



CONFIRMED at
the meeting of the Board by
the protocol No. 6
on 09 April, 2019

„LINAS“ AB
CONSOLIDATED ANNUAL REPORT FOR THE
YEAR 2018

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, Vilita Skersienė, Director of Linas AB, Egidijus Mikeliūnas, Finance Manager 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

Vilita Skersienė

March 21, 2019

Head of finance dept. Linas AB

Egidijus Mikeliūnas

March 21, 2019

Chief accountant Linas AB

Gerda Zabarskiene

March 21, 2019

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1. Accounting period the annual report is covering.

The AB „Linās“ consolidated annual report has been prepared for the year 2018.

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

Name	AB „Linās“ (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, 2018 the Group of companies was comprised of AB “Linās” and its subsidiary company UAB “Lino apdaila”. AB “Linās” holds 100% shares of the subsidiary company. The activity of AB “Linās” is sales of linen textile items; other activity of AB “Linās” - 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 August 24, 2018 AB “Linās” has signed the service contract with the Šiaulių bankas AB (company code 112025254, Tilžės str.149, Šiauliai) 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 2018 the AB „Linās” Company Group sold products and services for 12 709 thou. Eur. Compared to the results of 2017 the incomes of sales decreased 122 thou. Eur or by 0,95 %.

Item	Unit	2018	2017
Sales	Thou. Eur	12 709	12 831
Profit before taxes	Thou. Eur	599	469

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 2018. 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 2018	Group 2017
Net profitability (net profit/sales * 100)	3,99	3,03
Return on equity ROE (net profit/equity)	0,06	0,05
Debt ratio (liabilities/assets)	0,22	0,25
Turnability of assets (sales/assets)	1,20	1,24
Book value of shares (equity/number of shares)	0,34	0,32
Net profit (loss) (thou. Eur)	508	388
EBITDA (mln. Eur) (earnings before interest + interest expense + depreciation and amortization)	0,825	0,73
Profit per share	0,02	0,02
Lowest share price (Eur)	0,069	0,060
Highest share price (Eur)	0,115	0,098
Closing price (Eur)	0,105	0,084
Capitalisation (mln. Eur)	2,52	2,02

Net profitability indicator help to estimate company's gain to shareholders/investitors. Return on equity ROE indicator shows how effectively is using company's equity. Debt ratio indicator shows opportunities of Group's short-term and long-term solvency to shareholders and investors. Turnability of assets shows efficiency of activity. EBITDA indicator shows Profit without influence of capital structure, profit tax and influence of depreciation and amortization. Profit per share indicator is Profit indicator in respect from shareholders.

The range pf the pure linen fabrics accounted for 81,4 % of the total products produced in 2018 (in 2017 – 72,1 %). In 2018 32 % of the total fabrics produced were used for sewing articles (in 2016 – 33,5 %).

In 2018 the Company Group had 599 thou. Eur profit before taxes, and taking into account the taxes the net profit of the Group was 508 thou. Eur. On 2017 the net profit of the Group was 388 thou. Eur.

Export (out of Lithuania borders) volumes during year 2018 made 78,8 % of all sold production. Geographically sales is as follows: Lithuania – 21,2 %, Spain – 16,42 %, Sweden – 9,4 %, Finland – 7,73 %, Great Britain – 5,97 %, Japan – 5,07 %, Latvia – 4,48 %, France – 4,37 %, South Korea, - 2,99 %, Estonia – 3,31 %, USA – 3,01 %, Denmark – 3,07 %, Belgium – 3.1 %, Germany – 2,42 %, Australia – 1,45 % and other countries – 6.01 %.

We participated in 6 specialized textile exhibitions: in Germany, in France and in Poland.

During 2017 it was bought 51 tons of cotton yarns from the Lithuanian (98,6 %), Spanish, German and Estonian suppliers. During 2018 it was purchased 217 tons on linen yarn, which was purchased from the Chinese and Lithuanian suppliers (34 % each), 25 % from Italian suppliers and remaining 7 % from Dutch, Estonian, Latvian and Lithuanina suppliers.

893 thou. m of raw fabric was bought in 2018, 99 % of it – from Belarus. Other raw fabric suppliers was from Holland, Estonia, Latvia and Lithuania.

2018-12-31 Group had 486 thou. Eur debts to the banks. On 2018-12-31 the sum of AB "Linās" granted loans with interests made 1 317 thou. 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).

Zita Kelmienė, independent member of Audit committee was resigned from March 29, 2019.

10. Operating plans and forecasts of the Company Group.

In 2018 the Group of Linās, 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.

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 „Linās“ 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 "Linās" 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 2018:

1.Wastes (including composite communal)	57,76 tons
2.Outflow (production)	30 thousand m ³

Expenses for environment control during year 2018:

1.Taxes for atmosphere pollution (mobile resources)	- 73 Eur
2.Tax for outflow (production) (for production outflow passing to AB "Aukštaitijos vandenys")	- 23,76 thou. Eur

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, 2018 was 1 134.

The shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2018 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 145 employees on year 2017. On 2016 this average was 157. During the year the average number of employees decreased by 12 or 7,6 %. The number of employees has remained stable.

