



CONFIRMED at
the meeting of the Board by
the protocol No. 6
on 09 April, 2018

„LINAS“ AB
CONSOLIDATED ANNUAL REPORT FOR THE
YEAR 2017

CONFIRMATION BY THE RESPONSIBLE PERSONS

Following Art.22 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 Board of Lithuanian Bank, we, Daiva Minkeviciene, Director of Linas AB, and Gerda Zabarskiene, chief accountant of Linas AB, hereby confirm that to our best knowledge the annual consolidated financial 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 or loss and money flows 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

Daiva Minkeviciene

March 21, 2018

A.V.
Chief accountant Linas AB

March 21, 2018

Gerda Zabarskiene



INDEX

1. Accounting period the annual report is covering.....	2
2. Companies comprising the Company Group and their contact data.	2
3. Principal nature of activity.....	2
4. Contracts with intermediaries of public trading securities.....	2
5. Data on trading in securities of the issuer in regulated markets.....	3
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.....	3
8. References and additional explanatory notes regarding the date provided in the consolidated financial statements.....	5
9. Important events after the end of the preceding financial year.	5
10. Operating plans and forecasts of the Company Group.....	5
11. Information about research and development activities of the Company Group.....	5
12. Environment control.	5
14. Main features of internal control and risk management systems of Group of companies in relation with consolidated financial reports preparation.	6
15. Information about branches and representative offices of the Company.....	6
16. Issuer's structure of authorised capital and encumbrances for transfer/disposal of said securities.	6
17. Information about the own shares acquired and held by the Company and the Group and the same acquired and transferred during the reporting period.	7
18. Shareholders.	7
19. Employees.	8
20. Procedure for amendment of the Articles of association of the Issuer.	9
21. Management bodies of the Issuer.....	9
22. Data about the Supervisory Council members, Board members, Audit committee members and administration of the Company.	12
23. 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.....	13
24. 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.	14
25. Information on the significant transactions between related parties.....	14
26. Information about signed bad contracts (which are not corresponding the goals, present common market conditions, breaking the interest of shareholders or interest of other persons, etc.) of the company in the name of inssuer during the accounting period, which had or in future will have negative influence on the activity of issuer and (or) activity results, also the information about the contracts which were signed during the conflicts between issuer managers, controlling shareholders or other related parties obligations for issuer and their private interest and (or) other obligations.....	14
27. Information on the compliance with the corporate governance code.....	14
28. Data about publicly disclosed information.....	14

1. Accounting period the annual report is covering.

The AB „Linias“ consolidated annual report has been prepared for the year 2017.

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

Name	AB „Linias“ (hereinafter the Company)
Authorised (share) capital	6 971 307,10 Eur
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	003429
Date and place of re-registration	September 9, 2004, Register of Legal Persons, Registration Certificate No. 003429.
Company code	1476 89083
VAT code	LT476890811
Legal Entity Identifier (LEI) code	52990054JBNAT4BLVY62

Principal subsidiary data

Name	UAB „Lino apdaila“
Authorised (share) capital	2 896 Eur
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, 2017 the Group of companies was comprised of AB “Linias” and its subsidiary company UAB “Lino apdaila”. AB “Linias” holds 100% shares of the subsidiary company. The activity of AB “Linias” is sales of linen textile items; other activity of AB “Linias” - management of financial asset (shares and granted loans), supply of the thermal energy, rental of property. The activity of the textile products production is carried out at the subsidiary company UAB „Lino apdaila“.

4. Contracts with intermediaries of public trading securities.

On January 24, 2018 AB “Linias” has signed the service contract with the AB SEB Bank (company code 112021238, Gedimino avenue. 12, Vilnius) regarding the management of company’s stock accounting.

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 6 971 307,10 Eur 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:

Credit:

- Customers solvency.

The Group is seeking to control the influence of credit risk insuring the major of its customers at international insurance company, applying safe settlement forms, asking for property guarantees or the sponsorship of third parties.

Economic and political:

- Increase in supply of Asian textile products and dumping.
- Cyclicity of demand for linen products.
- Seasonality: less demand in winter.
- Rise of prices for energy resources.
- Rise of prices for raw materials.
- Passive policy of the Lithuanian state in regard of foreign investment and local exporters.

The Group is developing and improving marketing and production spheres, reacting to customers needs, searching for new markets, assortment possibilities, taking place in the projects which are supplied by Lithuanian Republic or European Union.

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.

The Group is investing into the obtaining of progressive equipment, renewing of old equipment and proper maintenance in order to increase production efficiency and productivity.

During 2017 the AB "Linus" Company Group sold products and services for 12,83 million Eur. Compared to the results of 2016 the incomes of sales decreased 0,214 million Eur or by 1,64 %.

Item	Unit	2017	2016
Sales	Thou. Eur	12 831	13 045
Profit before taxes	Thou. Eur	469	756

The main cause for significant 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 following full liberalisation of trade in textile products and lifting all quantitative

restrictions on import of textile products. Large influence had also general and constant price increase for raw materials (linen and cotton). There is also a striking trend: small orders account for an increasing share of all sales, resulting in an increase in the cost of production.

The reconstruction of structure of Group of companies and the flexibility allowed the Group to keep current customers and to attract the new ones during year 2017. Further the Group orients to high value added production acc. to the individual orders of the customers, does sewing services.

7. Analysis of financial and non-financial performance.

Indicators	Group 2017	Group 2016
Net profitability (net profit/sales * 100)	3,03	4,98
Return on equity ROE (net profit/equity)	0,05	0,09
Debt ratio (liabilities/assets)	0,25	0,30
Turnability of assets (sales/assets)	1,24	1,24
Book value of shares (equity/number of shares)	0,32	0,31
Net profit (loss) (thou. Eur)	388	649
EBITDA (mln. Eur)	0,73	0,99
Profit per share	0,02	0,03
Lowest share price (Eur)	0,060	0,079
Highest share price (Eur)	0,098	0,105
Closing price (Eur)	0,084	0,098
Capitalisation (mln. Eur)	2,02	2,36

The range pf the pure linen fabrics accounted for 72,1 % of the total products produced in 2017 (in 2016 – 70,4 %). In 2017 33,5 % of the total fabrics produced were used for sewing articles (in 2016 – 38,0 %).

In 2017 the Company Group had 469 thou. Eur profit before taxes, and taking into account the taxes the net profit of the Group was 388 thou. Eur. On 2016 the net profit of the Group was 649 thou. Eur.

Export (out of Lithuania borders) volumes during year 2017 made 82,5 % of all sold production. Geographically the export distribution is as follows: Spain – 17,9 %, Sweden – 14,3 %, Japan – 6,6 %, Finland – 5,7 %, Latvia – 5,4 %, Great Britain – 5,4 %, Denmark – 4,5 %, other countries – 22,7 %. The products were sold in Estonia, France, USA, Belgium, South Korea, Germany, Holland, Australia, Poland, New Zealand, Italy, Norway, and other countries. 17,5 % of all sold production was sold in Lithuania during 2017.

We participated in 5 specialized textile exhibitions: in Germany and in France.

During 2017 it was bought 42 tons of cotton yarns from the Lithuanian and Poland suppliers. During 2017 it was purchased 248 tons on linen yarn, 62 % of which was purchased from the Lithuanian suppliers, 20 % from Chinese suppliers and 18 % from Italy, Poland and Belgium suppliers.

1 348 thousand m of raw fabric was bought in 2017, 99 % of it – from Belarus.

2017-12-31 Group had 663 thou. Eur debts to the banks. On 2017-12-31 the sum of AB “Linās” granted loans with interests made 1,28 mln. Eur.

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 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 „Audito sprendimai“ selected via the bidding procedure. The audit was performed by auditor Rita Matulienė (Auditor certificate No.000375). Gerda Zabarskiene is started to work as the Company's Chief accountant from 2018-03-01.

10. Operating plans and forecasts of the Company Group.

In 2018 the Group of Linas, AB plans to supply 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 and activity costs, buying cheaper raw materials.

It is planned to give about 0,3 mln Eur for the obtaining of technological equipment and renovations during year 2018.

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. Environment control.

The items, which are produced by AB „Linas“ Group of companies, are ecological, non-waste product which is not making harmful effect for nature and ecologic. The Group is working acc.to internationally acknowledged quality requirements corresponding to OEKO-TEX 100 standard.

AB “Linas” Group of the Companies is executing it's activity acc.to BAPM (the best accessible production methods) requirements. The Group constantly observe its indicators, executing water taking, sewage and air pollution monitoring, planning and implementing investments, which allow to decrease production and activity expenses and energetic costs and improve environmental control of the Group.

Pollution characteristic of year 2017:

1.Wastes (including composite communal)	97,87 tons
2.Outflow (production)	32 thousand m ³

Expenses for environment control during year 2017:

1.Taxes for atmosphere pollution (mobile resources)	- 84 Eur
2.Tax for outflow (production)	-26 846 Eur
(for production outflow passing to AB “Aukštaitijos vandenys”)	

All secondary wastes which form in the company – glass, metal, packages of paper and carton, plastic packages and others – are being sorted and passed to the waste administering companies acc.to the signed contracts.

The possibility to limit company's activity or to stop it regarding the influence on the surrounding is very small.

13. 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.

14. Main features of internal control and risk management systems of Group of companies in relation with consolidated financial reports preparation.

The audit committee is supervising the preparation of consolidated financial reports, management systems of internal control and financial risk, observation law regulations which regulate preparation of consolidated financial reports.

The application of internal control measures of the Group are indicated by separate orders of the manager, other internal documents. The managers of the Group, through the long job experience, know very well the specific of the activity and risk fields. All this allows to implement sufficient level internal control system in the company.

Financial reports of the Group are prepared acc.to International financial accountability standards (TFAS) confirmed by EU. The same internal control organization and accounting principles are applied for all companies of the Group. When preparing these consolidated financial reports, all inter operation between the Group and balance remainders of the accounts and unrealized profit (losses) from the contracts between the Group of companies are being eliminated.

Responsible accounting employees constantly checking International financial accounting standards (TFAS), analyzing contracts which are significant for the activity of the company and the Group, ensuring timely and correct processing of collected information and its preparation for financial accountability.

15. Information about branches and representative offices of the Company.

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

16. 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 6 971 307,10 Eur.

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

Type of shares	Number of shares	Nominal value (Eur)	Total nominal value	Percentage in the authorised capital
Ordinary registered shares	24 038 990	0,29	6 971 307,10	100,00
Total:	24 038 990	-	6 971 307,10	100,00

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

The shares of the Company present the same property and non-property rights and liabilities according to the indications of Joint Stock Company's law.

17. 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.

18. Shareholders.

The total number of shareholder of the AB „Linus“ as for December 31, 2017 was 938.

The shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2017 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
Association "EEEE", Savanoriu pr. 192, Kaunas, code in the Register of Enterprises 302572729	5 564 579	23,15%	23,15%	23,15%
Roocero Associated Limited, 35 Barrack Road, Belize City, Belize, code in the Register of Enterprises 106446	5 406 533	22,49%	22,49%	22,49%
Danelika Services Limited, 3 Michael Koutsofta street, Limassol, Cyprus, code in the Register of Enterprises HE289213	4 156 585	17,29%	17,29%	17,29%
„Rivena“, UAB, P.Zadeikos g. 13-35, Vilnius, code in the Register of Enterprises 302521510	2 423 030	10,08%	10,08%	10,08%

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.

19. Employees.

The average listed number of employees in AB „Linus“ Group of companies was 157 employees on year 2017. On 2016 this average was 155. During the year the average number of employees increased by 2 or 1,3%. The number of employees has remained stable.

Employees	2017		2016	
	Average conditional number of employees	Average salary/wage, Eur	Average conditional number of employees	Average salary/wage, Eur
Management personnel	9	1388,6	8	1236,0
Specialists and clerks	37	890,6	37	828,7
Workers	98	581,1	90	561,9
Total	144	711,1	135	675,0

The salary for the group's employees was paid acc.to the regulations of Lithuanian Republic Labour codex and juridical acts implementing those regulations, to the confirmed labour payment regulations, to the employees' work and safety acts and other Lithuanian Republic juridical acts.. Average calculated wage in 2017 was 711,1 Eur and compared to 2016 increased by 5,35 % (in 2016 – 675,0 Eur).

AB “Linus” Group of companies employees acc.to the education on 2017-12-31:

Employees education	Number of employees
Higher university education	42
Higher college education	10
Further education	25
Special secondary (professional) education	59
Secondary education	20
Totally:	156

The Collective Agreement in AB “Linus” Group of companies indicates:

1. One-off ir retrievable pay is paid:

-when employee of the company dies and the family of employee grows children (adoptee) 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 (adoptee) 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.

20. 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.

21. Management bodies of the Issuer

As determined by the Articles of Association of the AB “Linās” the management bodies of the Company are:

- General meeting of shareholders;
- Supervisory Council of AB „Linās“;
- The Board of the AB “Linās”;
- Head (Director) of the AB “Linās”.

The Supervisory Council shall not be formed.

General meeting of the shareholders is the highest body of the company.

Only General meeting of the shareholders has the right to:

- change the regulations of the company, except the exceptions indicated by Joint Stock Company’s law of Lithuanian Republic;
- to elect and revoke members of the Supervisory Council;
- to elect and revoke a certified auditor or audit firm intended to carry out an audit of a set of annual financial statements, to establish terms and conditions of payment for audit services;
- to approve the set of annual financial statements;
- to confirm the set of intermediate financial reports which is done in order to achieve the decision regarding the pay of dividends for the period shorter than financial year;
- to make a resolution on allocation of dividends for a period of less than a financial year;
- to take the decision to increase the authorized capital;
- to indicate the shares class, number and nominal value of issued company’s shares and the minimal price of the emission;
- to take the decision to cancel the priority right to all shareholders to obtain company’s shares of concrete emission or convertible bonds;
- to take the decision to decrease authorized capital, except the exceptions indicated in Joint Stock Company’s law of Lithuanian Republic;
- to take the decision to issue convertible bonds;
- to take the decision to convert company’s one class shares into the other class, to confirm the order of shares convert;
- to take the decision to obtain own shares for the Company;
- to take the decision to liquidate the company, to cancel the liquidation of the company, except the cases indicated in Joint Stock Company’s law of Lithuanian Republic;
- to elect and to cancel company’s liquidator, except the cases indicated in Joint Stock Company’s law of Lithuanian Republic;
- to take the decision regarding company’s reorganization or separation and to confirm the conditions of reorganization or separation;
- to take the decision to reorganize the company;

- to take the decision to shake-up the company;
- to take the decision regarding the allotment of profit (loss);
- to take the decision regarding the reserves making, using, decreasing or cancelling.

General Meeting of shareholders can also solve other questions, which are not attributed to the competence of other company's bodies according to Joint Stock Company's law of Lithuanian Republic, and if they are not the function of other managing bodies.

The call order of General meeting of shareholders of the company doesn't differ from the order indicated in Joint Stock Company's law of Lithuanian Republic.

The Supervisory Council is a Collegial Body supervising company's activities. The Supervisory Council is headed by a chairman. The Supervisory Council shall be composed of 3 members. The Supervisory Council shall be elected and revoked by the general shareholders' meeting. The procedure of election and revocation of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania.

The Supervisory Council shall be appointed for a four-year period. The Supervisory Council shall perform its functions within the period fixed in the Articles of Association or until a new Supervisory Council is elected, but not longer than until the ordinary general shareholders' meeting that is held in the year of expiry of cadence of the Supervisory Council. Number of cadences of a member of the Supervisory Council is not limited. The Supervisory Council shall elect a chairman of the Supervisory Council of its members.

The members of the Supervisory Council for their activity can get the bonuses acc.to the order indicated in the article No.59 of the law of Stock Companies. Competence and decision-making of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania.

The order of call of the Supervisor's Meeting, voting in the Meeting of the Supervisor's Council and acceptance of decisions is not differ from the one which is indicated in the law of stock companies of Lithuania Republic. The meetings of the Supervisory Council should be recorded.

The procedure of work of the Supervisory Council shall be established by the rules of procedure adopted by the Supervisory Council.

The Board is the collegial management body of the company. The Board is elected by Supervisory Council according to the order indicated in Joint Stock Company's law of Lithuanian Republic. If single members of the Board are elected, so they are elected only up to the end of existing Board cadence. The Board consists of 3 members for 4 years. The chief of the Board is elected by the Board from its members. The working order of the Board is indicated in the accepted work regulation of the Board.

Supervisory Council can cancel all the Board or its single members if there cadence is still not over. The member of Board can resign from his post even if the cadence is still not over and to inform the company in written not later 14 days.

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:

- Activity strategy of the Company;
- Activity report of the Company;
- 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 regarding the buying of long-term asset, investment, transfer, lease, mortgage and hypotec;
- Decisions regarding the sponson or guarantee of liabilities execution of other ;
- Decisions regarding the support providing;
- 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;
- A project of a set of company's annual and interim financial statements as well as a project of distribution of profit (losses) and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the annual report of the company;
- A project of allocation of dividends for the period of less than a financial year and a set of interim financial statements submitted for its approval, and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the interim report of the company.

The competence of company's director, the order of his election or cancelation is not differ from the order indicated in Joint Stock Company's law of Lithuanian Republic.

Director of the company:

- organizes daily activity of the company, hires or fires employees, makes and terminates job contracts with them, motivates employees or signs penalties for them;
- acts in the name of the company and has the right to sign contracts autocratically;
- has to secure company's commercial (production) secrets which he knew being at this post;
- represents the company at the court, in relationships with other juridical and physical persons;
- presents the authorization to other persons to execute ions which are at his competence;
- perform other functions established by the laws, other regulations of the Republic of Lithuania as well as by company's Articles of Association and job descriptions.

Director of the company is responsible for:

- organization of company's activity and execution of its goals;
- preparation of the set of annual financial statements and the annual report of the company;
- preparation of a resolution on the project of allocation of dividends for the period of less than a financial year, preparation of the set of interim financial statements and the interim report intended to adopt the resolution on the project of allocation of dividends for the period of less than a financial year;

- conclusion of an agreement with an auditor or an audit firm;
- presentation of information and documents for General Meeting of shareholders, for the Supervisory Council, for the Board, in the cases indicated in Joint Stock Company's law of Lithuanian Republic or according to their request;
- presentation of company's documents and data to the manager of juridical persons register;
- presentation of company's documents to the Securities Commission and to Central Security Depository of Lithuania;
- public announcement of information, indicated in Joint Stock Company's law of Lithuanian Republic, in newspaper "Lietuvos rytas";
- presentation of information to shareholders;
- presentation of all necessary documents which are indicated in the contract with an auditor or an audit company for concrete inspection;
- other post execution indicated in Joint Stock Company's law of Lithuanian Republic and other laws and regulations, also in regulations of the company and in job description of company's manager.

