



Linas, AB

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

2nd of March, 2009

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 twelve months of 2008, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

ENCLOSURE: Linas, AB Interim not audited Consolidated Financial Statements for the year 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 not audited Interim Financial
Statements
for the year 2008**

2008 12 31

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Linās, AB

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

CONSOLIDATED BALANCE OF THE GROUP AND THE COMPANY
31 12 2008

Formulated according to IFRS, not audited

Current period 01 01 2008 – 31 12 2008

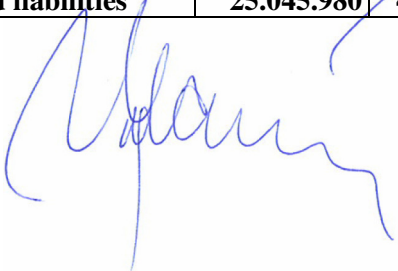
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Run. No.	ASSETS	THE GROUP		THE COMPANY	
		31 12 2008	31 12 2007	31 12 2008	31 12 2007
A.	Long-term assets	6.322.635	13.012.238	6.258.303	23.762.211
I.	Intangible assets	208.389	72.403	208.389	4.474
I.1.	Developmental works	0	0	0	0
I.2.	Prestige	0	0	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	9.130	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.	Constructions in progress	0	0	0	0
II.8.	Other tangible assets	69.091	328.525	3.776	35.000
II.9.	Investial assets	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.	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	5.421.830	5.235.842	5.421.830	17.188.727
III.4.	Other financial assets	0	0	0	0
IV.	Other long-term assets	33.614	549.702	21.957	24.641
IV.1.	Deferred corporation tax assets	33.614	549.702	21.957	24.461
IV.2.	Other long-term assets	0	0	0	0
B.	Short-term assets	18.723.345	33.194.830	18.361.516	9.596.095
I.	Stocks, prepayments and contracts in progress	3.882.420	16.608.747	3.806.821	58.382
I.1.	Stocks	3.219.523	16.326.999	3.272.929	49.395
I.1.1.	Row materials and consumables	1.259.925	2.027.840	1.518.067	49.395
I.1.2.	Work in progress	203.164	8.035.645	0	0
I.1.3.	Finished products	1.756.434	6.263.514	1.754.862	0
I.1.4.	Good purchased for resale	0	0	0	0
I.1.5.	Other stocks	0	0	0	0
I.2.	Prepayments	662.897	281.748	533.892	8.987
I.3.	Contracts in progress	0	0	0	0
II.	Amounts receivable within one year	6.517.676	10.623.855	6.468.952	557.266
II.1.	Trade debtors	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 amounts receivable	1.118.596	937.802	1.118.388	557.266
III.	Other short-term assets	7.696.674	5.841.463	7.696.674	8.971.342
III.1.	Short-term investments	0	0	0	0
III.2.	Term deposits	0	0	0	0
III.3.	Other short-term assets	7.696.674	5.841.463	7.696.674	8.971.342
IV.	Currency and its equivalents	626.575	120.765	389.069	9.105
	Total assets	25.045.980	46.207.068	24.619.819	33.358.306

CONSOLIDATED BALANCE OF THE GROUP AND THE COMPANY (continuation)

Run. No.	PRIVATE ASSETS AND LIABILITIES	THE GROUP		THE COMPANY	
		31 12 2008	31 12 2007	31 12 2008	31 12 2007
C.	Private assets	17.057.824	32.150.232	17.290.857	32.979.387
I.	Capital	24.038.990	24.038.990	24.038.990	24.038.990
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
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.	Profit (loss) brought forward	(15.921.563)	(3.103.413)	(15.688.530)	(2.274.258)
IV.1.	Profit (loss) of period under review	(15.921.563)	526.204	(15.688.530)	(2.274.258)
IV.1.1.	Profit (loss) acknowledged in Profit (Loss) Report	(15.921.563)	526.204	(15.688.530)	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.	Amounts payable and liabilities	7.968.723	14.036.859	7.309.529	378.919
I.	Amounts payable after one year and long-term liabilities	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 liabilities	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 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	9.694	4.549	9.694	0
II.	Amounts payable within one year and short-term liabilities	7.676.455	13.930.852	7.017.261	378.919
II.1.	Short-term portion of long-term debts	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.	Debt for suppliers	4.316.058	7.479.743	5.603.287	96.473
II.4.	Received prepayments	1.154.607	80.955	593.833	15.109
II.5.	Liabilities of income taxes	85.025	0	33.732	0
II.6.	Liabilities related to work relations	1.156.862	2.314.570	234.739	29.798
II.7.	Suspensions	0	0	0	0
II.8.	Other amounts payable and short-term liabilities	827.280	1.086.927	415.047	237.539
	Total proprietary capital and liabilities	25.045.980	46.207.068	24.619.819	33.358.306