Employees	2018		2016	
	Average conditional number of employees	Average salary/wage, Eur	Average conditional number of employees	Average salary/wage, Eur
Management personnel	8	1444.5	9	1388,6
Specialists and clerks	35	918.2	37	890,6
Workers	101	593.2	98	581,1
Total	144	719.5	144	711,1

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 2018 was 719,5 Eur and compared to 2017 increased by 1,2 % (in 2017 – 711,1 Eur).

AB „Linās” Group of companies employees acc.to the education on 2018-12-31:

Employees education	Number of employees
Higher university education	37
Higher college education	12
Further education	24
Special secondary (professional) education	54
Secondary education	18
Totally:	145

The Collective Agreement in AB „Linās” Group of companies indicates:

1. One-off irretrievable 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 whom 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 cancellation 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 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.

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.

ARŪNAS KETRYS – independent member of the Supervisory Council. Deputy director of Alba UAB (company code 132713272, Neries kr. 16, 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 MINKEVIČIENĖ – Chairman of the Board until August 23, 2018 and head of administration of the Company – The Director until August 31, 2018. Does not hold shares of the Company.

EGIDIJUS MIKELIŪNAS – Chairman of the Board since August 24, 2018 and head of finance department. Holds 0,1 % shares of the Company

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

LILJA 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.

VILITA SKERSIENE – Chairman of the Supervisory Council until August 31, 2018. Head of the Marketing Division of the Company until August 31, 2018. UAB "Lino apdaila" director until April 30, 2018. Head of administration of the Company – The Director since September 1, 2018. Does not hold shares of the Company.

AUSRA SILINYTE – chief of accountant of the Company until February 28, 2018. Does not hold shares of the Company.

GERDA ZABARSKIENE – chief of accountant of the Company since March 1, 2018. 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 2018 (Eur)	Payment from profit for 2018 (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	38 010	-	-	38 010
Total for all members of administration	76 020	-	-	76 020

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.

ZITA KELMIENĖ – independant member of Audit committee. Senior financier of Panevezio Aurida UAB since year 2007. Does not hold shares of the Company.

LINA BELICKIENĖ – independant member of Audit committee. Senior accountant of Panevežio miesto greitosios medicinos pagalbos stotis UAB since year 2008. 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 2018 the Company announced following essential events:

27.02.2018	Preliminary not audited activity results of twelve months of year 2017 of Company AB „Linás” and Group of companies. AB „Linás” not audited consolidated interim information of twelve months of year 2017
03.09.2018	AB „Linás” the Extraordinary General Meeting of Shareholders convocation
21.03.2018	Regarding the resignation of the Audit committee member
04.09.2018	Draft Resolutions of the Extraordinary General Meeting of Shareholders
30.04.2018	Draft Resolutions of the Repeated Annual General Meeting of Shareholders of AB „Linás”
30.04.2018	AB „Linás” General Meeting of Shareholders didn't take place. Repeated General Meeting of Shareholders will be held on May 16, 2018
16.05.2018	Annual report for 2017
16.05.2018	Resolutions of Repeated Annual General Meeting of Shareholders
31.05.2018	Activity results of three months of year 2018 of company AB „Linás” and Group of companies. AB „Linás” not audited consolidated interim information of three months of year 2018
06.04.2018	AB „Linás” the Ordinary General Meeting of Shareholders convocation
24.08.2018	Regarding the resigning of the members of Audit committee, director and chairman of the Board
30.08.2018	Regarding the resignation of the Chairman of the Supervisory Council and the appointment of the director
09.04.2018	AB „Linás” got the dividends
09.04.2018	Draft Resolutions of the Annual General Meeting of Shareholders
25.09.2018	Draft Resolutions of the Repeated Extraordinary General Meeting of Shareholders
25.09.2018	AB „Linás” General Meeting of Shareholders didn't take place. Repeated General Meeting of Shareholders will be held on October 10, 2018.
28.09.2018	Activity results of six months of year 2018 of AB „Linás” Group of companies. AB „Linás” not audited consolidated interim information of six months of year 2018
10.10.2018	Resolutions of Repeated Extraordinary General Meeting of Shareholders

30.11.2018	Activity results of nine months of year 2018 of company AB „Linus” and Group of companies. AB „Linus” not audited consolidated interim information of nine months of year 2018
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All information on material events made public during 2017 is available on the AB „Linus“ webpage www.linus.lt.

Director



Vilija Skersienė

Annex 1
To AB “Linus” annual report of year 2018

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 independent members elected for the term of four year. 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
<i>Principle I: Basic Provisions</i>		
<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 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.	YES	The Company fully complies with this recommendation, 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 independent members. 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	YES	The chairperson of the Supervisory Council, as formed in the Company, has not been the head of the Company.

<p>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.</p>		
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p> <p><i>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.</i></p>		
<p>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.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>The information above shall be provided and updated regularly, in the annual and interim reports of the company.</p>
<p>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.</p>	<p>NO</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	

<p>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.</p>	<p>YES/NO</p>	<p>Individual program is not foreseen, because it is not required by any laws.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>YES</p>	<p>The Supervisory Council of Company consists of 3 independent members.</p>
<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> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee 	<p>YES</p>	<p>Independent members of the company's Supervisory Council meet these independence criteria.</p>

<p>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> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>		
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	NO	The Company has not defined the concept of independence
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	NO	The Company has not applied so far the practice of evaluation and announcement of independence of the members of the Supervisory Council.
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	NO	The Company has not applied so far the practice of evaluation and announcement of independence of the members of the Supervisory Council.
<p>3.11. In order to remunerate members of a collegial</p>	Not	Company is not remunerates the members of Board.

