</b>
Profit (loss) not acknowledged in Profit (Loss) Report										(2.800.000)	(2.800.000)
Contribution of shareholders to cover losses										559.594	559.594
Net profit (loss) of the current period								30.757	8.780.000	(8.810.757)	0
Formed reserves									(8.665.909)	8.665.909	0
Liquidates reserves	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>	<b>30.757</b>	<b>8.780.000</b>	<b>(2.240.406)</b>	<b>33.013.239</b>
<b>Remainder on 30<sup>th</sup> September, 2007</b>											<b>0</b>
Profit (loss) not acknowledged in Profit (Loss) Report										(33.852)	(33.852)
Net profit (loss) of the current period											0
Formed reserves											0
Liquidates reserves	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>	<b>30.757</b>	<b>8.780.000</b>	<b>(2.274.258)</b>	<b>32.979.387</b>
<b>Remainder on 31<sup>st</sup> December, 2007</b>											<b>0</b>
Profit (loss) not acknowledged in Profit (Loss) Report										(5.606.952)	(5.606.952)
Net profit (loss) of the current period								26.499	6.510.000	(6.536.499)	0
Formed reserves								(30.757)	(8.780.000)	8.810.757	0
Liquidates reserves	<b>24.038.990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.403.898</b>	<b>0</b>	<b>26.499</b>	<b>6.510.000</b>	<b>(5.606.952)</b>	<b>27.372.435</b>

Director



Martynas Jasinskas

**Linus, AB**

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

**CONSOLIDATED CURRENCY CIRCULATION REPORT  
OF THE GROUP AND THE COMPANY****2008 09 30**

Formulated according to IFRS, not audited

Current period 01 01 2008 – 30 09 2008

LTL

Run. No.	Articles	THE GROUP		THE COMPANY	
		III quarter of 2008	III quarter of 2007	III quarter of 2008	III quarter of 2007
<b>I.</b>	<b>Primary activity currency circulation</b>				
<b>I.1.</b>	<b>Earnings of report period (including VAT)</b>	<b>11.328.094</b>	<b>44.812.166</b>	<b>11.207.809</b>	<b>737.809</b>
I.1.1.	Earnings from clients	6.380.029	43.483.633	6.259.739	345.201
I.1.2.	Interests of financial assets ruling	289.562	0	289.562	0
I.1.3.	Other earnings	4.658.503	1.328.533	4.658.508	392.608
<b>I.2.</b>	<b>Reporting period payouts</b>	<b>(11.107.122)</b>	<b>(46.960.677)</b>	<b>(10.979.556)</b>	<b>(670.611)</b>
I.2.1.	Payouts to suppliers of products and raw materials (including VAT)	(5.053.036)	(30.076.199)	(5.971.822)	(211.155)
I.2.2.	Monetary payouts related to work relations	(1.408.080)	(15.202.556)	(536.243)	(118.133)
I.2.3.	Taxes paid to budget	(447.961)	(945.588)	(277.794)	(53.671)
I.2.4.	Other payouts	(4.198.045)	(736.334)	(4.193.697)	(287.652)
	<b>Cash circulation of primary activity</b>	<b>220.972</b>	<b>(2.148.511)</b>	<b>228.253</b>	<b>67.198</b>
<b>II.</b>	<b>Currency circulation of investment activity</b>				
II.1.	Procurement of long-term assets (excluding investments)	(125.880)	(3.041.019)	(125.880)	(209.575)
II.2.	Transfer of long-term assets (excluding investments)	0	8700	0	0
II.3.	Procurement of long-term investments	(20.000)	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	(200.000)	(953.850)	(200.000)	(925.000)
II.7.1.	To affiliates companies	0	0	0	0
II.7.2.	To employees of company	0	(28.850)	0	0
II.7.3.	To others third parties	(200.000)	(925.000)	(200.000)	(925.000)
II.8.	Return of loans	230.661	109.527	230.661	808.083
II.8.1.	From affiliates companies	216.411	0	216.411	700.000
II.8.2.	From employees of company	0	1.444	0	0
II.8.3.	From others third parties	14.250	108.083	14.250	108.083
II.9.	Received dividends	0	0	0	0
II.10.	Interests received for sold services	0	0	0	0
II.11.	Other currency circulation increases of investment activities	0	0	0	0
II.12.	Other currency circulation decreases of investment activities	0	0	0	0
	<b>Cash circulation of investment activity</b>	<b>(115.219)</b>	<b>(3.609.692)</b>	<b>(115.219)</b>	<b>(59.542)</b>