According to the decision of General meeting of Shareholders the Audit committee is formed at AB „Linus“. Company's Audit committee consists of three members, two of which should be independent. General Meeting of shareholders elect or cancel members of Audit committee according to the offer of company's Board. The cadence period of audit committee – four years. Continuous cadence period of the member of Audit committee could not be longer than twelve years.

Main duties of Audit committee:

- to present recommendations to company's Supervisory Council in relation with selection, nomination, repeated nomination and cancellation of external audit company and to present the contract conditions with audit company;
- to watch the execution process of external audit;
- to watch how external auditor keeps to the principles of objectivity and independence;
- to watch the preparation process of company's financial reports;
- to watch the system effectiveness of Company's internal control, risk management and internal audit, if it is working in the company;
- to execute other functions indicated in Lithuanian Republic laws and to keep to provided recommendations of management codex of companies listed at Vilnius NASDAQ OMX.

22. Data about the Supervisory Council members, Board members, Audit committee members and administration of the Company.

VILITA SKERSIENE – Chairman of the Supervisory Council. Head of the Marketing Division of the Company. UAB "Lino apdaila" director. Does not hold shares of the Company.

VIRGINIJUS KUNDROTAS – independent member of the Supervisory Council. Director of UAB "Integral Leadership Initiatives" (company code 302339130, M. Sederavičiaus St. 11, Kaunas). Head of Baltic Management Development Association (company code 135963288, E.Ožėškienės St. 18, Kaunas). Does not hold shares of the Company.

DARIUS KAZLAUSKAS – independent member of the Supervisory Council. Commercial Director of UAB "Parnidis" (company code 300080024, Kampo g. 25-40, Kaunas). Does not hold shares of the Company.

Members of the Supervisory Council were elected on May 16, 2017 by the General meeting of shareholders for four periods in office.

DAIVA MINKEVICIENE – Chairman of the Board and head of administration of the Company – The Director since 08-07-2016. Does not hold shares of the Company.

REGINA VAIGINIENĖ – member of the Board. The company's senior Accountant – Economist. Does not hold shares of the Company.

LILIJÀ POVILONIENĖ– member of the Board. Company accountant. Does not hold shares of the Company.

Members of the Board were elected on July 08, 2017 by the Supervisory Council for four periods in office.

AUSRA SILINYTĖ – chief of accountant of the Company from 01-08-2016 to 28-02-2018. Does not hold shares of the Company.

GERDA ZABARSKIENĖ – Since 01-03-2018 chief of accountant of the Company. Does not hold shares of the Company.

The members of the management bodies of the AB „Linās“ 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 Supervisory Council, the Board and head of administration (head of administration of the Company and chief of accountant of the Company):

Indicator	Salary for 2017 (Eur)	Payment from profit for 2017 (Eur)	Other payments from profit (Eur)	Total (Eur)
Average per member of the Supervisory Council	-	-	-	-
Total for all members of the Supervisory Council	-	-	-	-
Average per member of the Board	-	-	-	-
Total for all members of the Board	-	-	-	-
Average per member of administration	30 011	-	-	30 011
Total for all members of administration	60 023	-	-	60 023

Members of Audit committee were elected for four years cadence during General meeting of shareholders on November 09, 2017. Authorizations are granted to the members of Audit committee and their executing functions are according to regulations of Audit committee.

LINA LIESYTĖ – member of Audit committee. Senior accountant of AB “Linās” since year 2008. Does not hold shares of the Company.

JUSTINA RYSKIENĖ – independent member of Audit committee, chief of accountant of company UAB „Skailita“ since year 2013. Does not hold shares of the Company.

INGA MIKENIENĖ – independent member of Audit committee, chief of accountant of company UAB „Electric Box“ since year 2005. Does not hold shares of the Company.

23. 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.

24. 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.

25. Information on the significant transactions between related parties.

Information on the transactions between the related parties is provided in section 4.24 of the explanatory notes to the financial statements.

26. Information about signed bad contracts (which are not corresponding the goals, present common market conditions, breaking the interest of shareholders or interest of other persons, etc.) of the company in the name of issuer during the accounting period, which had or in future will have negative influence on the activity of issuer and (or) activity results, also the information about the contracts which were signed during the conflicts between issuer managers, controlling shareholders or other related parties obligations for issuer and their private interest and (or) other obligations.

None.

27. Information on the compliance with the corporate governance code.

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

28. Data about publicly disclosed information.

During January – December of year 2017 the Company announced following essential events:

2017-02-03 Regarding the director's decision of Bank of the Republic of Lithuania Supervision office;

2017-02-28 Regarding the resignation of the Board Chairman from the ordinary General Meeting of shareholders;

2017-04-03 AB "Linās" the Ordinary General Meeting of Shareholders convocation;

2017-04-07 Draft Resolutions of the Annual General Meeting of Shareholders;

2017-04-28 AB "Linās" General Meeting of Shareholders didn't take place. Repeated General Meeting of Shareholders will be held on May 16, 2017;

2017-04-28 Draft Resolutions of the Repeated Annual General Meeting of Shareholders of AB "Linās";

2017-05-16 Resolutions of Repeated Annual General Meeting of Shareholders;

2017-06-16 A new wording of the By-Laws is registered;

2017-07-19 The Board and the Chairman of the Board of Linās have been elected;

2017-09-29 Activity results of six months of year 2017 of company AB "Linās" and Group of companies. AB "Linās" not audited consolidated interim information of six months of year 2017;

2017-09-27 Regarding the announcement of intermediate information;

2017-10-02 AB "Linās" the Extraordinary General Meeting of Shareholders convocation;

2017-10-11 Draft Resolutions of the Extraordinary General Meeting of Shareholders;

2017-10-24 AB "Linās" General Meeting of Shareholders didn't take place. Repeated General Meeting of Shareholders will be held on November 09, 2017;

2017-10-24 Draft Resolutions of the Repeated Extraordinary General Meeting of Shareholders;

2017-11-09 Resolutions of Repeated Extraordinary General Meeting of Shareholders;
2017-11-09 On 2017-11-09 AB „Linas“ Audit Committee was elected;
2017-11-30 Activity results of nine months of year 2017 of company AB „Linas“ and Group of companies. AB „Linas“ not audited consolidated interim information of nine months of year 2017.

All information on material events made public during 2017 is available on the AB „Linas“ webpage www.linas.lt.

Director



Daiva Minkeviciene

Corporate Governance Reporting Form

The public limited liability company „Linus“ (hereinafter referred to as the “**Company**”), acting in compliance with Article 21 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, hereby discloses how it complies with the Corporate Governance Code for the listed NASDAQ OMX Vilnius as well as its specific provision or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

Summary of the Corporate Governance Report:

According to the By-Laws, the governing bodies of the Company are the General Shareholder's Meeting, the Supervisory Council, the Board and CEO. The Supervisory Council and the Board represents the shareholders, the Supervisory Council performs supervision functions and the Board performs control functions. The Supervisory Council consists of three members elected for the term of four year, the two of who is independent. The Board consists of three members elected for the term of four years Audit committee is formed in the company which is appointed and cancelled by general meeting of shareholders. Audit committee is formed from three members the two of who is independent. The cadence period of Audit committee is four years. The Board elects and recalls CEO of the Company, sets his/her remuneration and other conditions of the employment agreement.

Structured table for disclosure

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions		
<i>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</i>		
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.linus.lt and in the reports of NASDAQ OMX Vilnius.
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 governing bodies (the Supervisory Council, the Board and the head of the Company) co-operate when dealing with issues of importance to the activity of the Company, at same time, in view of seeking the best benefit for Company and its shareholders.
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		
<i>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.</i>		
2.1. Besides obligatory bodies provided for in the Law	YES	The Company fully complies with this recommendation,

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.		as its bodies consist of the single-person managing body (the head of the Company), the collegial managing body (the management board) and the supervisory body (the council of observers).
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	The management board is responsible for strategic management of the Company and carries out other essential managerial functions in the Company. The Supervisory Council is responsible for the efficient supervision of the managing bodies of 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.	Not applicable	Both the Supervisory Council and the Board are formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders’ meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	YES	
2.5. Company’s management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	YES	Company’s Board is made of 3 members. The Supervisory Council of Company consists of 3 members, the two of who is independent. This is set forth in the Articles of Association of the Company. The Articles of Association shall be approved by the supreme managing body of the Company, i.e., the general meeting of shareholders.
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.	YES	In accordance with Articles of Association of the Company, the Supervisory Council shall be elected by the general meeting of shareholders for the maximum period of 4 years. The general meeting of shareholders is entitled to revoke all or individual members of the Supervisory Council before expiration of their tenure.
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	The chairperson of the Supervisory Council, as formed in the Company, has not been the head of the Company.

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.

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 Supervisory Council members publicly available; voting mechanism shall be employed to implement those references. Members of collegial body of the Company not are remunerated off 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 desired composition of the collegial body shall be determined 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. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	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	YES	The Supervisory Council of Company consists of 3 members, the two of who is independent.

members.		
<p>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> <p>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;</p> <p>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;</p> <p>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);</p> <p>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);</p> <p>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 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>	YES	Independent members of the company's Supervisory Council meet these independence criteria.

<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>		
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.	NO	The Company has not defined the concept of independence
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.	NO	The Company has not applied so far the practice of evaluation and announcement of independence of the members of the Supervisory Council.
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 has not applied so far the practice of evaluation and announcement of independence of the members of the Supervisory Council.
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><i>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.</i></p>		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle	YES	The Supervisory Council makes recommendations to the managing bodies of the Company and monitors their

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.		activities.
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	To the best knowledge of the Company, all members of the Supervisory Council act in a good will in respect of the Company, comply with the interests of the Company (not those of third parties) and takes efforts to maintain independence in decision making.
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	Members of the collegial body properly perform the functions delegated to them: actively participate at the sitting of the collegial body and devote sufficient time for the performance of their duties as the members of the collegial body.
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 members of the collegial body 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 NASDAQ OMX Vilnius.
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	YES	The collegial body is independent in making decision important for the activities and strategy of the Company. Also, there are no restrictions for the collegial body to receive information of the Company's employees.

<p>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. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.</p>		
<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>	YES/NO	<p>An Audit committee is formed in the Company and is responsible for issues related to the company's audit control and evaluation and is not responsible for issues related to the company's directors and the nomination of director's remuneration determination. The functions of the recommended nomination and remuneration committees are transferred to the Board of the Company.</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 exercise independent judgement and integrity when exercising its functions as well as 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>	YES/NO	<p>Nomination and remuneration committees are not formed in the company. The execution of the mentioned committees functions are discussed in comment 4.7. The audit committee is formed in the company.</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 committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	YES/NO	<p>Nomination and remuneration committees are not formed in the company. The execution of the mentioned committees functions are discussed in comment 4.7. Audit committee is formed from 3 members, the 2 of who is independent.</p>
<p>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.</p>	YES/NO	<p>Nomination and remuneration committees are not formed in the company. The execution of the mentioned committees functions are discussed in comment 4.7. The General Meeting of Shareholders has established the authority of the Audit Committee in the Audit Committee's approved regulations.</p>
<p>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.</p>	YES/NO	<p>Nomination and salaries committees are not formed in the company. The execution of the mentioned committees functions are discussed in comment 4.7. The audit committee is formed in the company.</p>
<p>4.12. Nomination Committee. 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 	NO	<p>Nomination and salaries committees are not formed in the company. The execution of the mentioned committees functions are discussed in comment 4.7.</p>

<p>necessary changes;</p> <ul style="list-style-type: none"> • 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>		
<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; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • 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 and members of the management bodies on the level and structure of remuneration for senior 	NO	<p>Nomination and salaries committees are not formed in the company. The execution of the mentioned committees functions are discussed in comment 4.7.</p>

<p>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>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.</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 	YES	The Company has formed an audit committee whose main functions are in line with these recommendations.

<p>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 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</p>		
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<p>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>		
<p>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.</p>	NO	Such practice has not been applied in the Company.
<p><i>Principle V: The working procedure of the company's collegial bodies</i></p> <p><i>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.</i></p>		
<p>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.</p>	YES	
<p>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.</p>	YES	Meetings of the collegial bodies of the Company are held at such intervals as are necessary to ensure uninterrupted tackling of essential issues relating to the management and supervisory of activity of the Company.

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.	YES	
Principle VI: The equitable treatment of shareholders and shareholder rights <i>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.</i>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	YES/NO	Shareholders of the company presented the right to the Board to solve regarding company's property transfer, investment, mortgage or other difficulty.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	

6.5. If it is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages 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 Lithuanian, 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 by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, 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.
Principle VII: The avoidance of conflicts of interest and their disclosure <i>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.</i>		
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><i>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.</i></p>		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	The company, acc.to the order indicated by the law, announces in the periodical statements only the total salary sum of the company's head and board. The company keeps to the principle that payments related to job is not public announced and confidential information.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	Not applicable	See comment 8.1.
8.3. Remuneration statement should leastwise include the following information: <ul style="list-style-type: none"> • 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; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to 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; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding 	Not applicable	See comment 8.1.

<p>retention of shares after vesting, as referred to in point 8.15 of this Code;</p> <ul style="list-style-type: none"> • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information. 		
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>

<p>8.5. 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 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. 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>8.5.2. 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>8.5.3. 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>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report 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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8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Not applicable	See comment 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Not applicable	See comment 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Not applicable	See comment 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	Not applicable	See comment 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Not applicable	See comment 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Not applicable	See comment 8.1.
8.12. 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.
8.13. Shares should not vest for at least three years after their award.	Not applicable	See comment 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	Not applicable	See comment 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	See comment 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	See comment 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	See comment 8.1.

8.18. 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.
8.19. 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.
8.20. 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 schemes are not applied in the company.
8.21. 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 schemes are not applied in the company.
8.22. Provisions of Articles 8.19 and 8.20 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 schemes are not applied in the company.

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, 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 schemes are not applied in the company.
Principle IX: The role of stakeholders in corporate governance <i>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.</i>		
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 <i>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.</i>		
10.1. The company should disclose information on: <ul style="list-style-type: none"> • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other 	YES/NO	Company discloses the information which is not confidential. Company keeps to the principle that the payments related to job are not public announced and confidential information and it is impossible to announce some information without the allowance of persons.

<p>stakeholders;</p> <ul style="list-style-type: none"> • Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>		
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES/NO	See comment 10.1.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	YES/NO	See comment 10.1.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge 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.linias.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.linias.lt it is announced: company's annual and interim reports, presentations of the activity results, audited financial reports, notices about essential events, regulations of the company.

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 reports and interim reports 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	The Company complies with this recommendation, except for audit of interim financial statement.
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.



AB LINAS
CONSOLIDATED AND COMPANY'S
ANNUAL FINANCIAL STATEMENTS
YEAR 2017



SUMMARY

Independent auditor's report	3
Statement of Financial Position	7
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	12
Explanatory Memorandum	13
Notes of Explanatory Memorandum	33

INDEPENDENT AUDITOR'S REPORT

To: shareholders of AB LINAS

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of AB LINAS (hereinafter – the Company), and of the consolidated financial statements of AB LINAS and its subsidiary UAB Lino apdaila (hereinafter – the Group), which comprise the statement on financial position of the Group and of the Company as of 31 December 2017, the income statement and the statement of other comprehensive income of the Group and the Company for the year then ended, the cash flow statement of the Group and the Company, the statement on changes in equity of the Group and the Company, notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Company present fairly, in all material respects, the financial position of the Group and the Company as of 31 December 2017, the financial performance results of the Group and the Company for the year then ended, and the cash flows of the Group and the Company in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements of the Group and the Company* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and the Company of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each key audit matter and our response are described below.

1. Evaluation of financial assets

The Company's loans granted to the associated companies and receivables of the associated companies amounted to EUR1,315k as at 31 December, 2017. The Company's management assessed whether there is an indication and objective evidence that a financial asset is impaired. The assessment relied on the data from the financial statements of the associated companies. Key financial indicators were verified: profitability, EBITDA, profitability of investments, overall liquidity; it was also verified if market interest rate did not change significantly. All the information relating to

financial assets of the Group and Company is disclosed in the Group's and Company's financial statement's note No. 4.9.2. We obtained understanding on how management assessed financial assets and reviewed disclosures by the Company and adequacy of the assessment results.

2. Transactions with related parties

The Group and the Company, in their financial statements of 2017, disclosed related companies in the 3rd note of section 'General' and specified key transactions with the related and associated parties in financial statement's note No. 4.2.2. Textile-production services received from the related and associated parties are material and amount to 58% of the production cost sold in 2017. The management of the Company developed transfer pricing documentation. All the intercompany transactions are carried out in accordance with the prices set out in the contract. We reviewed transfer pricing documentation developed by the management, contracts and transactions with the related parties and evaluated adequacy of the information disclosed in the note 4.22.

3. Net realisable value for inventories

The Group's inventories amounted to EUR4,394k in the financial statements as at 31 December 2017. The balance of inventories is considered material for the Group, therefore, it is crucial for the management to identify the amount of impairment of obsolete inventories. This matter plays a vital role, because the amount is material and represents more than 40% total assets of the Group. We gained understanding on how the management assesses the net realisable value for inventories and the impairment of obsolete inventories. We examined the data on obsolete inventories and evaluated the adequacy of information provided in table 4.7 of note 2.5 of the Group's financial statements.

Other information

The other information comprises the information included in the Group's annual report, including Corporate Governance Statement, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Group's annual report, including Corporate Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Group's annual report, including Corporate Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Group's annual report, including Corporate Governance Statement, has been prepared in accordance with the requirements of the Law on Consolidated Accounts by Groups of Undertakings of the Republic of Lithuania.

Responsibilities of management and those charged with governance for the financial statement of the Group and the Company

Management is responsible for the preparation and fair presentation of the financial statements of the Group and the Company in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European

Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting of the Group and the Company process.

Auditor's responsibilities for the audit of the financial statements of the Group and the Company

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and the Company.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We have also:

- Identified and assessed the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group and the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the decision made by the General Meeting of Shareholders at 26 January 2015 we have been chosen to carry out the audit of Group's consolidated financial statements. Our appointment to carry out the audit of Group's consolidated financial statements in accordance with the decision made by the General Meeting of Shareholders is renewed every three years and the period of total uninterrupted engagement is four years.

We confirm that our opinion in the section 'Opinion' is consistent with the additional report which we have submitted to the Company and Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In addition to services provided to the Group in the course of audit and disclosed in the annual report or consolidated financial statements, we have not provided any other services except for audit of consolidated financial statements.