Director



Martynas Jasinskas

Linas, AB

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

CONSOLIDATED PROFIT (LOSS) REPORT OF THE GROUP
31 12 2008

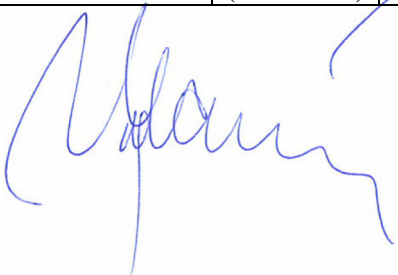
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Current period 01 01 2008 – 31 12 2008

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Run. No.		IV quarter of 2008	IV quarter of 2007	IV th quarter of 2008	IV th quarter of 2007
I.	SALES INCOME	45.160.833	63.999.762	14.162.766	18.401.640
I.1.	Income for sold goods	44.976.002	63.678.277	14.116.404	18.335.350
I.2.	Income for sold services	184.831	321.485	46.362	66.290
II.	SALES COST PRICE	36.366.990	49.280.895	9.351.984	14.324.334
II.1.	Cost price of sold production	29.573.919	49.097.081	5.179.347	14.287.693
II.2.	Cost price of sold services	6.793.071	183.814	4.172.637	36.641
III.	GROSS PROFIT (LOSS)	8.793.843	14.718.867	4.810.782	4.077.306
IV.	OPERATING EXPENSES	14.890.663	14.776.352	5.185.289	4.092.217
IV.1.	Sales	4.466.805	6.971.116	1.113.778	2.084.376
IV.2.	General and administrative	10.423.858	7.805.236	4.071.511	2.007.841
V.	PROFIT (LOSS) OF STANDARD ACTIVITY	(6.096.820)	(57.485)	(374.507)	(14.911)
VI.	OTHER OPERATIONS	738.846	254.955	280.042	63.751
VI.1.	Income	1.658.362	581.957	302.436	94.991
VI.2.	Expenses	919.516	327.002	22.394	31.240
VII.	FINANCIAL AND INVESTMENT ACTIVITY	(10.369.319)	477.869	(10.044.828)	61.650
VII.1.	Income	6.375.873	682.484	194.325	138.153
VII.2.	Expenses	16.745.192	204.615	10.239.153	76.503
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	(15.727.293)	675.339	(10.139.293)	110.490
IX.	EXTRAORDINARY GAIN	0	0	0	0
X.	EXTRAORDINARY LOSSES	0	0	0	0
XI.	PROFIT (LOSS) BEFORE TAXES	(15.727.293)	675.339	(10.139.293)	110.490
XII.	PROFIT TAX	194.270	149.135	0	0
XIII.	PROFIT (LOSS) BEFORE MINORITY PART	(15.727.293)	675.339	(10.139.293)	110.490
XIV.	MINORITY PART	0	0	0	0
XV.	NET PROFIT (LOSS)	(15.921.563)	526.204	(10.139.293)	110.490

Director



Martynas Jasinskas

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PROFIT (LOSS) REPORT OF THE COMPANY
31 12 2008