Director

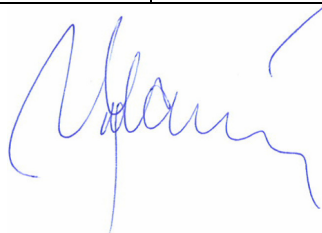


Martynas Jasinskas

**CONSOLIDATED CURRENCY CIRCULATION REPORT  
OF THE GROUP AND THE COMPANY (continuation)**

Run. No.	Articles	THE GROUP		THE COMPANY	
		III quarter of 2008	III quarter of 2007	III quarter of 2008	III quarter of 2007
<b>III.</b>	<b>Currency circulation of financial activity</b>				
<b>III.1.</b>	<b>Currency circulation related to company owners</b>	<b>20.000</b>	<b>(194)</b>	<b>0</b>	<b>(194)</b>
III.1.1.	Emission of shares	20.000	0	0	0
III.1.2.	Owner's 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	(194)	0	(194)
<b>III.2.</b>	<b>Currency circulation related to other financial sources</b>	<b>(66.940)</b>	<b>5.464.653</b>	<b>(66.946)</b>	<b>0</b>
III.2.1.	Increase of financial debts	0	22.942.264	0	0
III.2.1.1.	Receipt of loans from credit institutions	0	22.942.264	0	0
III.2.1.2.	Receipt loans from associated and third parties	0	0	0	0
III.2.1.3.	Influence for loans of change of currency rate	0	0	0	0
III.2.1.4.	Emission of bonds	0	0	0	0
III.2.2.	Reduction of financial debts	(63.572)	(17.477.682)	(63.572)	0
III.2.2.1.	Return of loans to credit institutions	0	(17.381.229)	0	0
III.2.2.2.	Return of loans to associated and third parties	0	0	0	0
III.2.2.3.	Procurement of own bonds	0	0	0	0
III.2.2.4.	Returned interests	(10.754)	(93.283)	(10.754)	0
III.2.2.5.	Leasing (financial rent) payments	(52.818)	(3.170)	(52.818)	0
III.2.2.6.	Influence for loans of change of currency rate	0	0	0	0
III.2.3.	Interests received for bank accounts	108	71	102	0
III.2.4.	Increase or company's other liabilities	0	0	0	0
III.2.5.	Currency buying-selling expenses	(3.476)	0	(3.476)	0
III.2.6.	Reduction of company's other liabilities	0	0	0	0
<b>III.3.</b>	<b>Other increases of currency circulation of financial activity</b>	<b>0</b>	<b>105</b>	<b>0</b>	<b>0</b>
<b>III.4.</b>	<b>Other reduction of currency circulation of financial activity</b>	<b>(515)</b>	<b>(23.758)</b>	<b>0</b>	<b>(44)</b>
	<b>Cash circulation of financial activity</b>	<b>(47.455)</b>	<b>5.440.806</b>	<b>(66.946)</b>	<b>(238)</b>
<b>IV.</b>	<b>Currency circulation of special articles</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V.</b>	<b>Impact of currency exchange rates to cash and equivalent currency reminder</b>	<b>(292)</b>	<b>699</b>	<b>(292)</b>	<b>40</b>
<b>VI.</b>	<b>Net currency circulation increase (reduction)</b>	<b>58.006</b>	<b>(316.698)</b>	<b>45.796</b>	<b>7.458</b>
<b>VII.</b>	<b>Currency and currency equivalents at the beginning of the period</b>	<b>9.105</b>	<b>358.039</b>	<b>9.105</b>	<b>4.686</b>
<b>VIII.</b>	<b>Currency and currency equivalents at the end of the period</b>	<b>67.111</b>	<b>41.341</b>	<b>54.901</b>	<b>12.144</b>

Director



Martynas Jasinskas

**LINAS, AB**  
**EXPLANATORY MEMORANDUM**  
**OF INTERIM FINANCIAL STATEMENT**  
**30<sup>th</sup> of September, 2008**

**1. General**

As of 30<sup>th</sup> of September, 2008, the Linas, AB group of companies (further called as the Group) consisted of holding company Linas, AB (national registration number 1476 89083) and it's affiliated companies Lino aptarnavimas, UAB, national registration number 3017 33535, Lino apdaila, UAB, national registration number 3017 33421 and Lino audiniai, BUAB, national registration number 1485 32327, which is not in control of Company since 14<sup>th</sup> of July, 2008. Administrator of bankrupt took the control of company. All of affiliated companies are registered at address S. Kerbedžio Street 23, Panevėžys.