<p>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.</p>	<p>applicable</p>	
<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>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.</p>	<p>YES</p>	<p>The Supervisory Council makes recommendations to the managing bodies of the Company and monitors their activities.</p>
<p>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).</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>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.linus.lt, as well as in reports of NASDAQ OMX Vilnius.</p>
<p>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</p>	<p>YES</p>	

<p>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.</p>		
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. 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>YES</p>	<p>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>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>YES/NO</p>	<p>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>	<p>YES/NO</p>	<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>	<p>YES/NO</p>	<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>	<p>YES/NO</p>	<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</p>	<p>YES/NO</p>	<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>specified in the regulations for committee activities.</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 necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	<p>NO</p>	<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>4.13. Remuneration Committee. 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, 	<p>NO</p>	<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>the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</p> <ul style="list-style-type: none"> • 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 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>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>		
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<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy 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; • 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</p>	<p>YES</p>	<p>The Company has formed an audit committee whose main functions are in line with these recommendations.</p>
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<p>centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<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>	<p>NO</p>	<p>Such practice has not been applied in the Company.</p>

<p>Principle V: The working procedure of the company's collegial bodies</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>	<p>YES</p>	
<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>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	

<i>Principle VI: The equitable treatment of shareholders and shareholder rights</i>		
<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 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	NO	Shareholders did not present the requests to use modern technologies during the voting.

<p>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.</p>		
<p>Principle VII: The avoidance of conflicts of interest and their disclosure</p>		
<p><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></p>		
<p>7.1. Any member of the company’s supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company’s interests. In case such a situation did occur, a member of the company’s supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company’s body that has elected him/her, or to the company’s shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	
<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>		
<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.</p>	<p>NO</p>	<p>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.</p>

<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>8.3. Remuneration statement should leastwise include the following information:</p> <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 retention of shares after vesting, as referred to in point 8.15 of this Code; • 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>Not applicable</p>	<p>See comment 8.1.</p>
<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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<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>8.11. Termination payments should not be paid if the termination is due to inadequate performance.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>8.13. Shares should not vest for at least three years after their award.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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).</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>8.16. Remuneration of non-executive or supervisory directors should not include share options.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>

<p>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.</p>	<p>Not applicable</p>	<p>See comment 8.1.</p>
<p>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.</p>	<p>Not applicable</p>	<p>Such schemes are not applied in the company.</p>
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <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. <p>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.</p>	<p>Not applicable</p>	<p>Such schemes are not applied in the company.</p>
<p>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.</p>	<p>Not applicable</p>	<p>Such schemes are not applied in the company.</p>
<p>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.</p>	<p>Not applicable</p>	<p>Such schemes are not applied in the company.</p>

<p>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.</p>	<p>Not applicable</p>	<p>Such schemes are not applied in the company.</p>
<p>Principle IX: The role of stakeholders in corporate governance</p> <p><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></p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>	<p>YES</p>	<p>It is requested to sign confidential contract in order to be able to get acquainted with proper information.</p>
<p>Principle X: Information disclosure and transparency</p> <p><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></p>		
<p>10.1. The company should disclose information on:</p> <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; 	<p>YES/NO</p>	<p>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>

<ul style="list-style-type: none"> • Material issues regarding employees and other stakeholders; • 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>		
<p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>	<p>YES</p>	
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company’s supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company’s supervisory and management bodies and chief executive officer as per Principle VIII.</p>	<p>YES/NO</p>	<p>See comment 10.1.</p>
<p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company’s policy with regard to human resources, employee participation schemes in the company’s share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>YES/NO</p>	<p>See comment 10.1.</p>
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company’s shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	<p>Information is announced in the web page of the company www.linus.lt in Lithuanian and English languages.</p>
<p>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.</p>	<p>YES/NO</p>	<p>In company’s web page www.linus.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.</p>

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 know for the shareholders.



AB LINAS
CONSOLIDATED AND COMPANY'S
ANNUAL FINANCIAL STATEMENTS
YEAR 2018



SUMMARY

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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 2018, 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 2018, 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 EUR 1,199 k as at 31 December, 2018. 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 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 2018, 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. 4.22. Textile-production services received from the related and associated parties are material and amount to 47% of the production cost sold in 2018. 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 EUR 4 366k in the financial statements as at 31 December 2018. 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 41% 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 4.5 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 16 May 2017 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 five 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

5 April 2019

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

CONFIRMED by
General shareholders' meeting
of
Act No.
Financial statements
formation date - 21 03 2019