Rita Matulienė
Certified auditor

Auditor's certificate No 000375



UAB "AUDITO SPRENDIMAI"
Audit firm's certificate No 001415

Šeimyniškių st. 16, LT-09312 Vilnius

4 April 2018

Linus, AB

Company Code 147689083

S. Kerbedzio 23, Panevezys

CONFIRMED by
General shareholders' meeting
of
Act No.
Financial statements
formation date - 21 03 2018

STATEMENT OF FINANCIAL POSITION

31/12/2017

Formulated according to TFAS

Reporting cycle 01 01 2017 - 31 12 2017

EUR

No.	ASSETS	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
A.	Long-term assets		3.522.170	3.254.560	3.302.473	3.012.977
1.	Intangible assets	2.2.;4.1.;4.3.	57.420	31.173	57.420	31.173
1.1.	Developmental works		0	0		0
1.2.	Prestige		0	0		0
1.3.	Software		57.420	31.173	57.420	31.173
1.4.	Concessions, patents, licenses, brands and other rights		0	0		0
1.5.	Other intangible assets		0	0	0	0
1.6.	Paid advance		0	0	0	0
2.	Tangible assets	2.3.;4.2.;4.3.	2.148.992	1.907.085	1.926.438	1.662.804
2.1.	Land		0	0		0
2.2.	Buildings and structures		1.301.100	1.395.166	1.299.840	1.393.241
2.3.	Machinery and equipment		404.798	341.963	194.453	104.806
2.4.	Means of transport		44.813	53.932	41.255	51.426
2.5.	Other equipment, appliances and instruments		18.185	12.524	16.989	9.831
2.6.	Investment property		373.901	0	373.901	0
2.6.1.	Land		373.901	0	373.901	0
2.6.2.	Buildings		0	0		0
2.7.	Paid advance and executed tangible property building (production) works		6.195	103.500		103.500
3.	Financial assets	2.4.;4.4.;4.9.	1.315.704	1.316.049	1.318.600	1.318.945
3.1.	Companies' shares of Group of companies		0	0	2.896	2.896
3.2.	Loans for the companies' of Group of companies		0	0		0
3.3.	Companies' receivable sums from Group of companies		0	0		0
3.4.	Shares of associated companies		0	0		0
3.5.	Loans for associated companies		1.281.283	1.284.099	1.281.283	1.284.099
3.6.	Receivable sums from associated companies		34.131	31.581	34.131	31.581
3.7.	Long-term investments		290	290	290	290
3.8.	Amounts received after one year		0	79		79
3.9.	Other financial assets		0	0		0
4.	Other long-term assets		54	253	15	55
4.1.	Deferred corporation tax assets	2.16.3.;4.24.	54	253	15	55
4.2.	Biological property		0	0		0
4.3.	Other assets		0	0		0
B.	Short-term assets		6.817.742	7.259.916	6.822.603	7.058.108
1.	Stocks	2.5.;4.5.	4.484.437	3.974.070	4.511.805	3.987.876
1.1.	Raw materials, materials and spare parts		2.582.300	2.292.200	2.570.702	2.286.611
1.2.	Unfinished production and executed jobs		21.513	17.826		0
1.3.	Production		1.789.291	1.522.539	1.855.454	1.561.671
1.4.	Goods, purchased for resell		1.537	821	1.537	821
1.5.	Biological property		0	0		0
1.6.	Long-term tangible property for sale		0	0		0
1.7.	Paid advance	4.6.	89.796	140.684	84.112	138.773
2.	Amounts, receivable during one year	2.6.;4.7.;4.8.	1.678.647	3.057.565	1.671.305	2.845.461
2.1.	Customers' debts		1.440.849	2.218.823	1.440.820	2.218.823
2.2.	Companies' debts of Group of companies		0	0		0
2.3.	Debts of associated companies		60.653	615.097	60.653	410.100
2.4.	Other receivable amounts		177.145	223.645	169.832	216.538
3.	Short-term investments	2.7.	0	0	0	0
3.1.	Companies' shares of Group of companies		0	0		0
3.2.	Other investment		0	0		0
4.	Currency and its equivalents	2.7.	654.658	228.281	639.493	224.771
C.	Transfer accounts	2.8.;4.10.	47.181	38.713	45.447	37.407
	Total assets		10.387.093	10.553.189	10.170.523	10.108.492

No.	PRIVATE ASSETS AND OBLIGATIONS	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
D.	Private assets	2.9.	7.743.902	7.355.651	6.941.848	6.775.444
1.	Capital	4.11.	6.971.307	6.971.307	6.971.307	6.971.307
1.1.	Authorized (signed) capital		6.971.307	6.971.307	6.971.307	6.971.307
1.2.	Signed unpaid capital (-)		0	0		0
1.3.	Private shares(-)		0	0		0
2.	Shares premiums		0	0		0
3.	Revaluation reserve		0	0		0
4.	Reserves	4.12.	170.290	170.290	0	0
4.1.	Obligatory reserve		290	290	0	0
4.2.	For purchase of proprietary shares		0	0		0
4.3.	Other reserves		170.000	170.000		0
5.	Retained profit (losses)	4.13.;4.26.;4.1.	602.305	214.054	(29.459)	(195.863)
5.1.	Profit of reporting year (losses)		388.251	649.114	166.405	442.399
5.2.	Profit (loss) of previous year		214.054	(435.060)	(195.864)	(638.262)
6.	Change influence of exchange rate		0	0		0
7.	Non-controlled part		0	0		0
E.	Grants, subsidies	2.10.;4.14.	0	737	0	249
F.	Provisions	4.10.	0	0	0	0
1.	Provisions of pensions and similar obligations		0	0		0
2.	Taxes postponements		0	0		0
3.	Other provisions		0	0		0
G.	Payable amounts and other obligations	2.11.;4.15.	2.630.134	3.188.591	3.218.120	3.326.732
1.	Amounts payable after one year and other long-term obligations		486.316	663.158	486.316	663.158
1.1.	Liabilities of debts		0	0		0
1.2.	Debts for credit institutions	4.16.	486.316	663.158	486.316	663.158
1.3.	Received advance		0	0		0
1.4.	Debts to suppliers		0	0		0
1.5.	Payable sums acc.to bills and cheque		0	0		0
1.6.	Payable sums for companies of Group of companies		0	0		0
1.7.	Payable sums for associated companies		0	0		0
1.8.	Other payable amounts and long-term obligations		0	0		0
2.	Amounts payable within one year and other short-term obligations		2.143.818	2.525.433	2.731.804	2.663.574
2.1.	Liabilities of debts		0	0	0	0
2.2.	Debts for credit institutions	4.16.	176.842	176.842	176.842	176.842
2.3.	Received advance		31.918	45.780	31.918	45.780
2.4.	Debts to suppliers		847.926	687.762	837.028	646.277
2.5.	Payable sums acc.to bills and cheque		0	0		0
2.6.	Payable sums for companies of Group of companies		0	0	915.039	421.699
2.7.	Payable sums for associated companies		733.687	1.205.064	584.319	1.205.064
2.8.	Profit tax payment obligations		23.621	25.681		0
2.9.	Obligations related to work relations	4.17.	259.739	261.329	140.830	123.068
2.10.	Other payable amounts and short-term obligations		70.085	122.975	45.828	44.844
H.	Accrued charges and deferred income	2.13.	13.057	8.210	10.555	6.067
	Total proprietary capital and obligations		10.387.093	10.553.189	10.170.523	10.108.492

Director



Daiva Minkevičienė

Chief accountant



Gerda Zabarskienė

Linās, AB
Company Code 147689083
S. Kerbedzio 23, Panevezys

CONFIRMED by
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Act No.
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formation date - 21 03 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31/12/2017

Formulated according to TFAS

Reporting cycle 01 01 2017 - 31 12 2017

EUR

No.	ARTICLES	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
1.	Sale income	2.14.2.;4.18.	12.831.287	13.044.609	12.826.310	13.040.235
1.1.	Income for sold goods		12.522.282	12.494.908	12.522.321	12.495.095
1.2.	Income for sold services		309.005	549.701	303.989	545.140
2.	Sale cost price	2.15.3.;4.18.	(10.388.052)	(10.535.793)	(11.066.110)	(11.222.541)
2.1.	Cost price of sold production		(10.211.196)	(10.201.438)	(10.893.413)	(10.891.977)
2.2.	Cost price of sold services		(176.856)	(334.355)	(172.697)	(330.564)
3.	Real value change of biological property		0	0	0	0
4.	GROSS PROFIT (LOSS)	4.18.	2.443.235	2.508.816	1.760.200	1.817.694
5.	Selling expenses	2.15.4.;4.19.	(753.871)	(679.183)	(1.792.012)	(679.183)
6.	General and administrative expenses	2.15.4.;4.19.	(1.424.110)	(1.350.998)	(753.871)	(922.256)
7.	Results of other activity		222.642	238.257	253.956	261.849
7.1.	Income	2.14.6.;4.20.	991.257	1.068.606	994.840	1.060.898
7.2.	Expenses	2.15.5.;4.20.	(768.615)	(830.349)	(740.884)	(799.049)
8.	Investments incomes into the shares of patronise, patronized and associated companies		0	0	0	0
9.	Incomes of other long-term investments and loans	2.14.7.;4.21.;4.25.	38.168	38.444	38.168	38.444
10.	Incomes of other interest or similar incomes	2.14.7.;4.21.	5	4	5	4
11.	Value decrease of financial property and short-term investments	2.15.6.;4.21.	4.000	11.741	4.000	11.741
12.	Costs of interest and other similar costs	2.15.6.;4.21.	(60.946)	(10.934)	(60.852)	(10.875)
13.	PROFIT (LOSS) BEFORE TAXATION		469.123	756.147	203.465	517.418
14.	Profit tax	2.16.;4.23.	(80.872)	(107.033)	(37.060)	(75.019)
15.	PROFIT (LOSS) BEFORE NON-CONTROLLED PART		388.251	649.114	166.405	442.399
16.	Non-controlled part		0	0		0
17.	NET PROFIT (LOSS)		388.251	649.114	166.405	442.399
18.	OTHER COMPREHENSIVE INCOME			0		0
19.	Earnings (loss) per share		0,02	0,03	0,01	0,02

Director



Daiva Minkevičienė

Chief accountant



Gerda Zabarskienė

Linās, AB

Company Code 147689083

S. Kerbedzio 23, Panevezys

CONFIRMED by
General shareholders' meeting
of
Act No.
Financial statements
formation date - 21 03 2018

STATEMENT OF LINAS, LLC ENTERPRISE GROUP CHANGES IN EQUITY
31/12/2017

Reporting cycle 01 01 2017 - 31 12 2017

EUR

	Remarks No.	Paid-up authorized capital	Addi- tions to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Unappro- priated profit (loss)	The influence of currency rate change	Not controlled part	Total
					Long-term tangible assets	Financial assets	Obligatory	Private shares procu- rement					
		1	2	3	4	5	6	7	8	9	10	11	12
Remainder on 31 December, 2015		6.971.307	0	0	0	0	290	0	173.772	(441.761)	0	0	6.703.608
Correction result of major errors	3.3									2.929			2.929
Recalculated remainder on 31 December, 2015		6.971.307	0	0	0	0	290	0	173.772	(438.832)	0	0	6.706.537
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period										649.114			649.114
Formed reserves	2.9.;4.12.								170.000	(170.000)			0
Liquidates reserves	2.9.;4.12.								(173.772)	173.772			0
Remainder on 31 December, 2016		6.971.307	0	0	0	0	290	0	170.000	214.054	0	0	7.355.651
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period	2.9.;4.13.									388.251			388.251
Formed reserves	2.9.;4.12.								170.000	(170.000)			0
Liquidates reserves	2.9.;4.12.								(170.000)	170.000			0
Remainder on 31 December, 2017		6.971.307	0	0	0	0	290	0	170.000	602.305	0	0	7.743.902

Director



Daiva Minkevičienė

Chief accountant



Gerda Zabarskienė

Linās, AB

Company Code 147689083

S. Kerbedzio 23, Panevezys

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STATEMENT OF CHANGES IN EQUITY

31/12/2017

Reporting cycle 01 01 2017 - 31 12 2017

EUR

	Remarks No.	Paid-up authorized capital	Addi- tions to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Unappro- priated profit (loss)	The influence of currency rate change	Not controlled part	Total
					Long-term tangible assets	Financial assets	Obligatory	Private shares procu- rement					
		1	2	3	4	5	6	7	8	9	10	11	12
Remainder on 31 December, 2015		6.971.307	0	0	0	0	0	0	0	(641.191)	0	0	6.330.116
Correction result of major errors	3.3.									2.929			2.929
Recalculated remainder on 31 December, 2015		6.971.307	0	0	0	0	0	0	0	(638.262)	0	0	6.333.045
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period	2.9.;4.13.									442.399			442.399
Formed reserves	2.9.;4.12.												0
Liquidates reserves	2.9.;4.12.												0
Remainder on 31 December, 2016		6.971.307	0	0	0	0	0	0	0	(195.864)	0	0	6.775.443
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													
Net profit / loss of the current period										166.405			166.405
Formed reserves	2.9.;4.12.												0
Liquidates reserves	2.9.;4.12.												0
Remainder on 31 December, 2017		6.971.307	0	0	0	0	0	0	0	(29.459)	0	0	6.941.848

Director

Daiva Minkevičienė

Chief accountant

Gerda Zabarskienė

Linās, AB

Company Code 147689083

S. Kerbedzio 23, Panevezys

Formed in direct pattern

CONFIRMED by

General shareholders' meeting
of

Act No.

Financial statements

formation date - 21 03 2018

STATEMENT OF CASH FLOWS

31/12/2017

Reporting cycle 01 01 2017 - 31 12 2017

EUR

No.	Articles	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
I.	Primary activity currency circulation					
I.1.	Earnings of report period (including VAT)		14.941.806	13.912.341	14.745.142	13.881.642
I.1.1.	Earnings from clients		14.552.533	13.300.426	14.372.514	13.291.150
I.1.2.	Other earnings		389.273	611.915	372.628	590.492
I.2.	Report period payouts		(14.265.572)	(13.138.174)	(14.107.784)	(13.113.383)
I.2.1.	Payouts to suppliers of products, raw materials and services(including VAT)		(12.474.611)	(11.478.568)	(13.271.854)	(12.407.084)
I.2.2.	Monetary payouts related to work relations		(1.555.921)	(1.485.349)	(631.531)	(543.778)
I.2.3.	Taxes paid to budget		(78.930)	(35.265)	(53.863)	(31.925)
I.2.4.	Other payouts		(156.110)	(138.992)	(150.536)	(130.596)
	Cash circulation of primary activity		676.234	774.167	637.358	768.259
II.	Currency circulation of investment activity					
II.1.	Procurement of long-term assets (excluding investments)		(63.999)	(1.715.291)	(36.790)	(1.700.710)
II.2.	Transfer of long-term assets (excluding investments)		0	0	0	0
II.3.	Procurement of long-term investments		0	0	0	0
II.4.	Procurement of short-term investments		0	0	0	0
II.5.	Transfer of short-term investments		0	0	0	0
II.6.	Transfer of long-term investments		0	0	0	0
II.7.	Provision of loans		0	0	0	0
II.8.	Return of loans		38.433	0	38.433	0
II.9.	Received dividends		0	0	0	0
II.10.	Interest received for loans granted and investment		0	0	0	0
II.11.	Other currency circulation increases of investment activities		170	0	170	0
II.12.	Other currency circulation decreases of investment activities		0	0	0	0
	Cash circulation of investment activity		(25.396)	(1.715.291)	1.813	(1.700.710)
III.	Currency circulation of financial activity					
III.1.	Currency circulation related to company owners		0	0	0	0
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	0	0	0
III.2.	Currency circulation related to other financial sources		(206.148)	833.223	(206.148)	833.223
III.2.1.	Increase of financial debts		418.065	875.536	418.065	875.536
III.2.1.1.	Receipt of loans from credit institutions		418.065	875.536	418.065	875.536
III.2.1.2.	Receipt of loans from associated and third parties		0	0	0	0
III.2.1.3.	Emission of bonds		0	0	0	0
III.2.2.	Reduction of financial debts		(624.213)	(42.313)	(624.213)	(42.313)
III.2.2.1.	Return of loans to credit institutions		(594.907)	(35.536)	(594.907)	(35.536)
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.	Interest paid		(29.306)	(6.777)	(29.306)	(6.777)
III.2.2.5.	Leasing (financial rent) payments		0	0	0	0
III.2.3.	Interests received for bank accounts		0	0	0	0
III.2.4.	Increase of company's other liabilities		0	0	0	0
III.2.5.	Reduction of company's other liabilities		0	0	0	0
III.3.	Other increases of currency circulation of financial activity		0	841	0	840
III.4.	Other reductions of currency circulation of financial activity		(1.181)	(1.114)	(1.169)	(1.113)
	Cash circulation of financial activity		(207.329)	832.950	(207.317)	832.950
IV.	Impact of currency exchange rates to cash and equivalent currency remainder		(17.132)	(531)	(17.132)	(531)
V.	Net currency circulation increase (reduction)		426.377	(108.705)	414.722	(100.032)
VI.	Currency and currency equivalents at the beginning of the period	2.7.	228.281	336.986	224.771	324.803
VII.	Currency and currency equivalents at the end of the period	2.7.	654.658	228.281	639.493	224.771

Director

Daiva Minkevičienė

Chief accountant

Gerda Zabarskienė

Limited Liability Company Linas

Corporate identification 147689083

S. Kerbedzio Street 23, Panevezys

CONFIRMED by
General shareholders' meeting
Of _____, 2018
Act no.

Financial statements
formation date – 21 03 2018

**EXPLANATORY MEMORANDUM
TO THE YEAR 2017 FINANCIAL STATEMENTS**

31 December, 2017

Beginning of accounting period 2017 01 01

End of accounting period 2017 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, the number of registration is 003429, registration code 147689083, the data are stored with the Register of Legal Entities. Address: S.Kerbedzio Street 23, Panevezys; LT-35114. Telephone (370-45) 506100, fax (370-45) 506345. E-mail address: office@linas.lt; web page: www.linas.lt. The Company carries on its activity in accordance with the Law on Limited Companies of Lithuania, and other relevant legislation active in the Republic of Lithuania.