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 Lino apdaila, UAB is production of textile products. Till 30<sup>th</sup> of September, 2008 Lino aptarnavimas, UAB haven't executed any activity. The Company and its affiliated companies do not have subsidiaries and representatives.

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.

The main incomes of group of companies were received from the activity of textile goods production and selling. During the nine months of 2008 Linas, AB group of companies sold linen textile goods and services for 32.944 thousand LTL. Comparing to the III quarters of 2007 the volume of sales increased by 12.918 thousand LTL or 28,17 percent. During 01-09 months of 2008 the Group was produced: linen and tow yarns – 407 tons (during 01-09 months of 2007 – 891 tons); raw fabrics – 1.969 thousand mtrs (the result of the same period of 2007 – 3.601 thousand mtrs); ready made fabrics – 2.601 thousand mtrs (the result of the same period of 2007 – 3.551 thousand mtrs). 32,68 % of all produced fabrics were used for sewn items during three quarters of 2008 (III quarters of 2007 – 39,7 %). At the moment company exports was 88% of its production.

Bad results of III quarters of 2008 were influenced by unfavorable situation for business – inflation, increasing of costs, slow-down of economy, changing of habits of consumer. Production cost price of the Group increased because of increasing of raw materials costs, of labor force costs and of technological energy. The prices for sold production have not increased because of the usage of textile items slow-down during the economic crisis and because of sharp competition with the textile producers of Asia countries. Because of bankrupt of affiliated company Lino Audiniai, UAB, The Group lost piece of consumers of products. In this explanatory memorandum is only important information, which shows economic operations and events of interim period, which have influence of Group financial position and results of current period.

**2. Accounting policy**

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).

Accounting policy was not changed during the interim accounting period. Interim financial accountability is prepared in accordance the same accounting policy as annual financial accountability.

Accounting policy applicable of the group of companies is more described in explanatory memorandum to the year of 2007 financial accountability.

Preparing Consolidated Interim Financial Statements of for the nine months of 2008 of Linas, AB, data of Lino audiniai, BUAB was not included to Consolidated Balance of the Group, because Linas, AB lost control of Lino audiniai, BUAB, because of Court decision to grant mentioned company the status of becoming bankrupt company. Incomes and expenses of Lino audiniai, BUAB for the I<sup>st</sup> half of a year were included into Consolidated Profit (Loss) Report, appreciate loss (5.738 thousands LTL) of Lino audiniai, BUAB of I<sup>st</sup> half of 2008. Investment (6.301 thousands LTL) to Lino audiniai, BUAB was acknowledged as expenses of financial-investment activity of Linas, AB. The previous year loss of BUAB “Lino audiniai” (829 thousand Lt) is show in the alteration report of consolidated equity capital of Group of companies as the profit which is not recognized in profit (loss) report.

### **3. Notes of the memorandum**

3.1. The information about the situation of Group’s debts for credit institutions is presented in table 1.

3.2. The information about the changes Group’s long-term intangible assets and long-term tangible assets is presented in tables 2 and 3.

3.3. The information about textiles items production business branches and geographical areas segments disclosed in tables 4 and 5.

3.4. The information on Group’s operating expenses (table 6 “Operating expenses”).

3.5. The information on the revenue and expenses of other (non typical) operating of the Group. (table 7 “Other (non typical) activity”).

3.6. Financial and investment activity of the Group, revenue and expenses shown by material items in table “Financial and investment activity” (table 8).

3.7. The monetary assets and liabilities items were converted into LTL at the currency rate of the balance making date.

Table 1

## SITUATION OF DEBTS FOR CREDIT INSTITUTIONS

Run. No.	Debts for credit institutions	30 09 2008		Date of loan return	30 09 2007		Date of loan return
		Amount of loan currency	Amount of loan in LTL		Amount of loan currency	Amount of loan in LTL	
1.	Enterprise debts for credit institutions, payable in LTL		266.241 LTL			1.397.940 LTL	
1.1.			266.241 LTL	2013-05-05		51.454 LTL	2012.05.20
1.2.						1.346.486 LTL	2008.07.12
2.	Enterprise debts for credit institutions, payable in EUR				1.220.618 EUR	4.214.549 LTL	
2.1.					549.640 EUR	1.897.797 LTL	2008.07.01
2.2.					670.978 EUR	2.316.752 LTL	2007.10.01 – 2007.10.29
3.	Iš viso		266.241 LTL		1.220.618 EUR	5.612.489 LTL	