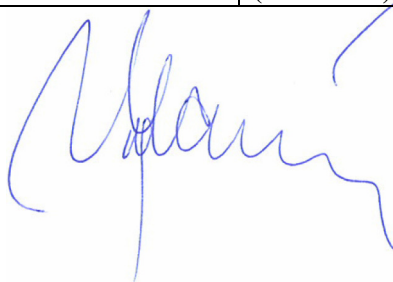
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Run. No.		IV quarter of 2008	IV quarter of 2007	IV th quarter of 2008	IV th quarter of 2007
I.	SALES INCOME	21.659.323	(111)	14.116.551	0
I.1.	Income for sold goods	21.655.372	(111)	14.116.404	0
I.2.	Income for sold services	3.951	0	147	0
II.	SALES COST PRICE	17.082.414	0	11.574.110	0
II.1.	Cost price of sold production	17.082.414	0	11.574.110	0
II.2.	Cost price of sold services	0	0	0	0
III.	GROSS PROFIT (LOSS)	4.576.909	(111)	2.542.441	0
IV.	OPERATING EXPENSES	4.857.269	709.806	2.575.267	256.196
IV.1.	Sales	1.902.045	(3.842)	1.113.778	0
IV.2.	General and administrative	2.955.224	713.648	1.461.489	256.196
V.	PROFIT (LOSS) OF STANDARD ACTIVITY	(280.360)	(709.917)	(32.826)	(256.196)
VI.	OTHER OPERATIONS	358.223	2.660	149.862	2.679
VI.1.	Income	1.063.663	2.730	162.407	2.680
VI.2.	Expenses	705.440	70	12.545	1
VII.	FINANCIAL AND INVESTMENT ACTIVITY	(15.611.759)	1.348.041	(10.043.980)	334.707
VII.1.	Income	960.934	1.348.305	194.172	334.874
VII.2.	Expenses	16.572.693	264	10.238.152	167
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	(15.533.896)	640.784	(9.926.944)	81.190
IX.	EXTRAORDINARY GAIN	0	0	0	0
X.	EXTRAORDINARY LOSSES	0	0	0	0
XI.	PROFIT (LOSS) BEFORE TAXES	(15.533.896)	640.784	(9.926.944)	81.190
XII.	PROFIT TAX	154.634	115.042	0	0
XIII.	PROFIT (LOSS) BEFORE MINORITY PART	(15.533.896)	640.784	(9.926.944)	81.190
XIV.	MINORITY PART	0	0	0	0
XV.	NET PROFIT (LOSS)	(15.688.530)	525.742	(9.926.944)	81.190

Director



Martynas Jasinskas

Linas, AB

National registration number 147689083

S. Kerbedžio str. 23, Panevėžys

REPORT OF OWN CAPITAL CHANGES OF THE GROUP
31 12 2008

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	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		
Remainder on 31st 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
Formed reserves						0		30.757	8.780.000	(8.810.757)	0
Liquidates reserves						(20.345)		(100.000)	(8.945.354)	9.065.699	0
Remainder on 31st 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
Profit (loss) acknowledged in Profit (Loss) Report										(15.921.563)	(15.921.563)
Formed reserves								26.499	6.510.000	(6.536.499)	0
Liquidates reserves								(30.757)	(8.780.000)	8.810.757	0
Remainder on 31st December, 2008	24.038.990	0	0	0	0	2.403.898	0	26.499	6.510.000	(15.921.563)	17.057.824

Director



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Linās, AB

National registration number 147689083

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**REPORT OF OWN CAPITAL CHANGES OF THE COMPANY
31 12 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		
Remainder on 31st December, 2006	24.038.990	0	0	0	0	2.403.898	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								0	(8.665.909)	8.665.909	0
Remainder on 31st 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											
Net profit (loss) of the current period										(15.688.530)	(15.688.530)
Formed reserves								26.499	6.510.000	(6.536.499)	0
Liquidates reserves								(30.757)	(8.780.000)	8.810.757	0
Remainder on 31st December, 2008	24.038.990	0	0	0	0	2.403.898	0	26.499	6.510.000	(15.688.530)	17.290.857

Director

Martynas Jasinskas

Linas, AB

National registration number 147689083

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CONSOLIDATED CURRENCY CIRCULATION REPORT OF THE GROUP AND THE COMPANY