As of 31st of December, 2016, the Linas AB group of companies (further called as the Group) consisted of holding company Linas AB and its affiliated company UAB Lino apdaila. UAB Lino apdaila was registered on May 23, 2008 at Legal entity register, registration No.114552, company code 301733421. Affiliated company is registered at address S. Kerbedzio Street 23, Panevėžys. AB Linas own 100 % of affiliated company shares. The activities of Lino Apdaila UAB are provision of textile production services

Copies of the Group's consolidated financial statements may be found in the Register of Legal Entities of the Republic of Lithuania at State Enterprise Centre of Registers, as well as on the website of the stock exchange AB NASDAQ OMX Vilnius.

When drawing up the set of financial statements for 2017, large company requirements were applied to the Group.

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

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

The companies, related with the Group:

- Verslo Dizainas UAB, enterprise registration number: 302529076, the address of the headquarters: J. Janonio str. 30, Panevėžys, the character of activities: rent of movable and immovable property;
- Lino Dizainas UAB, enterprise registration number: 304093122, the address of the headquarters: J. Janonio str. 30, Panevėžys, the character of activities: provision of textile production services, i.e. textile products weaving, finishing, dyeing services services; Rivena UAB, enterprise registration number: 302521510, the address of the headquarters: P.Žadeikos

g. 13-35, Vilnius, the character of activities: rent of movable and immovable property and real estate project development;

- Bankrupt UAB "Nordic investicija", company code 135442762, registered office address Savanorių pr. 192, LT-44151 Kaunas, was removed from the Register of Legal Entities on 14 March 2017 ;
- Lino Linija UAB, enterprise registration number: 303185361, the address of the headquarters: Veiverių str. 9B-62, Vilnius, the character of activities: retail and wholesale of textile products;
- NI Žalesa UAB, enterprise registration number: 301166743, the address of the headquarters: Savanorių Ave. 192, Kaunas, the character of activities: real estate project development, sales and rent of real estate;
- Kuprionis UAB, enterprise registration number: 301166750, the address of the headquarters: Savanorių Ave. 192, Kaunas, the character of activities: real estate project development, sales and rent of real estate;
- R.Lenčiausko IĮ, company code 126064655, has acquired the status of a bankrupt company since 3 November 2017.

4. Since January 1, 2015 the currency of financial statements of AB "Linus" group of companies is EUR.

5. According to Lithuanian Republic law of Eur establishment in Lithuanian Republic and acc.to Lithuanian Republic joint stock companies and closed joint stock companies authorized capital, and securities nominal value expression in Eur, and these companies regulations change order law, during the repeated ordinary general meeting of shareholders dated May 19, 2015, the shareholders of the Company confirmed that the Company's nominal value of one share is equal to 0,29 Eur, the Company's authorized capital is equal to 6.971.307,10 Eur. Changed regulations of the Company dated June 6, 2017 are registered in the juridical person register.

6. Authorized capital of AB "Linus" is 6.971.307,10 Eur. It is divided into 24.038.990 denominative equity shares the nominal value of which is 0,29 Eur, there are no issued and not paid shares. The Company's authorized capital article sum was expressed in Lt and recalculated into Eur, the nominal value of shares was recalculated. The appeared differences are recognized as financial and investment activity expenditures of accounting period which includes the date of EUR establishment.

The shares of Linas AB are included into the current sales list of AB NASDAQ OMX Vilnius.

7. The average listed number of employees in the Group and in the Company against the categories:

Group of personnel	Average listed number of employees in the Group		Average listed number of employees in the Company	
	2017 y.	2016 y.	2017 y.	2016 y.
Principal managing employees	3	4	2	3
Heads of divisions	10	8	5	3
Specialists	39	40	29	27
Workers	105	103	19	18
Total	157	155	55	51

Note. The following positions are attributed to the principal managing employees of the Group and the Company: Director, Deputy Director.

8. The Group's main activity is the production and sale of textiles. The main activities of the public limited liability company "Linus" are trading in linen textiles and provision of services; other activities carried out by the Company are the management of financial assets (shares and granted loans), heat supply, rental of property, revenues from accounting and administration services. The activities of UAB "Lino apdaila" are the provision of textile production services, i.e. textile production sewing services.

9. The production services, performed within the Group during 2017: 1,226 thousand sewing items (1.268 thousand sewing items in 2016), for which 744 thousand meters of ready fabric were used (838 thousand meters in 2016).

Lino Dizainas UAB (the address of headquarters: J. Janonio str. 30, Panevėžys, LT-35289, enterprise registration number: 304093122) performs fabric production services, i.e. textile products weaving and decoration, as well as flax yarn painting services. During 2017 Lino Dizainas UAB performed the following production services for the Group: painted yarn – 74 t (86 t in 2016); weaved raw fabrics – 793 thousand m (832 thousand m in 2016) and decorated 2.299 thousand m. of fabric (2311 thousand m in 2016).

Linen textile items are ecological. It is the product does not make harm to nature and ecology. Group has been working according to universally accepted quality requirements which correspond to OEKO-TEX 100 standards.

10. During year 2016 Group export (outside Lithuania) volumes made 82,5 % of the total product sales. The breakdown of the sales by country is as follows: Spain – 17,9 %, Lithuania – 17,5 %, Sweden – 14,3 %, Japan – 6,6 %, Finland – 5,7 %, Great Britain – 5,4 %, Latvia – 5,4 %, Denmark – 4,5 %, Estonia – 3,5 %, France – 3 %, USA – 2,8 %, Belgium – 2,4 %, South Korea – 2,4 %, Germany – 2,0, Netherland – 1,0 %, Australia – 1,0 %, other countries – 4,6 %.

11. On 2017 the main incomes of group of companies were received from the activity of textile goods production and sales. During 2017 Linas, AB group of companies sold linen textile goods and services for 12,831 thousand Eur. Comparing to 2015 the volume of sales decreased by 213 thousand Eur or 1,6 percent.

New linen textile items or their collections of AB “Linas” Group of companies are created in regard of tendencies of coming season, stylistic trends, innovations of fashion and technologies. AB “Linas” Group of companies produces and supplies linen textile items for the customers who evaluate natural and modern combination, high quality of products, flexibility, production acc.to the individual orders, execution speed of orders.

The Group has branded textile products shops: shop „Gija“, address S.Kerbedzio str.23, Panevezys and online shop www.linodovanos.lt.

During 2017 the Group's main activity result was 265 thousand Eur profit and the result of year 2016 was 479 thousand Eur profit.

12. UAB “Audito sprendimai”, company code 220258280 performed the audit of financial statements of the company of year 2017 and the audit of consolidated financial statements and annual report of Group of companies of year 2017. During 2017 it was calculated 5.180 Eur costs for the supplied services of company UAB “Audito sprendimai”. During the financial year it was calculated 2.460 Eur costs for the audit of financial statements of year 2016 and for the audit of annual report of year 2017 of company UAB “Lino apdaila”. In the financial position statement shown in the accrued costs and earnings of the coming periods.

13. The data provided in the annual financial statements is based on the listing of the assets held by the Group, and the Group's liabilities inventory.

14. The data presented in the annual financial statements and in the notes to the financial statements comply with the provisions of the International Financial Reporting Standards (IFRS) adopted for application by the European Union (there are no deviations from international standards), legislation of the Republic of Lithuania regulating accounting and financial reporting as well as other legal acts.

15. Management of risk

Following risks are typical for companies' activities in the economical markets: market risk, credit risk and liquidity risk.

The management of the Group gives a lot of attention to manage those risks. Below there is presented information about the management of typical risks of AB “Linas” Group.

Credit risk

Credit risk is connected with the factors that Group of companies and the Company will incur financial losses if the customer or other party will not execute liabilities and which is mostly related to receivable sums from the customers.

Group of companies and the Company is controlling credit risk applying credit conditions and doing the analyses procedures of the market. All the buyers of textile items and services, except small Lithuanian buyers, are insured in order to avoid higher losses because of the customer's insolvency. Safe payment settlement forms are used for not insured customers: L/C, prepayments and so on. The sales are allotted for different customers.

The analysis of the amounts, receivable by the Group and the Company from the buyers, Group companies and associated companies during one year's period as of 31 December 2017 and 31 December 2016:

	Sums, which are not delayed, Eur	Less than 30 days	Sums, which are delayed, Eur			Totally, Eur
			30-90 days	90-180 days	More than 180 days	
Group						
2017 y.	1.362.154	89.442	40.331	2.642	6.932	1.501.501
2016 y.	2.084.477	89.306	50.475	37.324	162.238	2.423.820
Company						
2017 y.	1.362.125	89.442	40.331	2.642	6.932	1.501.473
2016 y.	2.075.996	83.340	37.505	18.125	3.857	2.218.823

Acc.to the data of December 31, 2017, 127 customers were in debt to the Group, 89,51 % of debt sums are insured with credit insurance (85,1 % acc.to the data of December 31, 2016). Maximum available losses of balance value because of the risk in relation with the received sums from the customers, associated companies are insignificant 0,1 %. On the accounting day there are no signs from the received sums the payable terms of which are delayed that the customers, associated companies will not execute their financial liabilities.

Possible credit risk, which appears between the financial property (made of amounts received after one year, loans for associated companies) of the Group and the Company, is raised because of customer's liabilities noncompliance and is equal to balance value. Companies guarantee for presented loans by property mortgage, guarantees and sponsorship to manage this risk. By preparing the financial statements Group's companies determine whether there is any objective assumptions that value of financial assets may be impaired. The value of the guarantees given as of 31 December 2017 is sufficient to cover the debts.

In the note 4.25 of Explanatory letter it is presented information about Group's and Company's rights and obligations, not stated in the statement of financial position of December 31, 2017 and December 31, 2016.

Liquidity risk

Liquidity risk is related to the factors that Group or Company will not be able to execute its financial liabilities on terms. Liquidity management aim of Group of companies and Company's is to ensure as well as possible enough liquidity of Group of companies during common and complicated conditions, not having losses and to risking to loose own good name.

Data of relative financial indicators of AB "Linas" Group of companies:

The overall solvency ratio of AB "Linas" Group of Companies is good, it had positive (increasing) trend compared to 2016. In 2017, this ratio was 3.18, in 2016 it was 2.87 (the recommended value is 1.2-2), therefore, it can be assumed that the Group will not have solvency problems in the near future.

The rapid solvency ratio had a negative trend of change in the reporting year. The indicator is 1.09 (in 2016 it was 1.30). Recommended value is 1.

The overall debt ratio is at a good level and has a negative trend of change. As of 31 December 2017, the ratio was 0.25 (compared to 0.30 in 2016). The indicator does not exceed the recommended value (recommended up to 0.5). The indicator shows that the ratio of the company's total liabilities and amounts payable to its total assets in the reporting year was 0.25 (i.e. this part of the Group's assets was acquired for borrowed funds).

During the accounting year the indicator of Capital/liabilities are of good level and had positive (increasing) tendencies in comparison with year 2016. The rate of indicator of year 2017 reaches 2.94 (the indicator reached 2.31 at year 2016). It shows how many equity is given for 1 eur of liabilities (recommended is from 0.7).

On 2017 activity of the Company, Group of companies is profitable, financial state is quite stable, changes of the solvency indicators even if there were not significant negative (worsen) tendencies, the general solvency indicator remains of good level, the working capital indicator is positive. So it is possible to make assumption that Group of companies would not meet serious activity succession problem in nearest future.

In the note 4.15 of Explanatory letter it is presented information about Group's and Company's financial liabilities of December 31, 2017 and December 31, 2016 acc.to the refund terms.

AB "Linas" has entered into the overdraft agreement with the bank, under which the credit in the amount of EUR 145 thousand was granted to the Company. Under the financial liabilities limit agreement between the bank and AB "Linas", the credit in the amount of EUR 290 thousand has been granted to the Company, and under the credit agreement the amount of EUR 840 thousand has been granted. The total amount of financial debts to credit institutions accounted in the statement of financial position of the Group and the Company 2017 is EUR 663 thousand. There are no leasing (financial lease) or factoring obligations. The terms for repayment of debts to credit institutions as of 31 December 2017 and 31 December 2016 have disclosed in Note 4.16 of the Notes.

Risk norm of interest

The Group and the Company have financial obligations, so the fluctuation of risk norm makes influence on the size of executed short-term and long-term obligations and on the financial status. Acc.to the obligation contracts for the credit companies of the Group and the Company, the changeable interest norm is calculated as EURIBOR of the particular period adding the margin of creditor. During year 2017 it was calculated 29,3 thousand Eur (on year 2016 – 6,8 thousand Eur) interest for financial obligations. Interest rate risk is considered insignificant for the operation of the group of companies

Risk of foreign exchange

For international transactions the Group faces the risk of foreign exchange range because of sales and buying sums which are accounting in different currency than EUR. The foreign currency exchange risk is considered insignificant for the operation of the group of companies, since the main currency is euro

Economical and political risk

- the increase of Asian countries textile items supply and damping.
- market supply periodic of linen products.
- seasonally: smaller demand in winter.
- price increase for raw materials, materials, complement details.
- price increase for energetic resources and transport.

Geographical situation of Lithuania gives the advantage against the producers of the third countries – geographical and cultural closeness to EU market. Group of companies and the Company quickly reacting to seasonal customers requirements and changeable fashion tendencies. Group is trying to apply produced items to individual customers requirements, to use advantages of export

possibilities offering customers small shipment lots and quicker delivery. The Group is successfully developing long-lived textile traditions. Production of the Group is acknowledged as distinctive, attractive with the creativity and quality. Group of companies and the Company is developing and improving marketing and production spheres, constantly projects are implemented to create new assortment, improve quality and decrease costs.

Technical-technological risk

- not inconsiderable part of used equipment are old, require investment to repair and maintenance;
- there is a lack of modern technological equipment.

To increase production efficiency and productivity, the Group and the Company invest their own funds within their capacity in the acquisition and renewal of state-of-the-art technological equipment.

II. ACCOUNTING POLICY

1. Regulations the financial statements have been based upon

The Group executes accounting and prepares financial statements 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 Financial Reporting Standards (IFRS) which are accepted to apply in European Union (EU).

The Group and the Company have applied the amendments to these International Financial Reporting Standards relevant for the Group and the Company:

Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions.

Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture entitled Agriculture: Bearer Plants.

Amendments to IFRS 11 Joint Arrangements entitled Accounting for Acquisitions of Interests in Joint Operations.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets entitled Clarification of Acceptable Methods of Depreciation and Amortisation.

Amendments to IAS 27 Separate Financial Statements entitled Equity Method in Separate Financial Statements.

Amendments to IAS 1 Presentation of Financial Statements entitled Disclosure Initiative.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the consolidation exception.

Annual Improvements to IFRS – various standards.

The amendments did not have any material effect on the Group's and Company's financial statements.

The Group and the Company haven't applied these standards and interpretations that have been issued but are not yet effective:

IFRS 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2018).

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (approval was postponed indefinitely).

IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016; not yet adopted by the EU).

IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Effective date of IFRS 15 (effective for annual periods beginning on or after 1 January 2018).

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019; not yet adopted by the EU).

Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017; not yet adopted by the EU).

Amendments to IAS 7 Cash-flow Statements - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017; not yet adopted by the EU).

Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU).

Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Sharebased Payment Transactions (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU).

Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 is applied first time; not yet adopted by the EU).

Annual Improvements to IFRS Standards 2014–2016 Cycle (effective for annual periods beginning on or after 1 January 2017 (changes to IFRS 12) or 2018 (changes to IFRS 1 and IAS 28)); not yet adopted by the EU).

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU).

Amendments to IAS 40 Investment Property - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU).

The Group and the Company don't expect these standards and interpretations that have been issued but are not yet effective to have any material effect on the financial statements of the Group and the Company.

In the Group and the Company these standards and interpretations that have been issued but are not yet effective, will be adopted on the date they become effective and adopted by the EU.

2. Accounting policy

The Company, the Group of companies has accounting policy, confirmed by the administration head and corresponding to the regulations of International Financial accounting standards, in which there are indicated rules of company profit, own capital and liabilities evaluation, incomes and cost acknowledge and registration in the accounting, acc.to which the financial reports are prepared.

2.1. Group's accounting

2.1.1. For the purpose of financial reporting, a subsidiary 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 subsidiary companies are included in the consolidated financial reporting since the date the Group acquires control over the daughter company, while consolidation in respect of a daughter company ceases since it is no longer controlled by the Group. Any deals between the Group's companies, outstanding balances and any outstanding profit (loss) resulting from the deals between the Group's companies, is to be eliminated.

2.1.3. AB "Linās" Group of companies applies the equal accounting policy to all significant events. There are no significant differences of accounting policy regarding which the financial report of the Group of companies should be reorganized.

2.2. Long-term intangible assets accounting

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

2.2.2. The Group has set across its companies a threshold of minimum acquisition (production) cost for intangible assets 900 euro, 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 financial statements at their residual value to be estimated by subtracting accrued depreciation from the acquisition value.

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

2.2.5. The liquidation value of long-term intangible assets is set at 0,29 euro.

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. The Group's companies have no long-term intangible assets subject to legal or contractual restrictions for its disposal.

2.2.8. The Group has no mortgages of long-term intangible assets to secure its liabilities.

2.2.9. All the advance payments for long-term intangible assets have been recorded on a paid advance account.

2.2.10. 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 900 euro, 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 paid advance and executed tangible property building (production) works account.

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 statements at residual 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 paying attention to the useful time of property's servicing, to the planned intensity of property's usage, to the surrounding of its usage, foreseen property's liquidity value and other factors. It is indicated the liquidity (retain) value of long-term tangible asset 0,29 euro.

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

2.3.7. Any disposal of long-term tangible assets by the Group's companies shall be registered showing the profit or loss occurring from such transaction. The outcome is obtained by subtracting from the sale revenues of the asset its liquidation value and the cost related to the transaction. Transfer profit or loss of long-term asset, except financial, is attributed to other activity incomes or costs.

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

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

2.3.10. The Group has mortgages of long-term tangible assets to secure its liabilities - Real estate – the buildings and structures, located at the address S. Kerbedžio str. 23, Panevėžys.

2.3.11. 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

2.4.1. The Group classifies its financial assets as long-term and short-term assets.

2.4.2. Financial assets are divided into four groups: financial assets, valued at the real value in the profit/loss statement; investments, kept till their deadline; loans and receivables; financial assets, which may be sold.

2.4.3. When recognizing financial assets for the first time, the Group companies value them at the real value, without subtracting any deal expenses, incurred when selling or otherwise transferring the assets. Exceptions are made when evaluating the following: loans and receivables – non-derivative financial assets with fixed or otherwise established payments, not quoted on the active market, are valued at depreciated cost price, using the method of factual interest; the investments, kept till their deadline, are valued at depreciated cost price, using the method of factual interest; the investments into ownership measures, which have no quoted market price and whose actual value cannot be reliably evaluated, as well as derivative financial measures, related with non-quoted ownership measures, when such measures are used for payment, are valued at their cost price.