Table 2

## CHANGES OF GROUP LONG-TERM INTANGIBLE ASSETS

Indicators	Development works	Prestige	Patents, licenses	Software	Other intangible assets	Total
Residual value at the end of previous financial year						
a) Procurement cost price of long-term intangible assets						
At the end of previous financial year				0	0	0
Changes of current period				58.059	64.474	122.533
• Procurement of assets				58.059	64.474	122.533
• Assets, transferred to other individuals and discarded +/-(-)						
• Transcription from one article to another +/-(-)						
At the end of current period				58.059	64.474	122.533
b) Amortization						
At the end of previous financial year				0	0	0
Changes of current period				9.677	559	10.236
• Financial year amortization				9.677	559	10.236
• Restorational records (-)						
• Assets, transferred to other individuals and discarded +/-(-)						
• Transcription from one article to another +/-(-)						
At the end of current period				9.677	559	10.236
c) Residual value at the end of current period (a)-(b)				48.382	63.915	112.297

Table 3

## CHANGES OF GROUP LONG-TERM TANGIBLE ASSETS

Litais

Indicators	Land	Investial assets	Machinery and equipment	Means of transport	Other equipment, appliance, instruments	Other tangible assets	Construc tions in progress	Total
<b>Residual value at the end of previous financial year</b>		200.729	0	0	7.703	35.000	0	243.432
<b>a) Procurement cost price of long-term tangible assets</b>								
<b>At the end of previous financial year</b>		205.000	0	0	17.440	35.000	0	257.440
<b>Changes of current period</b>		0	0	300.211	7.129	(16.904)	0	290.436
• Procurement of assets				265.211	7.129	18.096	0	290.436
• Assets, transferred to other individuals and discarded +/-(-)								0
• Transcription to short-term assets +/-(-)								0
• Transcription from one article to another +/-(-)				35.000		(35.000)		0
<b>At the end of current period</b>		205.000	0	300.211	24.569	18.096	0	547.876
<b>b) Revaluation</b>								
<b>At the end of previous financial year</b>								0
<b>Changes of current period</b>								0
• Increase (decrease) of value +/-(-)								0
• Assets, transferred to other individuals and discarded +/-(-)								0
• Transcription from one article to another +/-(-)								0
<b>At the end of current period</b>								0
<b>c) Depreciation (-)</b>								
<b>At the end of previous financial year</b>		4.271	0	0	9.736	0	0	14.007
<b>Changes of current period</b>		7.687	0	16.684	4.814	0	0	29.185
• Depreciation of current period		7.687		16.684	4.814			29.185
• Restorational records								0
• Assets, transferred to other individuals and discarded +/-(-)								0
• Transcription from one article to another +/-(-)								0
<b>At the end of current period</b>		11.958	0	16.684	14.550	0	0	43.192
<b>d) Decrease of value</b>								
<b>At the end of previous financial year</b>								0
<b>Changes of current period</b>								0
• Decrease of value of current period								0
• Restorational records								0
• Assets, transferred to other individuals and discarded +/-(-)								0
• Transcription from one article to another +/-(-)								0
<b>At the end of current period</b>								0
<b>e) Residual value at the end of current period (a) + (b) - (c) - (d)</b>		193.042	0	283.527	10.018	18.096	0	504.683

Table 4

## INFORMATION ABOUT SEGMENTS OF TEXTILE PRODUCTS PRODUCTION BUSINESS

LTL

Indicators	Segments (production, goods, types of activity)										Total	
	Fabrics		Sewn products		Yarns		Other		Production services			
	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007
Income	20.844.097	22.917.084	10.969.786	22.146.229	535.906	266.631	54.427	12.983	138.469	255.195	32.542.685	45.598.122
Expenses	16.735.244	19.325.233	8.821.333	15.232.798	356.695	237.213	25.917	14.144	2.620.435	147.173	28.559.624	34.956.561
Gross profit (losses)	4.108.853	3.591.851	2.148.453	6.913.431	179.211	29.418	28.510	(1.161)	(2.481.966)	108.022	3.983.061	10.641.561
Operating expenses											9.705.554	7.308.517
Profit (losses) on typical activity	4.108.853	3.591.851	2.148.453	6.913.431	179.211	29.418	28.510	(1.161)	(2.481.966)	108.022	(5.722.493)	3.333.044