31 12 2008

Formulated according to IFRS, not audited

Current period 01 01 2008 – 31 12 2008

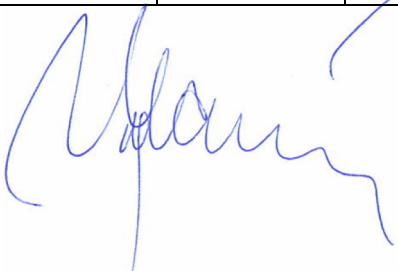
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Run. No.	Articles	THE GROUP		THE COMPANY	
		IV quarter of 2008	IV quarter of 2007	IV th quarter of 2008	IV th quarter of 2007
I.	Primary activity currency circulation				
I.1.	Earnings of report period (including VAT)	28.627.640	64.811.831	28.335.348	410.380
I.1.1.	Earnings from clients	21.870.232	62.599.835	21.581.697	481
I.1.2.	Other earnings	6.757.408	2.211.996	6.753.651	409.899
I.2.	Reporting period payouts	(28.222.011)	(63.828.494)	(28.182.270)	(938.788)
I.2.1.	Payouts to suppliers of products and raw materials (including VAT)	(16.068.788)	(40.976.772)	(20.257.743)	(308.077)
I.2.2.	Monetary payouts related to work relations	(4.618.923)	(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	(6.560.738)	(935.960)	(6.546.063)	(327.625)
	Cash circulation of primary activity	405.629	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.7.1.	To affiliates companies	0	0	0	0
II.7.2.	To employees of company	0	(42.450)	0	0
II.7.3.	To others third parties	(300.000)	(925.000)	(300.000)	(925.000)
II.8.	Return of loans	543.369	114.569	543.369	824.072
II.8.1.	From affiliates companies	216.411	0	216.411	710.947
II.8.2.	From employees of company	0	1.444	0	0
II.8.3.	From others third parties	326.958	113.125	326.958	113.125
II.9.	Received dividends	0	0	0	0
II.10.	Interests received for sold services	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

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

Run. No.	Articles	THE GROUP		THE COMPANY	
		IV quarter of 2008	IV quarter of 2007	IV th quarter of 2008	IV th quarter of 2007
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.	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	(254)	0	(254)
III.2.	Currency circulation related to other financial sources	(51.571)	2.779.152	(51.668)	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 loans from associated and third parties	68.000	0	68.000	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	(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 own bonds	0	0	0	0
III.2.2.4.	Returned interests	(45.824)	(174.004)	(45.824)	0
III.2.2.5.	Leasing (financial rent) payments	(66.462)	0	(66.462)	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	1.167	73	1.070	0
III.2.4.	Increase or company's other liabilities	0	0	0	0
III.2.5.	Currency buying-selling expenses	(8.452)	0	(8.452)	0
III.2.6.	Reduction of company's other liabilities	0	(5.564)	0	0
III.3.	Other increases of currency circulation of financial activity	0	105	0	0
III.4.	Other reduction of currency circulation of financial activity	(234)	(29.277)		(255)
	Cash circulation of financial activity	(51.805)	2.749.726	(51.668)	(509)
IV.	Currency circulation of special articles	0	0	0	0
V.	Impact of currency exchange rates to cash and equivalent currency reminder	(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 period	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, AB
EXPLANATORY MEMORANDUM
OF INTERIM FINANCIAL STATEMENT

31th of December, 2008

1. General

As of 31th of December, 2008, the Linas, AB group of companies (further called as the Group) consisted of holding company Linas, AB (national registration number 1476 89083) and its 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. All of affiliated companies are registered at address S. Kerbedžio Street 23, Panevėžys. 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.

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 30th 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 2008 Linas, AB group of companies sold linen textile goods and services for 45.161 thousand LTL. Comparing to 2007 the volume of sales increased by 18.839 thousand LTL or 29,44 percent.

The size of The Group sales decreased because of decreasing usage of textile products in time of the economic crisis. Not favorable environment for business of textile conditioned very bad results of activity of affiliated company BUAB “Lino audiniai” and bankrupt of this company declared on 14th of July, 2008. The price of raw material, force of labor and technological energy increased in 2008. It called growing the cost price of produced production in the Group, but the price of sold production 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.

During 2008 the Group’s typical activity result was 6.097 thousand Lt Loss and the result of year 2007 was 57 thousand Lt Loss. The Group’s regular activity loss is 15.727 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.

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). 32,68 % of all produced fabrics were used for sewn items during 2008 (2007 – 38 %). At the moment company exports was 86% of its production.

In this explanatory memorandum is shown only significant information, which shows operations and events of current period, which are influential for financial fettle and results of the Group in 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).