STATEMENT OF FINANCIAL POSITION
31/12/2018

Formulated according to TFAS

Reporting cycle 01 01 2018 - 31 12 2018

EUR

No.	ASSETS	Remarks No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
A.	Long-term assets		3.536.810	3.522.170	3.360.894	3.302.473
1.	Intangible assets	2.2.;4.1.;4.3.	50.707	57.420	50.707	57.420
1.1.	Developmental works					
1.2.	Prestige					
1.3.	Software		50.707	57.420	50.707	57.420
1.4.	Concessions, patents, licenses, brands and other					
1.5.	Other intangible assets					
1.6.	Paid advance					
2.	Tangible assets	2.3.;4.2.;4.3.	2.140.370	2.148.992	1.961.558	1.926.438
2.1.	Land					
2.2.	Buildings and structures		1.381.002	1.301.100	1.380.406	1.299.840
2.3.	Machinery and equipment		336.644	404.798	160.986	194.453
2.4.	Means of transport		32.013	44.813	29.654	41.255
2.5.	Other equipment, appliances and instruments		16.810	18.185	16.611	16.989
2.6.	Investment property		373.901	373.901	373.901	373.901
2.6.1.	Land		373.901	373.901	373.901	373.901
2.6.2.	Buildings					
2.7.	Paid advance and executed tangible property building			6.195		
3.	Financial assets	2.4.;4.4.;4.9.	1.345.722	1.315.704	1.348.618	1.318.600
3.1.	Companies' shares of Group of companies				2.896	2.896
3.2.	Loans for the companies' of Group of companies					
3.3.	Companies' receivable sums from Group of companies					
3.4.	Shares of associated companies					
3.5.	Loans for associated companies		1.316.901	1.281.283	1.316.901	1.281.283
3.6.	Receivable sums from associated companies		28.532	34.131	28.532	34.131
3.7.	Long-term investments		290	290	290	290
3.8.	Amounts received after one year					
3.9.	Other financial assets					
4.	Other long-term assets		11	54	11	15
4.1.	Deferred corporation tax assets	2.16.3.;4.24.	11	54	11	15
4.2.	Biological property		0	0	0	
4.3.	Other assets		0	0	0	
B.	Short-term assets		7.013.264	6.817.742	7.039.527	6.822.603
1.	Stocks	2.5.;4.7.	4.678.797	4.484.437	4.713.938	4.511.805
1.1.	Raw materials, materials and spare parts		2.256.163	2.582.300	2.239.368	2.570.702
1.2.	Unfinished production and executed jobs		23.597	21.513		
1.3.	Production		2.082.260	1.789.291	2.161.931	1.855.454
1.4.	Goods, purchased for resell		4.443	1.537	4.443	1.537
1.5.	Biological property					
1.6.	Long-term tangible property for sale					
1.7.	Paid advance	4.6.	312.334	89.796	308.196	84.112
2.	Amounts, receivable during one year	2.6.; 4.7.;4.8	1.719.239	1.678.647	1.719.239	1.671.305
2.1.	Customers' debts		1.425.053	1.440.849	1.425.053	1.440.820
2.2.	Companies' debts of Group of companies					
2.3.	Debts of associated companies		58.649	60.653	58.649	60.653
2.4.	Other receivable amounts		235.537	177.145	235.537	169.832
3.	Short-term investments	2.7.				
3.1.	Companies' shares of Group of companies					
3.2.	Other investment					
4.	Currency and its equivalents	2.7.	615.228	654.658	606.350	639.493
C.	Transfer accounts	2.8.;4.10.	50.973	47.181	48.924	45.447
	Total assets		10.601.047	10.387.093	10.449.345	10.170.523

No.	PRIVATE ASSETS AND OBLIGATIONS	Remarks No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
D.	Private assets	2.9.	8.251.426	7.743.902	7.833.846	6.941.848
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 (-)					
1.3.	Private shares (-)					
2.	Shares premiums					
3.	Revaluation reserve					
4.	Reserves	4.12.	170.290	170.290		
4.1.	Obligatory reserve		290	290		
4.2.	For purchase of proprietary shares					
4.3.	Other reserves		170.000	170.000		
5.	Retained profit (losses)	4.13.	1.109.829	602.305	862.539	(29.459)
5.1.	Profit of reporting year (losses)		507.524	388.251	891.998	166.405
5.2.	Profit (loss) of previous year		602.305	214.054	(29.459)	(195.864)
6.	Change influence of exchange rate					
7.	Non-controlled part					
E.	Grants, subsidies	2.10.;4.14.				
F.	Provisions					
1.	Provisions of pensions and similar obligations					
2.	Taxes postponements					
3.	Other provisions					
G.	Payable amounts and other obligations	2.11.;4.15.	2.342.005	2.630.134	2.610.354	3.218.120
1.	Amounts payable after one year and other long-term obligations		309.474	486.316	309.474	486.316
1.1.	Liabilities of debts					
1.2.	Debts for credit institutions	4.16.	309.474	486.316	309.474	486.316
1.3.	Received advance					
1.4.	Debts to suppliers					
1.5.	Payable sums acc.to bills and cheque					
1.6.	Payable sums for companies of Group of companies					
1.7.	Payable sums for associated companies					
1.8.	Other payable amounts and long-term obligations					
2.	Amounts payable within one year and other short-term obligations		2.032.531	2.143.818	2.300.880	2.731.804
2.1.	Liabilities of debts					
2.2.	Debts for credit institutions	4.16.	176.842	176.842	176.842	176.842
2.3.	Received advance		44.873	31.918	44.873	31.918
2.4.	Debts to suppliers		718.756	847.926	705.617	837.028
2.5.	Payable sums acc.to bills and cheque				0	
2.6.	Payable sums for companies of Group of companies				545.826	915.039
2.7.	Payable sums for associated companies		881.568	733.687	722.298	584.319
2.8.	Profit tax payment obligations		2.281	23.621	0	
2.9.	Obligations related to work relations	2.11.; 4.15.; 4.17	137.268	259.739	65.808	140.830
2.10.	Other payable amounts and short-term obligations		70.942	70.085	39.616	45.828
H.	Accrued charges and deferred income	2.13.	7.616	13.057	5.145	10.555
	Total proprietary capital and obligations		10.601.047	10.387.093	10.449.345	10.170.523