2.4.4. Profits or losses are recognized in the profit/loss and other general revenues statement when the financial assets are written off or depreciated.

2.4.5. When drawing financial statements, the Group companies establish whether there is any objective evidence as regards depreciation of financial assets' value. If there is evidence that the value of loans, receivables or investments, kept till the deadline and accounted at depreciated cost price, has reduced, the amount of loss shall be evaluated as the difference of the current value of the assets' book value and evaluated future cash flows (without including the future credit loss till it is incurred), by applying the discounted initial factual financial assets interest rate. The amount of loss is recognized in the profit/loss and general revenues statement. If there is objective evidence that the value of non-quoted ownership measures, not accounted at the real value (since the real value is impossible to identify reliably) or the value of the derivative assets, related with such non-quoted ownership measure (for which payment must be made by delivering such measure) has reduced, the amount of loss shall be evaluated as the difference between the current value of the financial asset's book value and the evaluated future cash flows, discounted at the current market rate of the refunded payments for similar financial assets. Such losses, resulting from depreciation, may not be annulled (as regards financial assets, accounted at the cost price). In case the reduction of the real value of financial assets, which may be sold, can be directly attributed to ownership and there is objective evidence of reduction of the asset's value, the accrued loss, which has been directly attributed to ownership, must be deleted from ownership and recognized in the profit/loss statement, even if the financial asset still remains recognized (as regards financial assets, which can be sold).

2.4.6. More information related to financial assets is disclosed in notes 4.4. of the Memorandum.

2.5. Stocks accounting

2.5.1 Stocks comprise short-term assets, such as raw materials, materials and spare parts, unfinished production and executed jobs, 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 statements stocks are reported at the lower of acquisition (production) cost and net potential sale value.

2.5.5. The Group has chosen to calculate cost price with the method of rest losses and the cost price is not calculated for secondary cost price.

2.5.6. Direct and indirect expenses make production cost price in the Group. Direct production costs – expenses for main raw materials (materials), complemented items, technology energy and direct wage. Indirect production expenses – not related directly with production but making the conditions to work production, expenses, which impossible to attribute directly to concrete items of their groups.

2.5.7. The cost price of semi manufactures and produced production pieces is indicated by attributing raw material expenses for items in proportion to the raw materials usage norms indicated by the Group, attributing other direct and indirect production expenses for items in proportion to indicated normative by the Group.

2.5.8. 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 general and administrative expenses 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 general and administrative expenses of the period.

2.5.9. The information on the stocks of the Group and the Company is disclosed in note 4.5. of the Memorandum.

2.5.10. Advance payments for inventories and services are accounted in the advance payments for non-current assets. Comment No. 4.6. to the Explanatory Note reveals the information on the advance payments, paid by the Company and the Group for non-current assets and services.

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, services rendered or short-term loans issued, interests receivable for granted loans, 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 long-term tangible assets, intangible 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 statements, i.e. by subtracting the share of bad debt. The cost of bad debt is registered as an item general and administrative expenses and is included in the statement of profit or loss and other comprehensive income 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 it's repayment insecurity.

2.6.6. Notes 4.7.; 4.8. of the Memorandum reveal the information on the one year receivables and bad debts of the Group and the Company and long-term and short-term loans, granted to the companies, stating the currency, interest and payback periods.

2.7. Accounting of short-term investments and monetary assets

2.7.1. Financial assets of the Group comprise moneys in euro and foreign currency in cash desk and on current bank accounts, and financial assets equivalent to moneys. The Group had no moneys-equivalent financial assets as of the end of the financial year.

2.7.2. Short-term investments into stock and other securities, as well as short-term deposits and other investments are included into the short-term investments article.

2.8. The costs and accrued revenues for the coming periods

2.8.1. The costs and accrued revenues for the coming periods are not classified into long-term and short-term.

2.8.2. The costs for the coming periods emerge when the Company, during the reporting period and the previous reporting periods, has paid for continuing services, receivable during the coming periods, and the amounts, paid for such services shall be respectively recognized as costs in the coming reporting periods, when they are actually incurred.

2.8.3. Accrued revenues are the amounts, recognized as revenues, earned by the Company during the reporting period and the previous reporting periods, with regard to which the debtor undertakes the liability to pay, during the coming reporting periods, for continuing services, provided by the Company during a certain period, for which the earned revenues are accrued gradually or in accordance with the degree of provision of services.

2.8.4. The information on the Group' and the Company's costs during the coming periods is provided in Comment No. 4.10 to the Explanatory Note.

2.9. Accounting of own capital stock

2.9.1. Own capital stock comprises the share of the authorised capital which has been subscribed, the mandatory reserve stock, and undistributed profit (loss). The information on the authorised capital of the Company is disclosed in note 4.11.

2.9.2. The Company has no it's own shares purchased by itself. AB „Linās“ subsidiary company doesn't have shares of the Company.

2.9.3. The information on the reserves is provided in note 4.12. of the Memorandum.

2.9.4. Draft profit (loss) distribution prepared by the AB Linas management is provided in note 4.13. of the Memorandum.

2.9.5. The profit distribution approved by the shareholders meeting is included in the financial statements 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.

2.10. Accounting of grants and subsidies

2.10.1. The grant (subsidy) is accepted if it is reasonable guaranteed that the Group corresponds to the grant (subsidy) providing conditions and when there are evidences that grant (subsidy) will be provided.

2.10.2. The accounting of grants (subsidies) is managed acc.to accumulation principle, i.e. 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 statement of financial position.

2.10.3. Grants (subsidies) are shown as an incomes method in the accounting. Grants, in the connection with incomes, are provided to compensate expenditures and non-receivable incomes; also all other grants which are not attributed to the grants in connection with property.

2.10.4. Grants (subsidies), received in the Group to compensate incurred expenditures, are accepted of such used part in the accounting, of how many expenditures were incurred to compensate

it and with the same part decreasing the sum of recoverable expenditures article of statement of profit or loss and other comprehensive income.

2.10.5. Note 4.14. of the Memorandum to the financial statements provides information on the subsidies (grants) received (receivable) by the Group / the Company.

2.11. Liabilities accounting

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

2.11.2. 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.

2.11.3. During the initial recognition the financial liabilities are evaluated at the real value, i.e. the price of the deal (the real value of the payable remuneration), later – at the depreciated cost price by using the factual interest method.

2.11.4. 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 financial year, the amount of accrued leave payments shall be adjusted, by precisely calculating the amount of leave payments (including social insurance) earned by each employee over the financial year and not exhausted so far, as well as the balance of duration of leave not yet exhausted by each employee. The sum is not calculated because of sums triviality to Guarantee fund from the pays of accumulative holiday pays. The information on the amounts of paid leave payments, accrued as liabilities to the Group and its companies, is provided in note 4.17. of the Memorandum.

2.11.5. AB "Linās" group of companies has no financial year debts which are guaranteed by the government or third persons with bonded property.

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

2.11.7. The information on short-term and long-term liabilities of the Group and the Company is provided in note 4.15. to the Memorandum.

2.11.8. The information on the state of the Group's and the Company's debts to credit institutions is revealed in Comment No. 4.16. to the Explanatory Note.

2.12. Provisions

2.12.1. Provisions are accepted if they are determined by the past events and if they are existing at the end date of financial statements accounting period.

2.12.2. The provisions sum shows what size of financial statements accounting period end date credibly evaluated expenses should cover legal liability or irrevocable commitment.

2.12.3. In group of companies the provisions are looked through when making financial statements and correcting their value paying attention to the new events and circumstances.

2.13. Accrued costs and revenues for the coming periods

2.13.1. The accrued costs and revenues for the coming periods are not classified into long-term and short-term.

2.13.2. The accrued costs include the amounts, recognized as the Company's costs for the continuing services, received during the reporting period and the previous reporting periods, which the Company has undertaken to pay during the coming reporting periods.

2.13.3. The revenues for the coming periods include the amounts, not earned by the Company, but already paid by the buyers (customers) for the provided continuing services, which shall be gradually recognized as revenues during the coming reporting periods, when they are actually earned after the respective services are provided.

2.14. Income accounting

2.14.1. 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 statement of financial position as liabilities. Income is assessed at its true value.

2.14.2. 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.

2.14.3. Income from usual business is recognised as earned income, is recorded in the accounting and shown in the financial statements at the moment the sales when production or production related services occurs, subject to availability of a reliable assessment of the amount of income.

2.14.4. Such incomes and expenses are attributed to incomes and expenses which could be attributed to this segment directly or by indicated attribution criteria. The Group companies distribute the revenues, received from the customers, to individual parties on the basis of the customers' locations. Expenses are not attributed to separate segments and are shown as general expenses of the company if it is impossible to attribute them to separate segments. Note 4.18. to the Memorandum provides information on the income and expenditure of the Group related to usual business, on the basis of division by geographical areas and branches of business.

2.14.5. It is impossible to attribute property and liabilities of the Group and AB "Linás" to abstracted segments. All property and liabilities of the Group and the Company are not allotted in values acc.to business and geographical segments.

2.14.6. 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 4.20. to the Memorandum provides information on the income and cost of unusual business undertakings.

2.14.7. 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, profit of investment transfer and other revenues related with financial property management. Note 4.21. to the Memorandum provides the information on the income and cost of financial and investment undertakings of the Group and the Company.

2.15. Costs accounting

2.15.1 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.

2.15.2. 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.

2.15.3. Sales cost comprises the cost of products sold and the costs of provided production services.

2.15.4. The costs, which are impossible to relate to the cost price of specific sold goods or provided services and which are related with the Company's principal activities, are registered in the accounting as the sales costs or general and administrative costs. The information on the sales costs, general and administrative costs is provided in Comment No. 4.19 to the Explanatory Note.

2.15.5. Unusual business cost comprises loss due to disposal of long-term assets, the cost of sale of products / services which are not attributed to usual business, as well as other miscellaneous atypical business costs, and the costs of incidental or singular business transactions.

2.15.6. 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.

2.16. Profit tax accounting

2.16.1. 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.

2.16.2. Advance profit tax is calculated in the Group according to the activity results of last year. Advance profit tax is declared according to the confirmed order of National Taxing Inspection by Finance Ministry and is paid according to the order indicated in the law of Profit tax.

2.16.3. 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 tax on profit reflects the net taxation effect due to provisional differences between the value of assets and liabilities in the financial statements and the taxation statements. 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 financial statements 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 statements.

2.16.4. The Group's profit tax costs and deferred profit taxes are shown in detail in notes 4.23.; 4.24. of the Memorandum.

2.17. Earnings per share

2.17.1. Usually the profit for one share is calculated dividing net profit (loss) of period in average of simple shares issued during the period. The Group hasn't potentially converting simple shares, so the decreased profit attributed to one share correspond the profit which is given for one simple share.

2.17.2. The information about the profit which is given for one share is presented in explanatory memorandum note 4.26.

2.18. Foreign exchange

Any transactions executed in a foreign currency are converted into euro at the official exchange rate set by the Bank of Lithuania at the transaction date. Monetary assets and liabilities are converted into euro at the exchange rate of the date of the financial statements. The financial statements as of 31 December, 2017, and 2016, is based on the following currency exchange rates:

2017 y.	2016 y.
1 EUR = 1,1993 USD	1 Eur = 1,0453 USD

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.

2.19. Financial connections with heads of the company and other related persons

The number of heads of the Group and the Company, contracts format made with related persons, accountable sums and not paid remainders at the end of the periods calculated to the company

heads and related persons during accountable period and during previous accountable period are explained acc.to its attribution in the note No.4.22 of the Explanatory letter. Other information in relation with contacts made with related persons are indicated in the note No.4.9 of the Explanatory letter.

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

3.1. The Group executes accounting and prepares financial statements 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 Financial Reporting Standards (IFRS) which are accepted to apply in the European Union (EU).

Accounting policy did not change during the reporting period. The accounting policy of the group of companies has been described in more detail in the Notes to the financial statements 2016.

3.2. Mistake is meant as essential, if: 1) it's sum is larger than 10% of appropriate balance part or the clause of statement of comprehensive income 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 statements for year 2017 not significant and substantial mistakes of previous year are corrected in perspective way. No substantial mistakes were noted.

4. Notes of Explanatory Memorandum

The notes regarding the significant financial indicators are presented in the tables of Explanatory letter:

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. 'AB Linas Group of companies and AB Linas 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 the long-term 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 tangible and intangible assets average economic life'); the obtaining (production) cost price of the assets which is amortized or deteriorated but still used in the activity (Table 4.3.2. 'Totally amortized or deteriorated long-term tangible and intangible assets which is still used') information about rented long-term tangible asset (table 4.3.3. 'The rent of long-term tangible asset').

The Company's and the Group's long-term property deterioration difference influence on the financial indicators is not significant, so it doesn't require indicators recalculation of long-term property and deterioration cost.

AB "Linas" leases to UAB "Lino dizainas" (company code 304093122) 18,8 thousand. sq. m premises located at S. Kerbedžio g. 23, Panevėžys for an unlimited period. During the financial year, EUR 34 thousand premises rental income was counted (in 2016 – EUR 34 thousand). Acc.to the contract of premises renting, for the improvement of UAB "Lino dizainas" premises and the ensuring of hygienic norms, there were losses of 27 thousands eur which AB "Linas" is not compensating.

Linas AB rents the facilities at the address S. Kerbedžio str. 23, Panevėžys to Lino Apdaila UAB (enterprise registration number 301733421) without a definite term. During the financial year the facilities rent revenues, amounting to EUR 7 thousand, were calculated (EUR 7 thousand in 2016).

In 2017 the Company leased administrative facilities in Vinius. The amount of general and administrative costs, calculated during the financial year – EUR 21 thousand (EUR 19 thousand in 2016).

Linas AB rents production machinery, equipment, mechanisms, devices and tools, the total value of which is EUR 233 thousand, to Lino Dizainas UAB (enterprise registration number 304093122)

without a definite term. The amount of revenues from lease of the assets, calculated during the financial year, is EUR 35 thousand.

Lino Apdaila UAB rents production machinery, equipment, mechanisms, devices and tools, the total value of which is EUR 399 thousand, to Lino Dizainas UAB (enterprise registration number 304093122) without a definite term. The amount of revenues from lease of the assets, calculated during the financial year, is EUR 48 thousand (EUR 48 thousand in 2016).

Verslo Dizainas UAB (enterprise registration number 302529076) rents production machinery, equipment, devices, tools and inventory to Lino Apdaila UAB (enterprise registration number 301733421) without a definite term. The amount of costs of rent of the assets, calculated during the financial year, is EUR 90 thousand (EUR 96 thousand in 2016).

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').

Under the debt repayment agreement of 21 June 2017, the land plot owned by UAB "NI Žalesa" (company code 301166743), which was mortgaged to AB "Linas" under mortgage bonds for the loans granted to BUAB "Nordic investicija", was transferred to UAB "Linas" for EUR 110 thousand (the value of the land plot was assessed by the property valuator). The acquisition amount of the land plot transferred by UAB "NI Žalesa" to AB "Linas" is used to cover part of the loan amount of BUAB "Nordic investicija".

Under the agreement of 4 July 2017, AB "Linas" took over into its ownership from Ramūnas Lenčiauskas the land plot for EUR 304 thousand. This land plot has been mortgaged to AB "Linas" under the mortgage bond for the loan granted to BUAB "Nordic investicija", therefore the acquisition amount of the land plot covers part of the loan of BUAB "Nordic investicija".

These land plots are classified as investment property and valued as held for the purpose of increasing their value rather than for selling quickly during normal operations

The Letter of 30 August 2017 of the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania concluded, that during the inspection it was established, that the reports on the valuation of the pledged land plots did not comply with the requirements of Article 22 of the Law on the Bases of Property and Business Valuation of the Republic of Lithuania. AB "Linas" has contacted property valuation company and requested to correct property valuation reports and to re-evaluate the plot taken from UAB "NI Žalesa" acc.to the requirements of property valuation regulations of juridical acts. The property valuation company revaluated the land plot and submitted the property valuation report, in which the market value of the land plot on the date of the property valuation (23 October 2017) was EUR 68 thousand, i.e., decreased by EUR 42 thousand compared to the original valuation. Adjustments were made to the accounts and EUR 42 thousand loss was recognized due to reduction of value.

On October 20, 2017 the Audit, accounting property valuation and insolvency management office by Lithuanian Republic Finance ministry gave the answer that the Hohour court of this institution decided that valuation actions, preparing the valuation report of immovable property (of the plot taken from Ramunas Lenciauskas), corresponded to the requirements indicated by property valuation juridical acts.. The book value of this land plot is 304 thousand. euro. The market value specified in the property valuation report on the property valuation date (26 January 2017) was 288 thousand euro. The difference in the value of the land plot, EUR 17 thousand, is insignificant, so the value of this land plot has not been reduced.

On 27 January 2017, the Kaunas Regional Court ruled on the winding up of BUAB "Nordic investicija" (company code 135442762), as a result of which the Group and the Company made bookkeeping records related to the loans granted to BUAB "Nordic investicija" in earlier periods and their depreciation (Table 4.9 of the Notes).

4.5. Financial reports accounting period date gross value of the Group's and the Company's stocks, their value by type of stock, the 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 value of mortgaged stocks, and the stocks held with third parties (Tables 4.5.1 'AB Linas Group of companies stocks' and 4.5.2 'AB Linas stocks').

4.6. Paid advance by the Group and the Company to suppliers for short term assets and services (Table 'Paid advance for short term assets and services').

4.7. 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').

4.8. 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').

4.9. Long-term and short-term loans granted by the Group and the Company, as well as the amounts receivable after one year, their value, recovery deadlines, interest, repaid loan amounts, written off amounts depreciated in prior periods (Table 4.11. Loans of AB "Linas" Group of Companies and AB "Linas" to affiliated companies and receivables from affiliated companies):

4.9.1. Nordic Investicija UAB covered to the Company the loans in the amount of EUR 38 thousand in 2017.

4.9.2. As of 31 December 2017 the amount of debt by Rivena UAB, enterprise registration number: 302521510, the address of the headquarters: P. Žadeikos str. 13-35, LT-06324 Vilnius, according to Financing Agreement of 19 November 2014, was EUR 1.171 thousand with the interest, amounting to EUR 110 thousand (EUR 75 thousand in 2016). The amounts are recognized as long-term receivables. In exchange for the paid project funding amount a plot of land was mortgaged to Linas AB. Starting from 10 May 2016 the title of ownership to the plot is vested in Kuprionis UAB, enterprise registration number: 301166750. The value of the plot according to mortgage sheets is EUR 1.593 thousand. The market value of the plot, established in the independent property valuers' report, is EUR 1.341 thousand. The plot was mortgaged during the valuation (on 14-11-2014). The buildings, existing on the plot, are in poor condition and require capital repairs. The detailed plan of the plot is commenced to be prepared.