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 12 months of year 2008 the incomes (885 thousand LTL) of financial asset management were transferred into expenses of investment activity, expenses of financial asset management – into general expenses. The incomes of financial asset management of year 2007 (1.071 thousand LTL) are transferred into the incomes financial and investment activity to show the comparative base. There were no financial asset expenses in 2007.

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 intermediate financial accountability of 12 months of year 2008. Till the bankrupt of company “Lino audiniai” the earned incomes and sustained losses 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. 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.

More information about the Group’s accounting policy will be indicated in the explanatory letter to the audited financial accountability of year 2008.

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	31 12 2008		Date of loan return	31 12 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		351.197 LTL			1.109.910 LTL	
1.1.			253.980 LTL	05 05 2013		49.060 LTL	20 05 2012
1.2.			97.217 LTL	10 11 2013		1.060.850 LTL	12 07 2008
2.	Enterprise debts for credit institutions, payable in EUR				549.640 EUR	1.897.797 LTL	
2.1.					549.640 EUR	1.897.797 LTL	01 07 2008
3.	Total		351.197 LTL		549.640 EUR	3.007.707 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	0	0	0	0	4.474	4.474
a) Procurement cost price of long-term intangible assets						
At the end of previous financial year	0	0	0	0	4.474	4.474
Changes of current period				138.059	80.000	218.059
• Procurement of assets				138.059	80.000	218.059
• Assets, transferred to other individuals and discarded +/(-)						
• Transcription from one article to another +/(-)						
At the end of current period	0	0	0	138.059	84.474	222.533
b) Amortization						
At the end of previous financial year				0	0	0
Changes of current period				13.305	839	14.144
• Financial year amortization				13.305	839	14.144
• Restorational records (-)						
• Assets, transferred to other individuals and discarded +/(-)						
• Transcription from one article to another +/(-)						
At the end of current period				13.305	839	14.144
c) Residual value at the end of current period (a)-(b)				124.754	83.635	208.389

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
Residual value at the end of previous financial year		200.729	0	0	7.704	35.000	0	243.433
a) Procurement cost price of long-term tangible assets								0
At the end of previous financial year		205.000	0	0	17.440	35.000	0	257.440
Changes of current period		0	9.130	399.213	20.417	34.091	0	462.851
• Procurement of assets				364.213	20.417	69.091	0	462.851
• 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
At the end of current period		205.000	9.130	399.213	37.857	69.091	0	720.291
b) Revaluation								0
At the end of previous financial year								0
Changes of current period								0
• Increase (decrease) of value +/-(-)								0
• Assets, transferred to other individuals and discarded +/-(-)								0
• Transcription from one article to another +/-(-)								0
At the end of current period								0
c) Depreciation (-)								
At the end of previous financial year		4.271	0	0	9.736	0	0	14.007
Changes of current period		10.250	0	30.568	6.664	0	0	47.482
• Depreciation of current period		10.250		30.568	6.664			47.482
• Restorational records								0
• Assets, transferred to other individuals and discarded +/-(-)								0
• Transcription from one article to another +/-(-)								0
At the end of current period		14.521	0	30.568	16.400	0	0	61.489
d) Decrease of value								
At the end of previous financial year								0
Changes of current period								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
At the end of current period								0
e) Residual value at the end of current period (a) + (b) - (c) - (d)		190.479	9.130	368.645	21.457	69.091	0	658.802

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			
	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007
Income	27.643.515	33.563.997	16.693.297	29.696.262	584.763	381.070	54.427	36.948	184.831	321.485	45.160.833	63.999.762
Expenses	17.493.578	28.125.446	11.947.270	20.556.113	120.744	380.799	12.327	34.723	6.793.071	183.814	36.366.990	49.280.895
Gross profit (losses)	10.149.937	5.438.551	4.746.027	9.140.149	464.019	271	42.100	2.225	(6.608.240)	137.671	8.793.843	14.718.867
Operating expenses											14.890.663	14.776.352
Profit (losses) on typical activity	10.149.937	5.438.551	4.746.027	9.140.149	464.019	271	42.100	2.225	(6.608.240)	137.671	(6.096.820)	(57.485)

Table 5

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS OF TEXTILE ITEMS PRODUCTION