Director

Vilita Skersienė

Chief accountant

Gerda Zabarskienė

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

CONFIRMED by
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formation date - 21 03 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31/12/2018

Formulated according to TFAS
Reporting cycle 01 01 2018 - 31 12 2018

EUR

No.	ARTICLES	Remarks No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
1.	Sale income	2.14.2.;4.18.	12.709.214	12.831.287	12.705.343	12.826.310
1.1.	Income for sold goods		12.333.830	12.522.282	12.333.860	12.522.321
1.2.	Income for sold services		375.384	309.005	371.483	303.989
2.	Sale cost price	2.15.3.;4.18.	(10.325.934)	(10.388.052)	(10.918.890)	(11.066.110)
2.1.	Cost price of sold production		(10.106.155)	(10.211.196)	(10.701.913)	(10.893.413)
2.2.	Cost price of sold services		(219.779)	(176.856)	(216.977)	(172.697)
3.	Real value change of biological property				0	0
4.	GROSS PROFIT (LOSS)	4.18	2.383.279	2.443.235	1.786.453	1.760.200
5.	Selling expenses	2.15.4.;4.19.	(639.763)	(753.871)	(639.254)	(753.871)
6.	General and administrative expenses	2.15.4.;4.19.	(1.387.435)	(1.424.110)	(1.069.963)	(1.038.141)
7.	Results of other activity	4.20.	215.364	222.642	238.656	253.956
7.1.	Income	2.14.6.;4.20.	1.069.980	991.257	1.075.785	994.840
7.2.	Expenses	2.15.5.;4.20.	(854.616)	(768.615)	(837.129)	(740.884)
8.	patronise, patronized and associated companies	2.14.7.;4.21			600.000	0
9.	Incomes of other long-term investments and loans	2.14.7.;4.21.	37.260	38.168	37.260	38.168
10.	Incomes of other interest or similar incomes	2.14.7.;4.21.	12.914	5	12.914	5
11.	Value decrease of financial property and short-term investments	2.15.6.;4.21.		4.000	0	4.000
12.	Costs of interest and other similar costs	2.15.6.;4.21.	(22.423)	(60.946)	(22.422)	(60.852)
13.	PROFIT (LOSS) BEFORE TAXATION	2.16.;4.23.	599.196	469.123	943.644	203.465
14.	Profit tax		(91.673)	(80.872)	(51.645)	(37.060)
15.	PROFIT (LOSS) BEFORE NON-CONTROLLED PART		507.524	388.251	891.998	166.405
16.	Non-controlled part				0	0
17.	NET PROFIT (LOSS)		507.524	388.251	891.998	166.405
18.	OTHER COMPREHENSIVE INCOME				0	0
19.	Earnings (loss) per share		0,02	0,02	0,04	0,01

Director

Vilita Skersienė

Chief accountant

Gerda Zabarskienė

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

CONFIRMED by
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Financial statements
formation date - 21 03 2019

STATEMENT OF LINAS, AB ENTERPRISE GROUP CHANGES IN EQUITY
31/12/2018

Reporting cycle 01 01 2018 - 31 12 2018

EUR

	Remarks No.	Paid-up	Additions to shares	Private shares	Revaluation reserve (results)		Law covered reserves		Other reserves	Unappropriated profit (loss)	The influence of currency rate change	Not controlled part	Total
		Authorized capital		(-)	Long-term tangible assets	Financial assets	Obligatory	Private shares procurement					
		1	2	3	4	5	6	7	9	11			12
Remainder on 31 December, 2016		6.971.307	0	0	0	0	290	0	173.772	(441.761)	0	0	6.703.608
Correction result of major errors													0
Recalculated 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													
Net profit / loss of the current period	2.9.;4.13.									388.251			388.251
Formed reserves													0
Liquidates reserves	2.9.;4.11.								170.000	(170.000)			0
Remainder on 31 December, 2017	2.9.;4.11.								(170.000)	170.000			0
Correction result of major errors		6.971.307	0	0	0	0	290	0	170.000	602.305	0	0	7.743.902
Recalculated remainder on 31 December, 2016													
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income	2.9.;4.13.									507.524			507.524
Net profit / loss of the current period													
Formed reserves	2.9.;4.11.								170.000	(170.000)			
Liquidates reserves	2.9.;4.11.								(170.000)	170.000			
Remainder on 31 December, 2018		6.971.307	0	0	0	0	290	0	170.000	1.109.829	0	0	8.251.426