The interest, stated in the agreement, as of the date of the deal, is similar to the market interest. At the end of each reporting year it is verified whether there are any significant deviations from the market interest rate. Interest revenue is accrued and will be paid together with the loan.

On 1 September 2015 a loans subordination agreement was concluded between the bank, Linas AB and Rivena UAB (enterprise registration number: 302521510, the address of the headquarters: P. Žadeikos str. 13-35, Vilnius), according to which the rights of Linas AB and obligations of Rivena UAB according to the loan agreement are subordinated with regard to the rights of the bank, stemming from the credit agreement between the bank and Rivena UAB. The time period of the loans subordination agreement is till 6 August 2022. The deadline for returning of the loan, granted by the Company to Rivena UAB, established in the subordination agreement, is 1 September 2022.

By the right of claim transfer agreement of 4 December 2014, Linas AB transferred to Lino Linija UAB (enterprise registration number: 303185361, the address of the headquarters: Veiverių str. 9B-62, Vilnius) the right of claim to Rivena UAB (enterprise registration number: 302521510, the address of the headquarters: P. Žadeikos str. 13-35, Vilnius), the amount of which is EUR 45 thousand. The right of claim transfer agreement states that Lino Linija UAB shall pay the amount of transferred right of claim within the time period of five years, starting the payment from March 2018. Since no interest is stated in the agreement, the receivables are discounted in accordance with the average market interest rate. In the financial position statement, the financial assets are shown at the depreciated cost price.

4.10. The Group's and the Company's coming periods' costs and accrued revenues according to the largest cost groups for the coming periods (the table "Costs and accrued revenues for the coming periods")

4.11. 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 2017 was 0,09 euro, and in 2016 average market sale price per share was 0,1 euro.

4.12. The information on the reserves of the Group and Company (Table 'Reserves of Linas, LLC enterprise group and Linas, LLC').

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

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

The sum of 2 thousand EUR (2016 year - 4 thousand EUR) used for the Group's grants (subsidies) for the wages was received from Lithuanian Labour Exchange.

4.15. 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').

4.16. The state of the Group's and the Company's debts to credit institutions (the table "The state of debts of Linas AB Group and Linas AB Company to credit institutions")

145 thousand Eur credit sum is granted to the Company acc.to the account lending contract which was signed between the bank and AB "Linas" on 2012 04 10. Company's reserves, the balancing value of which are 1.448 thousand Eur acc.to the mortgage sheets, are mortgaged for the credit sum. UAB "Lino apdaila" is guarantee for all credit sum and term to ensure credit sum. The validation term of account credit contract is till March 31, 2018. Alternate interests are paid for used credit, which are accounted as three months term euro EURIBOR plus bank margin.

Acc.to the financial obligations limit contract signed between the bank and AB "Linas" on 07 10 2013, the credit sum of 290 thousand Eur is granted to the Company, for which company resources are mortgaged with the latest mortgage, the balance value of which acc.to the mortgage sheets are 1.448 thousand Eur. For the insurance of credit sum the warranty for all credit sum and term is received from UAB "Lino apdaila". The validation term of the financial obligations limit contract is till September 30, 2022. Alternate interests are paid for used credit, which are accounted as six months term euro EURIBOR plus bank margin.

According to the credit agreement, concluded on 26-09-2016 between the bank and Linas AB, the credit, amounting to EUR 840 thousand, was granted to the Company. In order to ensure the performance of the Company's obligations to the bank the maximum mortgage agreement was concluded, according to which the immovable property of Linas AB is mortgaged and suretyship of Lino Apdaila UAB is granted for the entire amount and period of credit. The time period of the credit agreement is till 15 September 2021.

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

4.18. Main business of the Group and Company.

The main 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 4.18.1. „Information of Linas, LLC enterprise group about segments of textile items production business“, 4.18.2 „Information of Linas, LLC enterprise group about geographical segments of textile items production business“, 4.18.3. „Information of Linas, LLC about segments of textile products business“, 4.18.4. "Information of Linas, LLC about segments of textile products of geographical business".

The Group companies attribute the revenues, received from the customers, to individual parties, basing on the customers' location. During the reporting year the Group's revenues from the deals with the largest customer amounted to 17,9 per cent of its total revenues (20 per cent in 2015). The revenues are calculated in the sewed products business segment and in the European countries' geographic segment.

In 2017 the incomes of UAB "Lino apdaila" for AB "Linas" production services were 2.118 thousand Eur (2016 y. - 2.179 thousand Eur), the cost price of presented services is 1.418 thousand Eur (2016 y. - 1.506 thousand Eur). As of 31 December 2017 the amount, payable by Linas AB to its

subsidiary, was EUR 915 thousand (EUR 422 thousand as of 31-12-2016). In 2016 the incomes of UAB "Lino apdaila" for the presented production services to the third parties made 5 thousand Eur (2016 y. - 5 thousand Eur), the cost price for presented services is 4 thousand Eur (2016 y. - 4 thousand Eur)..

It is impossible to attribute property and liabilities of the Group and AB "Linās" to abstracted segments. All property and liabilities of the Group and the Company are not allotted in values acc.to business and geographical segments.

4.19. The information on the selling expenses, general and administrative expenses of the Group and the Company (Table 'Selling expenses, general and administrative expenses').

4.20. The information on the cost and revenues of other activities of the Group and the Company (Table 'Other activities').

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

4.22. Information about financial connections with the heads of the Group and the Company and with the other related persons. (Table 'Financial relations to corporate executives and other related persons').

Linās AB rents the facilities at the address S. Kerbedžio str. 23 in Panevėžys to Lino Dizainas UAB (enterprise registration number: 304093122) and to Lino Apdaila UAB (enterprise registration number: 301733421) without a definite term. Linās AB rents production machinery, equipment, devices and tools to Lino Dizainas UAB (enterprise registration number: 304093122) without a definite term.

In 2017 the Company rented administrative facilities in Vilnius according to a rent contract.

Production machinery, equipment, devices, tools and inventory, used in the activities of the Linās AB Group, are rented from Verslo Dizainas UAB (enterprise registration number: 302529076).

Lino Apdaila UAB, rents its machinery, equipment, devices and tools, used for performing flax textile products' yarn painting, weaving and decoration, to Lino Dizainas UAB (enterprise registration number: 304093122).

Paragraphs 1-5 of this Comment are described in Comment 4.5 in more detail.

Linās AB provides heating, necessary in order to heat the facilities at the address S. Kerbedžio str. 23 in Panevėžys and to boil water, as well as the steam, necessary in order to perform the production processes, to Lino Dizainas UAB (enterprise registration number: 304093122) without a definite term. The amount of revenues from provision of thermal energy, calculated during the financial year, is EUR 648 thousand (EUR 759 thousand in 2016).

The amount of revenues, received during the reporting year by Linās AB for the accounting services, provided to Lino Dizainas UAB, was EUR 41 thousand (EUR 41 thousand in 2016).

Lino Dizainas UAB (enterprise registration number: 304093122) provided the textile production decoration services to the Group: to Linās AB – for EUR 3.977 thousand (EUR 4.262 thousand in 2016), to Lino Apdaila UAB – for EUR 79 thousand (EUR 77 thousand in 2016). The amount, payable at the end of the financial year by the Group to Lino Dizainas UAB for the provided production services, was EUR 572 thousand (EUR 1.202 thousand in 2016). At the end of the financial year the debt of Lino Dizainas UAB to the Group for different services, provided by the Group, was EUR 5 thousand (EUR 205 thousand in 2016).

By the financing agreement of 19 November 2014 Rivena UAB, enterprise registration number: 302521510, the address of the headquarters: P. Žadeikos str. 13-35, LT-06324 Vilnius, and Linās AB agreed that Linās AB shall finance a real estate project on behalf of Rivena UAB. As of 31 December 2017 the amount of debt of Rivena UAB for project funding (EUR 1.171 thousand) and the interest, amounting to EUR 110 thousand (EUR 75 thousand in 2016) are recognized as long-term receivables. A plot of land was mortgaged to Linās AB for the paid project funding amount. The plot is owned by Kuprionis UAB, enterprise registration number: 301166750, since 10 May 2016. The value of the plot according to the mortgage sheets is EUR 1.593 thousand. The market value of the plot, established in the independent property valuator's report, is EUR 1.341 thousand. The plot was mortgaged during the

valuation (on 14-11-2014). The buildings, existing on the plot are in poor condition and require capital repairs. The detailed plan of the plot is commenced to be prepared.

The interest, stated in the agreement, as of the date of the deal, is similar to the market interest. At the end of each reporting year it is verified whether there are any significant deviations from the market interest rate. The interest revenues correspond to the actually received cash flows.

On September 1, 2015 the loans subordinate contract is signed between the bank, AB "Linās" and UAB "Rivena" (company code 302521510, address P.Zadeikos str. 13-35, Vilnius). According to this contract the rights of AB "Linās" and liabilities of UAB "Rivena" acc.to the loan contract are subordinated by bank rights, arising from the bank and UAB "Rivena" credit contract. The loans subordination contract is valid up to August 6, 2022.

On September 1, 2015 AB "Linās" presented the guarantee with the guarantee contact of 200 thousand EUR sum for the debtor UAB "Rivena", company code 302521510, address P.Zadeikos str. 13-35, Vilnius up to August 18, 2017.

By the right of claim transfer agreement of 4 December 2014, Linas AB transferred to Lino Linija UAB (enterprise registration number: 303185361, the address of the headquarters: Veiverių str. 9B-62, Vilnius) the right of claim to Rivena UAB (enterprise registration number: 302521510, the address of the headquarters: P. Žadeikos str. 13-35, Vilnius), the amount of which is EUR 45 thousand. The right of claim transfer agreement states that Lino Linija UAB shall pay the amount of transferred right of claim within the time period of five years, starting the payment from March 2018. Since no interest is stated in the agreement, the receivables are discounted in accordance with the average market interest rate. In the financial position statement, the financial assets are shown at the depreciated cost price, EUR 34 thousand at the end of the financial year.

4.23. The tax on profit due to be paid (Tables 4.23.1 'Specification of expenses of profit tax', 4.23.2 'Recalculation of expenses of profit taxes, according to regular and temporary difference of accounting and taxable profit').

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

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

4.26. The profit (loss) which belongs to one share (table "Earnings (loss) per share").

The inessential errors were corrected by applying the long-run approach.

There were no significant events after the reporting period in the Group and the Company.

4.1. LONG-TERM INTANGIBLE ASSETS**4.1.1. Changes of Linas, LLC enterprise group and Linas, LLC long-term intangible assets**

EUR

Indicators	Develop- mental works	Prestige	Software	Concessions, patents, licenses, brands and other rights	Other intangible assets	Paid advance	Total
Residual value at the end of previous financial year			31.173	0	0		31.173
a) Procurement cost price of long-term intangible assets							
At the end of previous financial year			105.236	0	1.296		106.532
Changes of financial year			33.799	0	0		33.799
· Procurement of assets			33.799	0	0		33.799
· Written-off property because of the accounting evaluation change (-)			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			139.035	0	1.296		140.331
b) Amortization							
At the end of previous financial year			74.063	0	1.296		75.359
Changes of financial year			7.552	0	0		7.552
· Written-off property because of the accounting evaluation change (-)			0	0	0		0
· Financial year amortization			7.552	0	0		7.552
· 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			81.615	0	1.296		82.911
e) Residual value at the end of financial year (a) - (b)			57.420	0	0		57.420

4.2. LONG TERM TANGIBLE ASSETS

4.2.1. Changes of Linas, AB long-term tangible assets

EUR

Indicators	Land	Buildings and structures	Machinery and equipment	Means of transport	Other equipment, appliances and instruments	Investment property	Paid advance and executed tangible property building (production) works	Total
Residual value at the end of previous financial year		1.393.241	104.806	51.426	9.831	0	103.500	1.662.804
a) Procurement of cost price long-term tangible assets								0
At the end of previous financial year		1.401.025	762.967	154.156	38.281	0	103.500	2.459.929
Changes of financial year		0	120.251	1.300	10.246	415.901	(103.500)	444.198
· Procurement of assets		0	16.751	1.300	12.907	415.901	0	446.859
· Written-off property because of the accounting evaluation change (-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	0	0	(2.661)	0	0	(2.661)
· Transcription to short-time assets+/-)		0	0	0	0	0	0	0
· Transcription from one article to another +/-)		0	103.500	0	0	0	(103.500)	0
At the end of financial year		1.401.025	883.218	155.456	48.527	415.901	0	2.904.127
b) Revaluation								0
At the end of previous financial year		0	0	0	0	0	0	0
Changes of financial year		0	0	0	0	0	0	0
· Increase (decrease) of value +/-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	0	0	0	0	0	0
· Transcription from one article to another +/-)		0	0	0	0	0	0	0
At the end of financial year		0	0	0	0	0	0	0
c) Depreciation (-)								0
At the end of previous financial year		7.784	658.161	102.730	28.450	0	0	797.125
Changes of financial year		93.401	30.604	11.471	3.088	0	0	138.564
· Written-off property because of the accounting evaluation change (-)		0	0	0	0	0	0	0
· Financial year depreciation		93.401	30.604	11.471	5.748	0	0	141.224
· Restorational records (-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	0	0	(2.660)	0	0	(2.660)
· Transcription from one article to another +/-)		0	0	0	0	0	0	0
At the end of financial year		101.185	688.765	114.201	31.538	0	0	935.689
d) Decrease of value								0
At the end of previous financial year		0	0	0	0	0	0	0
Changes of financial year		0	0	0	0	42.000	0	42.000
· Decrease of value of financial year		0	0	0	0	42.000	0	42.000
· Restorational records (-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	0	0	0	0	0	0
· Transcription from one article to another +/-)		0	0	0	0	0	0	0
At the end of financial year		0	0	0	0	0	0	0
e) Residual value at the end of financial year (a) + (b) - (c) - (d)		1.299.840	194.453	41.255	16.989	373.901	0	1.926.438

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

EUR

Indicators	Land	Buildings and structures	Machinery and equipment	Means of transport	Other equipment, appliances and instruments	Investment property	Paid advance and executed tangible property building (production) works	Total
Residual value at the end of previous financial year		1.395.166	341.963	53.932	12.524	0	103.500	1.907.085
a) Procurement of cost price long-term tangible assets								0
At the end of previous financial year		1.406.342	1.177.468	168.605	45.767	0	103.500	2.901.682
Changes of financial year		0	136.631	3.618	10.246	415.901	(97.305)	469.091
· Procurement of assets		0	34.131	3.618	12.907	415.901	6.195	472.752
· Written-off property because of the accounting evaluation change (-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	(1.000)	0	(2.661)	0	0	(3.661)
· Transcription to short-time assets +/-(-)		0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)		0	103.500	0	0	0	(103.500)	0
At the end of financial year		1.406.342	1.314.099	172.223	56.013	415.901	6.195	3.370.773
b) Revaluation								0
At the end of previous financial year		0	0	0	0	0	0	0
Changes of financial year		0	0	0	0	0	0	0
· Increase (decrease) of value +/-(-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)		0	0	0	0	0	0	0
At the end of financial year		0	0	0	0	0	0	0
c) Depreciation (-)								0
At the end of previous financial year		11.176	835.505	114.673	33.243	0	0	994.597
Changes of financial year		94.066	73.796	12.737	4.585	0	0	185.184
· Written-off property because of the accounting evaluation change (-)		0	0	0	0	0	0	0
· Depreciation of financial year		94.066	74.796	12.737	7.245	0	0	188.844
· Restorational records (-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	(1.000)	0	(2.660)	0	0	(3.660)
· Transcription from one article to another +/-(-)		0	0	0	0	0	0	0
At the end of financial year		105.242	909.301	127.410	37.828	0	0	1.179.781
d) Decrease of value								0
At the end of previous financial year		0	0	0	0	0	0	0
Changes of financial year		0	0	0	0	42.000	0	42.000
· Decrease of value of financial year		0	0	0	0	42.000	0	42.000
· Restoration records (-)		0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)		0	0	0	0	0	0	0
· Transcription from one article to another +/-(-)		0	0	0	0	0	0	0
At the end of financial year		0	0	0	0	0	0	0
e) Residual value at the end of financial year (a) + (b) - (c) - (d)		1.301.100	404.798	44.813	18.185	373.901	6.195	2.148.992

4.3. OTHER INFORMATION ON LONG-TERM INTANGIBLE, LONG-TERM TANGIBLE ASSETS

4.3.1. Average useful service period of long-term intangible and tangible assets

No.	Long-term asset groups	GROUP	COMPANY
1.	Long-term intangible asset groups		
1.1.	Concessions, patents, licenses, brands and other rights	-	-
1.2.	Software	4	4
1.3.	Other intangible assets	4	4
2.	Long-term tangible asset groups		
2.1.	Buildings and structures	15	15
2.2.	Machines and equipment	6	6
2.3.	Means of transport	6	6
2.4.	Other equipment, appliances and instruments	5	5

4.3.2. Totally amortized or deteriorated long-term intangible and tangible assets which is still used

No.	Title of asset group	GROUP		COMPANY	
		Number of exploited inventory units	Purchase cost price (Eur)	Number of exploited inventory units	Purchase cost price (Eur)
1.	Long-term intangible asset groups				
1.1.	Concessions, patents, licenses, brands and other rights				
1.2.	Software	4	71.170	4	71.170
1.3.	Other intangible assets	1	1.296	1	1.296
	Total	5	72.466	5	72.466
2.	Long-term tangible asset groups				
2.1.	Buildings and structures				
2.2.	Machinery and equipment	8	649.416	2	626.820
2.3.	Means of transport	2	97.718	1	86.947
2.4.	Other equipment, appliances and instruments	7	13.839	7	13.839
	Total	17	760.973	10	727.606

4.3.3. Rent of long-term tangible assets

No.	Leasehold long-term tangible assets group	GROUP		COMPANY	
		Rent period	Rent tax during financial year (Eur)	Rent period	Rent tax during financial year (Eur)
1.	Buildings and structures, totally		21.177		21.177
1.2.	Administrative premises in Vilnius	until 2020-12-31	21.177	until 2020-12-31	21.177
2.	Means of transport	termless	16.731	termless	16.731
3.	Machinery and equipment, other equipment, appliances and instruments	termless	90.000	-	-
4.	Other tangible assets	-	-	-	-
1.	Buildings and structures, totally		21.177		21.177
1.2.	Administrative premises in Vilnius	until 2020-12-31	21.177	until 2020-12-31	21.177