LTL

Indicators	Segments (regions)										Total	
	Scandinavian countries		European countries		U.S.A.		Lithuania		Other countries			
	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007	IV quarters of 2008	IV quarters of 2007
Income	17.579.941	27.967.355	16.207.408	23.854.298	3.020.248	3.895.418	6.436.098	4.568.061	1.917.498	3.714.630	45.160.833	63.999.762
Expenses	13.099.844	19.774.727	13.808.126	18.846.018	3.129.340	3.747.122	5.060.960	3.891.502	1.268.720	3.021.526	36.366.990	49.280.895
Gross profit (losses)	4.480.097	8.192.628	2.398.922	5.008.280	(109.092)	148.296	1.375.138	676.559	648.778	693.104	8.793.843	14.718.867
Operating expenses											14.890.663	14.776.352
Profit (losses) on typical activity	4.480.097	8.192.628	2.398.922	5.008.280	(109.092)	148.296	1.375.138	676.559	648.778	693.104	(6.096.820)	(57.485)

Table 6

OPERATING EXPENSES			
		LTL	
Run. No.	Indicators	IV quarters of 2008	IV quarters of 2007
1.	Expenses on sales	4.466.805	6.971.116
1.1.	Expenses on commissions	1.828.915	2.826.941
1.2.	Expenses on selling services	817.072	1.037.999
1.3.	Expenses on fairs and advertisement of production	393.299	546.619
1.4.	Expenses on number of sales sector employees wage and other with employees related expenses	842.515	910.814
1.5.	Expenses on packing of production	424.073	1.310.568
1.6.	Other sales expenses	160.932	338.175
2.	General and administrative expenses	10.423.858	7.805.236
2.1.	Expenses on employees wage and other with employees related expenses	3.821.578	3.661.235
2.2.	Expenses on rent, exploitation and repair	4.556.318	2.330.309
2.3.	Expenses on security services	240.636	317.166
2.4.	Expenses on deterioration and amortization of long-term assets	194.503	331.727
2.5.	Expenses of info technologies	364.962	319.988
2.6.	Connection expenses	96.514	120.545
2.7.	Various other general and administrative expenses	766.632	660.543
2.8.	Expenses of activity of taxes	165.248	136.750
2.9.	Other general and administrative expenses	217.467	(43.017)
3.	TOTAL OPERATING EXPENSES	14.890.663	14.776.352

Table 7

OTHER (NON TYPICAL) ACTIVITY			
		LTL	
Run. No.	Indicators	IV quarters of 2008	IV quarters of 2007
1.	Income of other activity	1.658.362	581.957
1.1.	Profit of long-term asset transferring	501	9.422
1.2.	Income or various stocks selling	1.049.743	469.686
1.3.	Income of rent	102.937	64.434
1.4.	Income of services of accounting and personnel hire	43.564	2.506
1.5.	Income of other various non-typical activity	461.617	35.909
2.	Expenses of other activity	919.516	327.002
2.1.	Net costs of sold various stocks	771.296	284.364
2.2.	Net costs of rent	32.800	42.568
2.3.	Expenses on other various non-typical activity	115.420	70
3.	Results of other activity (1)-(2)	738.846	254.955

Table 8

FINANCIAL AND INVESTMENT ACTIVITY

LTL

Run. No.	Indicators	IV quarters of 2008	IV quarters of 2007
1.	Income of financial and investment activity	6.375.873	682.484
1.1.	Income of bank interests	548.186	422.701
1.2.	Income of fines and delay	708	2.123
1.3.	Income of currency buying-selling	16.745	105
1.4.	Profit of investment transferring	0	256.950
1.5.	Income of other financial-investment activity	72.683	605
1.6.	Evaluation of loss (I st half of 2008) of Lino audiniai, BUAB until bankruptcy	5.737.551	
2.	Expenses on financial and investment activity	16.745.192	204.615
2.1.	Expenses on interests	156.690	170.171
2.2.	Expenses on fines and delay	10.322	575
2.3.	Negative result of changes of currency rate	85.390	4.519
2.4.	Expenses on currency buying-selling	25.702	29.299
2.5.	Loss of transfer of investment	6.300.936	
2.6.	Expenses on reappraisal of loans and investment	8.866.285	
2.7.	Expenses on other financial-investment activity	1.299.867	51
3.	Result of financial and investment activity	(10.369.319)	477.869