Director

Vilita Skersienė

Chief accountant

Gerda Zabarskienė

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

CONFIRMED by
General shareholders' meeting
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formation date - 21 03 2018

STATEMENT OF CHANGES IN EQUITY
31/12/2018

Reporting cycle 01 01 2018 - 31 12 2018

EUR

	Remarks No.	Paid-up		Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Unappropriated profit (loss)	The influence of currency rate change	Not controlled part	Total
		Authorized capital	Additions to shares		Long-term tangible assets	Financial assets	Obligatory	Private shares procurement					
		1	2	3	4	5	6	7	9	11			12
Remainder on 31 December, 2016		6.971.307	0	0	0	0	0	0	0	(195.864)	0	0	6.775.443
Correction result of major errors													0
Recalculated 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													0
Net profit / loss of the current period	2.9.;4.13.									166.405			166.405
Formed reserves													0
Liquidates reserves													0
Remainder on 31 December, 2017		6.971.307	0	0	0	0	0	0	0	(29.459)	0	0	6.941.848
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.									891.998			891.998
Formed reserves													0
Liquidates reserves													
Remainder on 31 December, 2018		6.971.307	0	0	0	0	0	0	0	862.539	0	0	7.833.846

Director

Vilija Skersienė

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 2019

STATEMENT OF CASH FLOWS

31/12/2018

Reporting cycle 01 01 2018 - 31 12 2018

EUR

No.	Articles	Remarks No.	GROUP		ENTERPRISE	
			Financial year	Previous financial year	Financial year	Previous financial year
I.	Primary activity currency circulation					
I.1.	Earnings of report period (including VAT)		13.801.242	14.941.806	13.794.651	14.745.142
I.1.1.	Earnings from clients		13.705.197	14.552.533	13.700.281	14.372.514
I.1.2.	Other earnings		96.045	389.273	94.370	372.628
I.2.	Report period payouts		(13.392.554)	(14.265.572)	(13.383.802)	(14.107.784)
I.2.1.	Payouts to suppliers of products, raw materials and services (including VAT)		(11.624.762)	(12.474.611)	(12.542.425)	(13.271.854)
I.2.2.	Monetary payouts related to work relations		(1.539.471)	(1.555.921)	(651.581)	(631.531)
I.2.3.	Taxes paid to budget		(39.351)	(78.930)	(7.637)	(53.863)
I.2.4.	Other payouts		(188.970)	(156.110)	(182.159)	(150.536)
	Cash circulation of primary activity		408.688	676.234	410.849	637.358
II.	Currency circulation of investment activity				0	0
II.1.	Procurement of long-term assets (excluding investments)		(249.124)	(63.999)	(244.998)	(36.790)
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		0	38.433	0	38.433
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		0	170	0	170
II.12.	Other currency circulation decreases of investment activities		0	0	0	0
	Cash circulation of investment activity		(249.124)	(25.396)	(244.998)	1.813
III.	Currency circulation of financial activity				0	0
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		(199.063)	(206.148)	(199.063)	(206.148)
III.2.1.	Increase of financial debts		0	418.065	0	418.065
III.2.1.1.	Receipt of loans from credit institutions		0	418.065	0	418.065
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		(199.063)	(624.213)	(199.063)	(624.213)
III.2.2.1.	Return of loans to credit institutions		(176.842)	(594.907)	(176.842)	(594.907)
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		(22.221)	(29.306)	(22.221)	(29.306)
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		212	0	211	0
III.4.	Other reductions of currency circulation of financial activity		(842)	(1.181)	(841)	(1.169)
	Cash circulation of financial activity		(199.693)	(207.329)	(199.693)	(207.317)
IV.	Impact of currency exchange rates to cash and equivalent currency remainder		699	(17.132)	699	(17.132)
V.	Net currency circulation increase (reduction)		(39.430)	426.377	(33.143)	414.722
VI.	Currency and currency equivalents at the beginning of the	2.7.	654.658	228.281	639.493	224.771
VII.	Currency and currency equivalents at the end of the period	2.7.	615.228	654.658	606.350	639.493

Director

Vilita Skersienė

Chief accountant

Gerda Zabarskienė

Public company AB LINAS

Entity code 147689083

S. Kerbedžio St. 23, Panevėžys

APPROVED

General meeting of shareholders

Resolution No.

of _____ 2019

Financial statements drawing up
date

21 March 2019

NOTES**TO THE FINANCIAL STATEMENTS FOR 2018****31 December 2018**

Beginning of the reporting period – 01-01-2018

End the reporting period – 12-01-2018

I. GENERAL PART

1. AB Linas started its operations in 1957. A public company AB Linas (hereinafter – the Company) was registered on 8 March 1993, registration No. 003429, company code – 147689083, data accumulated and stored at the Register of Legal Entities. Address: S. Kerbedžio St. 23, Panevėžys, LT-35114. Tel. (370 - 45) 506100, fax.: (370 - 45) 506345, E-mail address: office@linas.lt; internet website: www.linas.lt. The Company operates in accordance with the Law on Companies of the Republic of Lithuania, the Company's Articles of Association, other effective legal acts of the Republic of Lithuania.