Table 5

## INFORMATION ABOUT GEOGRAPHICAL SEGMENTS OF TEXTILE ITEMS PRODUCTION

LTL

Indicators	Segments (regions)										Total	
	Scandinavian countries		European countries		USA		Lithuania		Other countries			
	III quarters of 2008	III quarters of 2007	III quarters of 2008.	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007	III quarters of 2008	III quarters of 2007
Income	12.067.884	20.361.499	11.520.719	16.955.303	2.296.783	2.880.995	5.508.774	3.424.509	1.148.525	1.975.816	32.542.685	45.598.122
Expenses	9.558.851	14.240.891	10.760.064	13.551.385	2.740.331	2.752.822	4.762.642	2.862.527	737.736	1.548.936	28.559.624	34.956.561
Gross profit (losses)	2.509.033	6.120.608	760.655	3.403.918	(443.548)	128.173	746.132	561.982	410.789	426.880	3.983.061	10.641.561
Operating expenses											9.705.554	7.308.517
Profit (losses) on typical activity	2.509.033	6.120.608	760.655	3.403.918	(443.548)	128.173	746.132	561.982	410.789	426.880	(5.722.493)	3.333.044



Table 6

OPERATING EXPENSES			
		LTL	
Run. No.	Indicators	III quarters of 2008	III quarters of 2007
<b>1.</b>	<b>Expenses on sales</b>	<b>3.416.960</b>	<b>4.886.740</b>
1.1.	Expenses on commissions	1.320.695	2.004.101
1.2.	Expenses on selling services	557.294	619.159
1.3.	Expenses on fairs and advertisement of production	339.725	371.478
1.4.	Expenses on number of sales sector employees wage and other with employees related expenses	647.724	648.682
1.5.	Expenses on packing of production	424.073	1.013.623
1.6.	Other sales expenses	127.449	229.697
<b>2.</b>	<b>General and administrative expenses</b>	<b>6.288.594</b>	<b>5.737.993</b>
2.1.	Expenses on employees wage and other with employees related expenses	2.337.653	2.638.792
2.2.	Expenses on rent, exploitation and repair	2.390.048	1.634.429
2.3.	Expenses on security services	201.094	237.875
2.4.	Expenses on deterioration and amortization of long-term assets	172.298	248.919
2.5.	Expenses of info technologies	252.138	194.745
2.6.	Connection expenses	61.518	87.442
2.7.	Various other general and administrative expenses	543.536	292.710
2.8.	Expenses of activity of taxes	157.854	85.781
2.9.	Other general and administrative expenses	172.455	205.092
<b>3.</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>9.705.554</b>	<b>10.624.733</b>

Table 7

OTHER (NON TYPICAL) ACTIVITY			
		LTL	
Run. No.	Indicators	III quarters of 2008	III quarters of 2007
<b>1.</b>	<b>Income of other activity</b>	<b>1.355.926</b>	<b>486.966</b>
1.1.	Profit of long-term asset transferring	501	7.347
1.2.	Income or various stocks selling	1.020.901	406.242
1.3.	Income of rent	100.237	54.489
1.4.	Income of services of accounting and personnel hire	17.980	2.387
1.5.	Income of other various non-typical activity	216.307	16.501
<b>2.</b>	<b>Expenses of other activity</b>	<b>897.122</b>	<b>295.762</b>
2.1.	Net costs of sold various stocks	748.902	249.522
2.2.	Net costs of rent	32.800	46.171
2.3.	Expenses on other various non-typical activity	115.420	69
<b>3.</b>	<b>Results of other activity (1)-(2)</b>	<b>458.804</b>	<b>191.204</b>

Table 8

## FINANCIAL AND INVESTMENT ACTIVITY

LTL

Run. No.	Indicators	III quarters of 2008	III quarters of 2007
<b>1.</b>	<b>Income of financial and investment activity</b>	<b>5.780.244</b>	<b>257.266</b>
1.1.	Income of bank interests	513	71
1.2.	Income of fines and delay	708	
1.3.	Income of currency buying-selling	41.420	
1.4.	Profit of investment transferring	0	256.950
1.5.	Income of other financial-investment activity	52	245
1.6.	Evaluation of loss (I <sup>st</sup> half of 2008) of Lino audiniai, BUAB until bankruptcy	5.737.551	
<b>2.</b>	<b>Expenses on financial and investment activity</b>	<b>201.942</b>	<b>104.538</b>
2.1.	Expenses on interests	129.931	60.352
2.2.	Expenses on fines and delay	9.371	220
2.3.	Negative result of changes of currency rate	42.397	20.140
2.4.	Expenses on currency buying-selling	20.221	
2.5.	Expenses on other financial-investment activity	22	23.826
2.6.	Expenses for lost investments to affiliated company Lino audiniai, BUAB	6.300.936	
<b>3.</b>	<b>Result of financial and investment activity</b>	<b>(722.634)</b>	<b>152.728</b>