4.4. LONG-TERM FINANCIAL ASSETS

4.4.1. Changes of long-term financial assets of Linas, AB enterprise group

EUR

Run. No.	Indicators	Associated companies					Other amounts receivable after one year		Other companies' securities acquisition price	Total
		Value of loans, granted to associated companies	Accrued interest revenues from the loans to associated companies	Reduction of value of the loans, granted to associated companies (-)	Value of the amounts, receivable from associated companies	Reduction of value of the amounts, receivable from associated companies (-)	The value of receivables	Reduction of value of receivables (-)		
1.	Remainder in the beginning of financial year	3.102.725	509.856	(2.328.482)	2.224.758	(2.193.177)	18.035	(17.957)	290	1.316.049
2.	Changes of financial year	(1.931.734)	(399.564)	2.328.482	(2.190.626)	2.193.177	(264)	186	0	(343)
2.1.	Other investments									
2.2.	Acquisitions, calculated interest, granting of loans		35.618		2.551					38.169
2.3.	Transfer from the sums receivable after one year									
2.4.	Sales, return of loans and other receivable amounts (-)	(452.534)		414.100			(264)	186		(38.512)
2.5.	Transfer to short-term financial assets (-)									0
2.6.	BUAB „Nordic investicija“ (company code 135442762) 4-03-2017 - signed out from the Register of Legal Entities. Debts which are eliminated from accounting	(1.303.980)	(388.908)	1.692.888	(2.190.995)	2.190.995				
2.7.	UAB „Domus Palanga“ 10-02-2016 – signed out from the Register of Legal Entities . Debts which are eliminated from accounting	(175.220)	(46.274)	221.494	(2.182)	2.182				
2.8.	Decrease of value (-)									
3.	Remainder in the end of financial year (1 + 2)	1.170.991	110.292	0	34.132	0	17.771	(17.771)	290	1.315.706

4.4.2. Changes of long-term financial assets of Linas, AB

EUR

Run. No.	Indicators	Company of Group of companies		Associated companies					Other amounts receivable after one year		Other companies' securities acquisition price	Total
		Subsidiaries' shares acquisition cost price	The value of loans, granted to subsidiaries	Value of loans, granted to associated companies	Accrued interest revenues from the loans to associated companies	Reduction of value of the loans, granted to associated companies (-)	Value of the amounts, receivable from associated companies	Reduction of value of the amounts, receivable from associated companies (-)	The value of receivables	Reduction of value of receivables (-)		
1.	Remainder in the beginning of financial year	2.896		3.102.725	509.856	(2.328.482)	2.224.758	(2.193.177)	18.035	(17.957)	290	1.318.944
2.	Changes of financial year			(1.931.734)	(399.564)	2.328.482	(2.190.626)	2.193.177	(264)	186	0	(343)
2.1.	Investments in subsidiaries											0
2.2.	Other investments											0
2.3.	Acquisitions, calculated interest, granting of loans				35.618		2.551					38.169
2.4.	Transfer from the sums receivable after one year											0
2.5.	Sales, return of loans and other receivable amounts (-)			(452.534)		414.100			(264)	186		(38.512)
2.6.	Transfer to short-term financial assets (-)											0
2.7.	BUAB „Nordic investicija“ (company code 135442762) 4-03-2017 - signed out from the Register of Legal Entities. Skolos eliminuojamos iš apskaitos.			(1.303.980)	(388.908)	1.692.888	(2.190.995)	2.190.995				0
2.8.	UAB „Domus Palanga“ 10-02-2016 – signed out from the Register of Legal Entities. Skolos eliminuojamos iš apskaitos.			(175.220)	(46.274)	221.494	(2.182)	2.182				0
2.9.	Decrease of value (-)											0
3.	Remainder in the end of financial year (1 + 2)	2.896	0	1.170.991	110.292	0	34.132	0	17.771	(17.771)	290	1.318.601

4.5. STOCKS

4.5.1. Stocks of enterprise group of Linas, AB

EUR

Run. No.	Indicators	Raw materials, materials and spare parts	Unfinished production and executed jobs	Production	Goods, purchased for resell	Total
1.	Cost price of purchased stocks					
1.1.	At the end of last financial year	2.292.200	17.826	1.522.539	821	3.833.386
1.2.	At the end of financial year (incl. stocks en route and by the third parties)	2.582.300	21.513	1.789.291	1.537	4.394.641
2.	Depreciation until net possible selling value (restitution)					
2.1.	At the end of last financial year	0	0	0	0	0
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.)	2.292.200	17.826	1.522.539	821	3.833.386
3.2.	At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2)	2.582.300	21.513	1.789.291	1.537	4.394.641
4.	Balance value of mortgage stocks at the end of previous financial year (31/12/2016)	900.760		1.671.090		2.571.850
5.	Value of mortgage stocks according to mortgage papers (31/12/2016)	289.620		1.158.480		1.448.100
6.	Balance value of mortgage stocks at the end of financial year (31/12/2017)	1.242.024		1.817.262		3.059.286
7.	Value of mortgage stocks according to mortgage papers (31/12/2017)	289.620		1.158.480		1.448.100

4.5.2. Stocks of Linas, AB

EUR

Run. No.	Indicators	Raw materials, materials and spare parts	Raw materials, materials and spare parts are at the third parties	Unfinished production and executed jobs	Production	Goods, purchased for resell	Total
1.	Cost price of purchased stocks						
1.1.	At the end of last financial year	1.035.238	1.251.373	0	1.561.671	821	3.849.103
1.2.	At the end of financial year (incl. stocks en route and by the third parties)	1.467.247	1.103.455	0	1.855.454	1.537	4.427.693
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.)	1.035.238	1.251.373	0	1.561.671	821	3.849.103
3.2.	At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2)	1.467.247	1.103.455	0	1.855.454	1.537	4.427.693
4.	Balance value of mortgage stocks at the end of previous financial year (31/12/2016)	573.653	327.107		1.671.090		2.571.850
5.	Value of mortgage stocks according to mortgage papers (31/12/2016)	289.620			1.158.480		1.448.100
6.	Balance value of mortgage stocks at the end of financial year (31/12/2017)	995.233	245.790		1.817.262		3.058.285
7.	Value of mortgage stocks according to mortgage papers (31/12/2017)	289.620			1.158.480		1.448.100

4.6. PAID ADVANCE FOR CURRENT ASSETS AND SERVICES

EUR

Run. No.	Biggest paid advance groups	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Paid advance to the reserve providers	80.984	134.100	75.763	132.867
2	Paid advance to the service providers	8.812	6.584	8.349	5.906
3	Balance value of uncertain paid advance	0	0	0	0
3.1.	Uncertain paid advance	192	192	160	160
3.2.	Part of uncertain paid advance written-off to the expenses (-)	(192)	(192)	(160)	(160)
4.	Paid advance	89.796	140.684	84.112	138.773

4.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

EUR

Run. No.	Largest groups of receivable amounts	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Customers' debts	1.440.849	2.218.823	1.440.820	2.218.823
2.	Companies' debts of Group of companies	0	0	0	0
3.	Debts of associated companies	60.653	615.097	60.653	410.100
4.	Other receivable amounts	177.145	223.645	169.832	216.538
1.1.	Receivable VAT	90.961	197.010	90.961	197.010
2.2.	Budget debt to the enterprise	58	58	58	58
2.3.	Debt of social insurance to the enterprise	0	0		
2.4.	Amounts receivable from accountable persons	1.884	788	1.884	788
2.5.	Part of current year of long term loans provided for third parties	0	0	0	0
2.6.	Other accumulated receivable interests for provided long-term loans of part of current year	0	0	0	0
2.7.	Amounts receivable from employees for loans provided	0	0	0	0
2.8.	Advance payment for employees	11.477	10.148	4.164	3.529
2.9.	Receivable sums from requisition rights transfer	0	0	0	0
2.10.	Receivable grants in coming periods	0	737	0	249
2.11.	Profit tax paid in advance	72.823	14.904	72.823	14.904
2.14.	Other amounts receivable (amounts receivable from var. debtors)	0	0	0	0
	Amount receivable within one year, total	1.678.647	3.057.565	1.671.305	2.845.461

4.8. UNCERTAIN DEBTS

EUR

Run. No.	Uncertain debts by groups	GROUP				COMPANY			
		Financial year		Last financial year		Financial year		Last financial year	
		Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts
1.	Uncertain debts at the beginning of the financial year	3.240.216		3.351.741		3.237.633		3.349.158	
2.	Part of uncertain debts written-off to the expenses at the beginning of the financial year (-)	(3.240.216)		(3.351.741)		(3.237.633)		(3.349.158)	
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	4.480		6.405		4.480		6.405	
5.	Part of uncertain debt written-off to expenses within financial year	(4.480)		(6.405)		(4.480)		(6.405)	
6.	Uncertain debts acknowledge as expenses within financial year		4.476		6.236		4.476		6.236
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 (-))		0		0		0		0
9.	Impact of currency exchange rates to advance payment	0	0	0	0	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 (-)			(117.930)				(117.930)	
12.	Uncertain debt at the end of financial year	3.244.696		3.240.216		3.242.113		3.237.633	
13.	Part of uncertain debt written-off to expenses at the end of financial year (-)	(3.244.696)		(3.240.216)		(3.242.113)		(3.237.633)	
14.	Balance value of uncertain debts at the end of the financial year	0		0		0		0	

4.9. LINAS, AB ENTERPRISE'S GROUP AND LINAS, AB LOANS FOR ASSOCIATED COMPANIES AND RECEIVABLE SUMS FROM ASSOCIATED COMPANIES

Run. No.	Loans provided and receivable amounts	Currency of loan	Term of recovery	Financial year			Last financial year			Notes
				Value of financial assets 31 12 2017, Eur	Interest payable for loan provided 31 12 2017 Eur	During 2017 y. calculated interest income, Eur	Value of financial assets 31 12 2016, Eur	Interest payable for loan provided 31 12 2016 Eur	During 2016 y. calculated interest income, Eur	
1.	Loans provided for associated companies and receivable sums from associated companies			4.877.499	545.475	38.265	5.327.483	509.857	38.444	
	BUAB „Nordic investicija“ (company code 135442762)	EUR		3.494.974	388.908		3.947.508	388.908		4-03-2017 - signed out from the Register of Legal Entities. Debts which are eliminated from accounting.
	BUAB „Domus Palanga“ (company code 126234417)	EUR		177.402	46.275		177.402	46.275		10-02-2016 – signed out from the Register of Legal Entities. Debts which are eliminated from accounting.
	UAB „Rivena“ (company code 302521510)	EUR	iki 2022-09-01	1.170.992	110.292	35.715	1.170.992	74.674	35.715	
	UAB „Lino linija“ (company code 303185361)	EUR	iki 2023-02-28	34.131		2.550	31.581		2.729	
2.	Long-term loans to associated companies, recognized as bad debts and receivable sums from associated companies			(3.672.376)	(435.183)	0	(4.086.477)	(435.183)	0	
	BUAB „Nordic investicija“ (company code 135442762)	EUR		(3.494.974)	(388.908)		(3.909.075)	(388.908)		4-03-2017 - signed out from the Register of Legal Entities. Debts which are eliminated from accounting.
	BUAB „Domus Palanga“ (company code 126234417)	EUR		(177.402)	(46.275)		(177.402)	(46.275)		10-02-2016 – signed out from the Register of Legal Entities. Debts which are eliminated from accounting.
3.	Total			1.205.123	110.292	38.265	1.241.006	74.674	38.444	

4.10. COSTS AND ACCRUED REVENUES OVER THE COMING PERIODS

EUR

Run. No.	The large cost groups for the coming periods	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Advance payments for media and information publications	357	658	357	658
2	Insurance fees	15.704	12.234	13.970	11.726
3	Fairs' costs for the coming periods	4.926	23.932	4.926	23.134
4	Other costs for the coming periods	26.194	1.889	26.194	1.889
5	Costs and accrued revenues over the coming periods	47.181	38.713	45.447	37.407

4.11. STRUCTURE OF STATUTORY CAPITAL OF LINAS, AB AND MAIN SHAREHOLDERS

Run. No.	Indicators	Number of shares	%	Amount (Eur)
1	Joint-stock capital structure at the end of financial year			
	According to type of shares			
	1.1. Ordinary shares	24.038.990		6.971.307
	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	100,00%	6.971.307
2	State or municipal capital	0		0
3	Own shares, owned by the enterprise itself	0		0
4	Shares which hold subsidiary companies.	0		0
5	Shareholders who have more than 5% of enterprise's shares (2016-12-31)			
	5.1. Association "EEEE" (company code 302572729, address: Savanorių pr. 192, Kaunas)	5.564.579	23,15%	1.613.728
	5.2. Company "Roocero Associates Limited" (company code 106446, address: 35 Barrack Road, Belize, Belize)	5.406.533	22,49%	1.567.895
	5.3. Company "Danelika Services Limited" (company code HE289213, address: 3 Michael Koutsofta Street, Limassol, Cyprus)	4.156.585	17,29%	1.205.410
	5.4. UAB "Rivena" (company code 302521510, address: P.Žadeikos g. 13-35, Vilnius)	2.423.030	10,08%	702.679

4.12. RESERVES OF LINAS, AB ENTERPRISE GROUP AND LINAS, AB

EUR

Run. No.	Indicators	GROUP		COMPANY	
		At the end of financial year	At the end of last financial year	At the end of financial year	At the end of last financial year
1	Compulsory reserve	290	290	0	0
2	Other reserves	170.000	170.000	0	0
2.1.	Unappropriated reserve for investment				
2.2.	Reserve for support and benefits in line with collective agreement				
2.3.	Reserve for development of business projects	170.000	170.000		
3	Total reserves	170.290	170.290	0	0

Linās, AB

Company Code 147689083

S. Kerbedzio 23, Panevezys

4.13. PROFIT (LOSS) ASSIGNMENT PROJECT

EUR

Run. No.	Articles	Amount
1.	Retained earnings (loss) of the previous financial year at the end of the current year	(195.864)
2.	Net profit (loss) for the current year	166.405
3.	Unadmitted profit (loss) of accounting financial year in statement of profit or loss and other comprehensive income	0
4.	Transfers from reserves, total	0
4.1.	- from obligatory reserve	0
4.2.	- from reserve for business projects development	0
4.3.	- from reserve for support	0
5.	Contributions by shareholders to cover losses	0
6.	Appropriated profit (loss), total	(29.459)
7.	Appropriation of profit	0
7.1.	part of profit admitted to compulsory reserve	0
7.2.	part of profit admitted to reserve to obtain own shares	0
7.3.	part of profit admitted to other reserves:	0
7.3.1.	to reserve for support	0
7.3.2.	to reserve for project of business development	0
7.4.	part of profit admitted to pay the dividends	0
7.5.	part of profit admitted for annual payoffs (bonuses) to members of Board, employees bonuses and other aims;	0
8.	Retained earnings (loss) at the end of the current year to be carried forward to the following financial year	(29.459)

4.14. GRANTS AND SUBVENTIONS

EUR

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)	737	1.339		2.076	0	0
1.2.	Grants related to assets						
1.3.	Subventions						
2.	COMPANY						
2.1.	Grants related to income (compensation of expenses)	249	90		339	0	0
2.2.	Grants related to assets						
2.3.	Subventions						

4.15. LONG-TERM AND SHORT-TERM OBLIGATIONS

EUR

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:	176.842	486.316	176.842	663.158	176.842	486.316	176.842	663.158
1.1.	For leasing (financial lease) or similar obligations	0	0	0	0	0		0	
1.2.	For credit institutions	176.842	486.316	176.842	663.158	176.842	486.316	176.842	663.158
1.3.	Other financial debts	0	0	0	0	0	0	0	0
2.	Other debts	1.966.977	0	2.348.591	0	2.554.962	0	2.486.732	0
2.1.	Debts for suppliers	847.926	0	687.762	0	837.028	0	646.277	0
2.2.	Payable sums for companies of Group of companies	0	0	0	0	915.039	0	421.699	0
2.3.	Payable sums for associated companies	733.687	0	1.205.064	0	584.319	0	1.205.064	0
2.4.	Received advance	31.918	0	45.780	0	31.918	0	45.780	0
2.5.	Obligations related to industrial relations	259.739	0	261.329	0	140.829	0	123.068	0
2.5.1	<i>wage payable</i>	<i>121.793</i>	<i>0</i>	<i>113.652</i>	<i>0</i>	<i>74.616</i>	<i>0</i>	<i>56.088</i>	<i>0</i>
2.5.2	<i>social insurance payable</i>	<i>53.925</i>	<i>0</i>	<i>57.472</i>	<i>0</i>	<i>30.905</i>	<i>0</i>	<i>27.731</i>	<i>0</i>
2.5.3	<i>Compulsory health insurance contributions</i>	<i>6.584</i>	<i>0</i>	<i>7.344</i>	<i>0</i>	<i>2.753</i>	<i>0</i>	<i>2.975</i>	<i>0</i>
2.5.4	<i>payable RIT from wage</i>	<i>9.561</i>	<i>0</i>	<i>17.506</i>	<i>0</i>	<i>3.879</i>	<i>0</i>	<i>10.130</i>	<i>0</i>
2.5.5	<i>leave accumulation</i>	<i>67.680</i>	<i>0</i>	<i>65.140</i>	<i>0</i>	<i>28.593</i>	<i>0</i>	<i>26.055</i>	<i>0</i>
2.5.6	<i>payable contributions to the Guarantee Foundation</i>	<i>196</i>	<i>0</i>	<i>215</i>	<i>0</i>	<i>83</i>	<i>0</i>	<i>89</i>	<i>0</i>
2.6.	VAT payable	23.575	0	76.584	0	0	0	0	0
2.7.	Other taxes payable	6.204	0	11.146	0	6.204	0	9.867	0
2.8.	Profit tax payment obligations	23.621	0	25.681	0	0	0	0	0
2.9.	Payable amounts for sales services	31.817	0	29.827	0	31.817	0	29.827	0
2.10.	Various other payable amounts	8.490	0	5.418	0	7.808	0	5.150	0
	Total	2.143.819	486.316	2.525.433	663.158	2.731.804	486.316	2.663.574	663.158

Guarantee debts of Linas, LLC enterprise group

Run. No.		Financial year debts guaranteed by		Last year financial debts guaranteed by	
		Government	Group of enterprises by mortgaged assets	Government	Group of enterprises by mortgaged assets
1.	Financial debts:	0	3.914.100		3.914.100
1.1.	Leasing (financial lease) or similar obligations		0		0
1.2.	For credit institution		3.914.100		3.914.100
1.3.	Other financial debts		0		0
2.	Other debts	0	0	0	0