As of 31 December 2018, AB Linas Company Group (hereinafter – the Group) consisted of the parent company AB Linas, and its subsidiary *UAB Lino apdaila* (hereinafter – the Subsidiary). UAB Lino apdaila was registered in the Register of Legal Entities on 23 May 2008, registration No. 114552, company code 301733421. The registered office of the Subsidiary is located at S. Kerbedžio St. 23, Panevėžys. AB Linas owns 100 % of the shares of the Subsidiary.

Copies of the consolidated financial statements of the Group are available at the Register of Legal Entities of the Republic of Lithuania of the State Enterprise Centre of Registers and on the website of the Stock Exchange AB NASDAQ OMX Vilnius.

With respect to drawing up the financial statements for 2018 the Group is subject to the requirements of for a large company.

2. The financial year of the Group starts on 1 January and ends on 31 December.

3. Neither the Company, nor the Subsidiary has any branches or representative offices.

Companies related to the Group:

- *UAB Verslo dizainas*, company code 302529076, address: J. Janonio t.30, Panevėžys, types of activities – rent of movable and immovable property;
- *UAB Lino dizainas*, company code 304093122, address J. Janonio St. 30, Panevėžys, type of activities – textile production services, i.e. weaving, finishing and dyeing of textile products;
- *UAB Rivena*, company code 302521510, registered office address – P. Žadeikos St. 13-35, Vilnius, type of activities – rent of movable and immovable property, development of immovable property projects;
- *UAB Lino linija*, company code 303185361, registered office address: Veiverių g. 9B-62, Vilnius, type of activities – wholesale and retail trade in textile products;
- *UAB NI Žalesa*, company code 301166743, address: Savanorių Av. 192, Kaunas, type of activities – development of immovable property projects, sales, rent of immovable property items;
- bankrupt individual company Ramūnas Lenčiauskas, removed from the Register of Legal Entities on 20 August 2018.

4. Starting from 1 January 2015, the currency of the financial statements of AB Linas is euro.

5. Acting in accordance with the Law on the Euro Adoption in the Republic of Lithuania, and the Law on Redenomination to the Euro of the Capital and of the Nominal Value of Securities of Public Limited Liability Companies and Private Limited Liability Companies and Amendment of the Articles of Association of These Companies of the Republic of Lithuania, at the General meeting of shareholders of 19 May 2015 the shareholders of the Company determined that the nominal value of the Company's shares is EUR 0.29, and the Company's authorised capital is equal to EUR 6,971,307.10. The Company's Articles of Association were registered in the Register of Legal Entities on 16 June 2017.

6. On 31 December 2018, the Company's authorised capital was worth EUR 6,971,307.10; the capital was divided into 24,038,990 registered ordinary shares, each being of EUR 0.29 in value. The Company does not have any issued and yet unpaid shares. Shares of AB Linas are listed in the Baltic Secondary Trading List of AB NASDAQ OMX Vilnius.

7. Average number of employees at the Group and the Company by categories:

	Average payroll of the employees of the Group		Average number of employees of the Company	
	2018	2017	2018	2017
Key executives	3	3	2	2
Unit managers	5	10	1	5
Specialists	37	39	31	29
Workers	100	105	19	19
Total	145	157	53	55

Note. Key positions assigned to the key executives of the Group and the Company are the Director and the Finance Manager.

8. The principal activity of the Group is production and sales of textile products.

The principal activity of a public company Linas is trade in linen products and provision of related services; another area of activity of the Company is management of financial assets (shares and granted loans), supply of heat energy, rent of property, accounting and administration services.

The activities carried out by *UAB Lino apdaila* – provision of textile production services, i.e. sewing of textile articles.

9. During 2018, the Group delivered the following production: 1,053,000 pieces sewn (1,226,000 in 2017), for which the Company used 623,000 m. of finished fabrics (744,000 m in 2017).

The principal production services provider is *UAB Lino dizainas* (registered office address J. Janonio St. 30, Panevėžys, LT-35289, company code 304093122), providing fabric production services, i.e. weaving and finishing of textile production, linen yarn dyeing. During 2018, *UAB Lino*

dizainas delivered the following production services for the Group: dyed yarn – 67 tonnes (74 tonnes in 2017); woven raw fabric – 669,000 m (793,000 m in 2017 m); finishing carried out for 1,948,000 m of fabric (2,026,000 m in 2017).

Linen textile products are organic and do not produce any adverse effect upon nature and the environment. The Group operates according to universally recognised quality requirements compliant with OEKO-TEX 100 standards.

10. The export (outside Lithuania) accounted for 78.8 % of the total realised Group's output. Breakdown of sales by counties:

Country	Comparative weighing, %
Lithuania	21.20
Spain	16.42
Sweden	9.40
Finland	7.73
Great Britain	5.97
Japan	5.07
Latvia	4.48
France	4.37
Estonia	3.31
Belgium	3.10
Denmark	3.07
United States of America	3.01
South Korea	2.99
Germany	2.42
Australia	1.45
Other countries (less than 1 %)	6.01

11. During 2018, the Company's main income flows were generated from the production of textile items and the sales of its production output. During 2018, the AB Linas company Group sold linen articles and provided services for total EUR 12,709,000. As compared to 2017, the sales income decreased by EUR 122,000, or by 1%.