4.16. STATE OF DEBTS FOR CREDIT INSTITUTIONS OF LINAS, LLC ENTERPRISE GROUP AND LINAS, LLC

Run. No.	Debts for credit institutions	At the end of the financial year		At the end of the last financial year	
		Amount of loan	Date of loan return	Amount of loan	Date of loan return
1.	Enterprise leasing liabilities (financial lease), payable in Eur				
2.	Enterprise debts for credit institutions, payable in Eur	663.158 EUR		840.000 EUR	
2.1.	Long-term liabilities in accordance with the loan agreements of 26-09-2016	486.316 EUR	2021-09-15	663.158 EUR	2021-09-15
2.2.	The share of debts to credit institutions during the current year (the loan agreement of 26-09-2016)	176.842 EUR	2018-12-31	176.842 EUR	2017-12-31
	Total	663.158 EUR		840.000 EUR	

4.17. ACCUMULATIONS OF LEAVES

EUR

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	65.140	68.928	26.055	25.107
1.1.	Accumulative leaves at the beginning of the year	49.733	52.577	19.892	19.168
1.2.	Social insurance of accumulative leaves at the beginning of the year	15.407	16.351	6.163	5.939
2.	Accumulated leaves within a year (leaves with social insurance directed to expenses)	141.052	126.383	58.811	52.300
2.1.	Accumulated leaves	107.682	96.539	44.897	39.930
2.2.	Accumulated social insurance from accumulated leaves	33.370	29.844	13.914	12.370
3.	Accumulated leaves amount covered by accumulated leavess (within a financial year for employees practically counted leaves with social insurance)	(138.513)	(130.171)	(56.273)	(51.352)
3.1.	Leaves expenses covered by accumulated leaves	(105.745)	(99.383)	(42.959)	(39.206)
3.2.	Leaves with social insurance expenses covered by accumulated leaves	(32.768)	(30.788)	(13.314)	(12.146)
4.	Remainder of accumulative leaves at the end of the year	67.679	65.140	28.593	26.055
4.1.	Accumulated leaves at the end of the year	51.670	49.733	21.830	19.892
4.2.	Social insurance from accumulated leaves at the end of the year	16.009	15.407	6.763	6.163
5.	Change of accumulated leave remainder within a year (4 - 1)	2.539	(3.788)	2.538	948
5.1.	Change of accumulated leave remainder	1.937	(2.844)	1.938	724
5.2.	Change of social insurance from accumulated leave remainder	602	(944)	600	224

4.18. PRODUCTION OF TEXTILE PRODUCTS

4.18.1. Information of Linas, LLC enterprise group about segments of textile products production business

EUR

Indicators	Segments (production, goods, types of activity)										Group's Total	
	Fabrics		Sewn products		Yarns		Production services					
	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.
Income	6.846.768	6.278.302	5.635.558	6.155.872	39.956	60.734	309.005	549.701	12.831.287	13.044.609		
Cost price	5.306.065	4.885.153	4.866.105	5.256.946	39.026	59.339	176.856	334.355	10.388.052	10.535.793		
Gross profit (losses)	1.540.703	1.393.149	769.453	898.926	930	1.395	132.149	215.346	2.443.235	2.508.816		
Selling expenses, general and administrative expenses									2.177.981	2.030.181		
Profit (losses) of main activity	1.540.703	1.393.149	769.453	898.926	930	1.395	132.149	215.346	265.254	478.635		

4.18.2. Information of Linas, LLC enterprise group about segments of textile products of geographical production business

EUR

Indicators	Segments (regions)										Group's Total	
	Scandinavian countries				European countries		USA		Lithuania		Other countries	
	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.
Income	2.618.111	2.878.752	6.191.772	6.491.481	353.529	542.309	1.718.957	1.413.110	1.423.266	1.413.110	12.831.287	13.044.609
Cost price	1.987.407	2.184.218	5.257.476	5.465.185	228.537	336.795	1.337.788	1.211.807	1.177.406	1.211.807	10.388.052	10.535.793
Gross profit (losses)	630.704	694.534	934.296	1.026.296	124.992	205.514	381.169	201.303	245.860	201.303	2.443.235	2.508.816
Selling expenses, general and administrative expenses											2.177.981	2.030.181
Profit (losses) of main activity	630.704	694.534	934.296	1.026.296	124.992	205.514	381.169	201.303	245.860	201.303	265.254	478.635

4.18.3. Information of Linas, LLC about segments of textile products business

EUR

Indicators	Segments (production, goods, types of activity)									Company's Total		
	Fabrics			Sewn products		Yarns		Production services				
	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.
Income	6.846.768	6.278.302	5.635.558	6.155.872	39.995	60.921	303.989	545.140	12.826.310	13.040.235		
Cost price	5.661.927	5.217.675	5.192.460	5.614.776	39.026	59.526	172.697	330.564	11.066.110	11.222.541		
Gross profit (losses)	1.540.703	1.060.627	769.453	541.096	930	1.395	132.149	214.576	1.760.200	1.817.694		
Selling expenses, general and administrative expenses									1.792.012	1.601.439		
Profit (losses) of main activity	1.540.703	1.060.627	769.453	541.096	930	1.395	132.149	214.576	(31.812)	216.255		

4.18.4. Information of Linas, LLC about segments of textile products of geographical business

EUR

Indicators	Segments (regions)										Company's Total	
	Scandinavian countries		European countries		USA		Lithuania		Other countries			
	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.	2017 y.	2016 y.
Income	2.618.111	2.878.752	6.191.772	6.491.481	353.529	542.309	2.239.632	1.714.583	1.423.266	1.413.110	12.826.310	13.040.235
Cost price	2.117.978	2.327.387	5.602.890	5.823.411	243.552	358.871	1.846.929	1.421.635	1.254.761	1.291.237	11.066.110	11.222.541
Gross profit (losses)	500.133	551.365	588.882	668.070	109.977	183.438	392.703	292.948	168.505	121.873	1.760.200	1.817.694
Selling expenses, general and administrative expenses											1.792.012	1.601.439
Profit (losses) of main activity	500.133	551.365	588.882	668.070	109.977	183.438	392.703	292.948	168.505	121.873	(31.812)	216.255

4.19. SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES

EUR

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Expenses of sales	753.871	679.183	753.871	679.183
1.1	Expenses of commissions	261.199	223.609	261.199	223.609
1.2	Expenses of transporting of sold production	74.279	108.411	74.279	108.411
1.3	Expenses of production advertising and fair	98.767	96.868	98.767	96.868
1.4	Expenses of sales number employees wage and other with employees related expenses	262.626	204.415	262.626	204.415
1.5	Evaluate of customers creditworthiness and insurance costs of marketable credits	21.633	19.569	21.633	19.569
1.6	Other sales expenses	35.367	26.311	35.367	26.311
2	General and administration expenses	1.424.110	1.350.998	1.038.140	922.256
2.1	Expenses related with employees wage and other with employees related	670.976	651.403	455.055	401.252
2.2	Training costs of administration employees	7.439	16.378	6.910	12.185
2.3	Rent, exploitation and repairing expenses	317.076	359.734	188.684	227.793
2.4	Expenses of security services	32.583	32.582	21.721	21.721
2.5	Expenses of deterioration and amortization of non-current asset	77.872	30.516	68.919	22.803
2.6	Expenses of info technologies	30.635	30.718	27.736	25.785
2.7	Connection expenses	12.427	10.882	9.245	8.698
2.8	Expenses of bank services	19.177	15.378	18.799	15.076
2.9	Legal services expenses	13.337	20.067	13.337	20.067
2.10	Expenses of activity tax	37.085	18.519	35.676	15.103
2.11	Expenses of support provided	26.985	32.653	26.985	32.653
2.12	Expenses of social guarantees, stated in collective agreement	1.976	1.422	1.976	1.422
2.13	Representation expenses	16.110	14.322	16.098	14.125
2.14	Uncertain debts expenses	0	6.236	0	6.236
2.15	Low-value assets acquisition expenses	16.976	23.141	15.794	19.280
2.16	Expenses of property value decrease	46.476	0	46.476	0
2.17	Various other general and administration expenses	96.980	87.047	84.729	78.057
3	TOTAL SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES	2.177.981	2.030.181	1.792.011	1.601.439

4.20. OTHER ACTIVITY

EUR

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:	1.068.606	509.546	1.060.898	981.257
1.1.	Profit of non-current asset transferring	0	7.000	0	7.000
1.2.	Income of various storages selling	69.302	92.553	73.451	92.973
1.3.	Income of rent	214.007	165.054	172.787	117.054
1.4.	Income of accounting and administration services	40.800	40.800	62.400	62.400
1.5.	Incomes of thermal energy supply	648.407	759.439	667.460	777.711
1.6.	Various other non-typical activity income	2.486	3.760	2.486	3.760
1.7.	Incomes of customers' in advance payments which are written in the financial accounting	16.255	0	16.255	0
2.	EXPENSES OF OTHER ACTIVITY - TOTAL Specification of significant amount:	768.616	830.349	740.886	799.049
2.1.	Loss of non-current asset transferring	0	0	0	0
2.2.	Net cost of sold various storages	42.489	54.129	37.548	48.082
2.3.	Net cost of rent	117.897	75.889	79.230	35.410
2.4.	Expenses of accounting and administration services	57.588	57.422	57.588	57.422
2.5.	Expenditures of thermal energy supply	550.497	642.719	566.375	657.945
2.6.	Various other non-typical activity expenses	145	190	145	190
3.	RESULT OF OTHER ACTIVITY (1-2)	222.641	238.257	253.953	261.849

4.21. FINANCIAL AND INVESTMENT ACTIVITY

EUR

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:	38.173	38.448	38.173	38.448
1.1.	Positive result of changes of currency exchange	0	0	0	0
1.2.	Income of bank interests	0	0	0	0
1.3.	Income of other interests	38.168	38.444	38.168	38.444
1.4.	Fines and penalties for the drawn debts	0	0	0	0
1.5.	Profit of incorporated activity	0	0	0	0
1.6.	Income of loans provided by the revaluation	0	0	0	0
1.7.	Income of currency buying-selling	0	0	0	0
1.8.	Discrepancy sum appeared from the recalculating into EUR	0	0	0	0
1.9.	Income of other financial-investment activity	5	4	5	4
2.	FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL Specification of significant amount:	56.946	(807)	56.852	(866)
2.1.	Expenses of interests	29.306	6.777	29.306	6.777
2.2.	Fines and delay fees	87	45	20	18
2.3.	Negative result of changes of currency exchange	31.232	1.607	31.205	1.575
2.4.	Expenses of currency buying-selling	0	0	0	0
2.5.	Expenses of loans provided by the revaluation	0	0	0	0
2.6.	Financial assets depreciation amounts (BUAB „Nordic investicija“ and BUAB "Domus Palanga" financial debts)	(4.185)	(11.741)	(4.185)	(11.741)
2.7.	Discrepancy sum appeared from the recalculating into EUR	0	0	0	0
2.8.	Expenses of other financial-investment activity	506	2.505	506	2.505
3.	FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)	(18.773)	39.255	(18.679)	39.314

4.22. FINANCIAL CONNECTIONS WITH MANAGERS AND OTHER RELATED PERSONS

EUR

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:	89.146	5.692	101.860	6.021	69.089	4.877	69.870	3.966
1.	For managers	73.462	4.417	95.125	5.502	53.405	3.602	63.135	3.447
2.	For other related persons	15.684	1.275	6.735	519	15.684	1.275	6.735	519
B.	Loans granted by Group (Company):	0	1.170.992	0	3.102.725	0	1.170.992	0	3.102.725
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	0	1.170.992	0	3.102.725	0	1.170.992	0	3.102.725
C.	Receivable loans:	0	0	0	0	0	0	0	0
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	0	0	0	0	0	0	0	0
D.	Repaid the loan for Group (Company):	0	452.533	0	0	0	452.533	0	0
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	0	452.533	0	0	0	452.533	0	0
E.	Gratuitously transferred asset and gifts:	0	0	0	0	0	0	0	0
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	0	0	0	0	0	0	0	0
F.	Various guarantees provided by name of Group (Company):	0	0	0	200.000	0	0	0	200.000
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	0	0	0	200.000	0	0	0	200.000
G.	Received various guarantees:	0	6.159.403	0	7.819.737	0	7.433.833	840.000	9.094.167
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	0	6.159.403	0	7.819.737	0	7.433.833	840.000	9.094.167
H.	Other significant amounts, calculated within a year (obligations of Group (Company) to related persons):	4.199.978	733.747	5.964.744	1.205.065	6.138.384	1.499.388	7.957.621	1.626.764
1.	For managers	12.131	1.622	9.731	811	12.131	1.622	9.731	811
2.	For members of the Board	0	0	0	0	0	0	0	0
3.	For other related persons	4.187.847	732.125	5.955.013	1.204.254	6.126.253	1.497.766	7.947.890	1.625.953
I.	Other significant obligations for Group (Company):	823.649	205.076	1.325.190	3.400.803	823.082	205.076	1.318.162	3.195.806
1.	Of managers	0	0	0	0	0	0	0	0
2.	Of other related persons	823.649	205.076	1.325.190	3.400.803	823.082	205.076	1.318.162	3.195.806
J.	Sold asset:	65.748	0	74.099	0	70.093	0	74.804	0
1.	For managers	319	0	261	0	319	0	94	0
2.	For other related persons	65.429	0	73.838	0	69.774	0	74.710	0
K.	Provisions of liabilities and requisition cover:	0	0	0	0	0	0	0	0
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	0	0	0	0	0	0	0	0
L.	Accepted as doubtful debts (Financial assets depreciation amounts):	0	0	(409.704)	(4.521.660)	0	0	(409.704)	(4.521.660)
1.	Of managers	0	0	0	0	0	0	0	0
2.	Of other related persons	0	0	(409.704)	(4.521.660)	0	0	(409.704)	(4.521.660)
M.	The asset of the third parties in the enterprise	0	0	0	0	0	0	0	0
1.	Of managers	0	0	0	0	0	0	0	0
2.	Of other related persons	0	0	0	0	0	0	0	0
N.	The assest of enterprise at the third parties	0	2.096.212	0	2.009.817	0	1.887.392	0	1.915.059
1.	Of managers	0	0	0	0	0	0	0	0
2.	Of other related persons	0	2.096.212	0	2.009.817	0	1.887.392	0	1.915.059
	Average number of administration managers within a year	4	X	4	X	3	X	3	X
	Number of Board members per year	3	X	3	X	3	X	3	X

4.23. PROFIT TAX**4.23.1. Specification of expenses of profit tax**

EUR

Run. No.	Expenses of profit tax	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Expenses of profit tax	80.673	106.670	37.020	74.905
1.1.	Reporting year profit tax according to Profit tax declaration	80.673	106.670	37.020	74.905
1.2.	Corrections of profit tax of last year in perspective way	0	0	0	0
2.	Expenses (incomes) of delayed taxes	199	363	40	114
2.1.	Expenses (incomes) of delayed taxes, determined by appearance and (or) disappearance of temporary differences	199	363	40	114
3.	Expenses of profit tax , stated in statement of profit or loss and other comprehensive income	80.872	107.033	37.060	75.019

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

EUR

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 statement profit or loss and other of comprehensive income)	466.573	753.418	200.915	514.689
2.	The profit/loss, which emerged as the result of calculation of interest in the financial accounting by applying the depreciated cost price, using the factual interest method	2.550	2.729	2.550	2.729
3.	Profit tax before correction cause of regular and temporary differences	73.932	109.192	30.137	77.203
4.	Correction of expenses of profit tax	6.900	(2.159)	7.483	(2.184)
4.1.	Correction of profit tax expenses cause of regular differences	6.744	(2.495)	7.327	(2.520)
4.2.	Correction of profit tax expenses cause of temporary differences (from profit declaration)	(199)	(363)	(40)	(114)
4.3.	Correction of profit tax expenses regarding temporal differences (profit tax property (obligations) decrease (increase))	199	363	40	114
4.4.	Correction of profit tax of last period in perspective way				
4.5.	Profit tax expenditures correction regarding investment project implementation	0	0	0	0
4.6.	Correction of the profit tax costs as the result of increase of the revenues over the taxable period (reduction of costs) in accordance with Paragraph 2 of Article 40 of the Law on Profit Tax	156	336	156	336
5.	Expenses of profit tax, stated in statement of profit or loss and other comprehensive income	80.832	107.033	37.620	75.019

4.24. EXTENDED PROFIT TAX

EUR

Run. No.	Reasons of originated extended tax	GROUP				COMPANY			
		Statement of financial position		Statement of profit or loss and other comprehensive income		Statement of financial position		Statement of profit or loss and other comprehensive income	
		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	0	0	0	0	0	0		
2.	Asset of extended tax at the beginning of financial year	253	616			55	169		
	Changes of asset of extended tax (increase +, decrease -)								
3.1.	Income tax on long-term assets depreciation costs, which are recognized in the taxation accounting as allowed deductions	0	0			0	0		
3.2.	Income tax on long-term assets depreciation costs, which are not recognized in the taxation accounting as allowed deductions	0	0			0	0		
3.	Changes of asset of extended tax, total	(199)	(363)			(40)	(114)		
4.	Expenses (incomes) of extended tax			199	363			40	114
5.	Obligation of extended tax at the end of financial year	0	0			0	0		
6.	Asset of extended tax at the end of financial year	54	253			15	55		

4.25. RIGHTS AND OBLIGATIONS, NOT STATED IN THE STATEMENT OF FINANCIAL POSITION

EUR

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	3.914.100	3.914.100	3.914.100	3.914.100
2	Sponsions of third parties for the loans received by the enterprise	0	0	1.274.430	1.274.430
3	Received guarantess, sponsions	4.566.493	4.980.592	4.566.493	4.980.592
4	Tangible valuables of enterprise trusted to the third parties	29.194	28.615	29.194	28.615
5	Property sublease for third persons	1.108.424	975.742	783.938	663.686
6	Sponsions for the third parties	0	200.000		200.000
7	Confirmed notes in circulation	0	0	0	0
8	The asset of the third parties in the enterprise	0	0	0	0
9	Property of third parties mortgaged for the company	1.592.910	2.839.145	1.592.910	2.839.145

4.26. EARNINGS (LOSS) PER SHARE

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Average number of shares	24.038.990	24.038.990	24.038.990	24.038.990
2.	Net profit (loss), in EUR	388.251	649.114	166.405	442.339
3.	Earnings per share, in EUR	0,02	0,03	0,01	0,02