During 2018, the Group's principal activity's result was a profit of EUR 599,000, compared to EUR 469,000 in 2017.

New textile products and the collections of the AB Linas company Group are created taking into account the trends of the coming season, stylistic directions, fashion and technology innovations. The AB Linas company Group produces and supplies linen textile articles to consumers who appreciate the combination of naturalness and modernity, high quality of products, flexibility, tailor-made production according to individual customer requirements, speed of order execution.

The Group operates company textile product stores: Gija, address: S. Kerbedžio St. 23, Panevėžys, and an online store www.linodovanos.lt.

12. *UAB Audito sprendimai* (company code 220258280) carried out an audit of the financial statements of the Company for 2018, and the consolidated financial statements and the Group's annual report of the company Group for 2018. During 2018, EUR 5,180 were recorded in costs for the services provided by *UAB Audito sprendimai*.

During the financial year EUR 2,460 were recorded for the audit of the financial statements for 2018 and the audit of the Annual report for 2018 of *UAB Lino apdaila* carried out by *UAB Audito sprendimai*.

The accrued costs related to audit are carried in the 'Accrued costs and deferred income' of the Statement of financial position for 2018.

13. The data submitted in the annual financial statements are based on the stock-taking of the assets operated by the Group and its liabilities.

14. The data submitted in the annual financial statements of the Group and the Company for 2018, and the Notes to the financial statements comply with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the legal acts of the Republic of Lithuania governing accounting and the drawing up of financial statements, as well as other legal acts of the Republic of Lithuania.

15. Risk management

Acting under market conditions the operations of the Company face the following risks: market risk, credit risk, liquidity risk and other risks.

The management of the Company devotes significant attention to manage and minimise the risks. Below is presented the information about the management of the risks characteristic for the AB Linas Group.

Credit risk

Credit risk is the risk that the Company and the Group will suffer financial loss in case its client or any other party fails to fulfil its obligations, and most often related to trade receivables.

The Company and the Group control credit risk by applying appropriate terms and conditions of credit and carrying out market analysis procedures. All buyers of textile products and related services, except the small local buyers are credited subject to insurance, with a view to avoiding larger loss due to insolvency of the buyers. With respect to uninsured buyers the Company uses safe settlement forms: letters of credit, prepayment, etc. The sales are allocated among different buyers.

A comparative analysis of the amounts receivable by the Group and the Company in the course of one year from the Group's companies, associated companies as of 31 December 2018 and 31 December 2017:

	Outstanding debts, EUR	Overdue debts, EUR				Total, EUR
		Less than 30 days	30-90 days	90-180 days	More than 180 days	
Group						
31 December 2018	1,326,021	143,091	10,204	1,562	2,821	1,483,702
31 December 2017	1,362,154	89,442	40,331	2,642	6,932	1,501,501
Company						
31 December 2018	1,326,021	143,091	10,204	1,562	2,821	1,483,702
31 December 2017	1,362,125	89,442	40,331	2,642	6,932	1,501,473

On 31 December 2018, 88.29 per cent of the amounts receivable from buyers (i.e. associated companies) were insured by credit insurance (89.51 per cent on 31 December 2017). Maximum possible loss in the carrying amount due to risk related to the amounts receivable from the buyers, the associated companies are marginal, estimated at 0.1 per cent. Regarding the overdue amounts receivable from buyers associated companies, there are no indications that the debtors will not be able to discharge their payment obligations.

There is a possible credit risk arising from the financial assets consisting of the amount receivable after one year, loans to associated companies, loans to associated companies, related to the inability of the clients to fail upon their obligations, and is equal to the carrying amount.

For the purpose of managing the risk the companies guarantee their obligations related to the loans by their asset, guarantees or sureties. In relation to drawing up its financial statements the Group companies determine if there are any objective assumptions that the financial assets may suffer some impairment.

As of 31 December 2018, the value of granted guarantees is sufficient to cover the debts. Note 4.25 to the financial statements presents the information on the rights and obligations of the Group and

the Company not indicated in the statement on financial position as of 31 December 2018 and 31 December 2017.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to fulfil its financial liabilities when due. The purpose of management the liquidity risk is to ensure, as efficient as possible, the sufficient liquidity of the company Group, enabling the Group to fulfil its obligations, under regular and complex conditions, without suffering unacceptable loss or being exposed to the risk of losing reputation.

Data of the relative financial indicators of the AB Linas Group.

Ratios	Formula	Group			Company		
		2018	2017	Change	2018	2017	Change
Debt-equity ratio	$\frac{\text{Total amounts payable and liabilities}}{\text{Owners' equity}}$	0.28	0.34	-0.06	0.33	0.46	-0.13
Short-term solvency (quick ratio) coefficient	$\frac{\text{Current assets} - \text{Inventories}}{\text{Short-term liabilities}}$	1,15	1,09	0.06	1,01	0.85	0.16
Gross debt coefficient	$\frac{\text{Total amounts payable and liabilities}}{\text{Assets}}$	0.22	0.25	-0.03	0.25	0.32	-0.07
Overall solvency coefficient	$\frac{\text{Owners' equity}}{\text{Total amounts payable and liabilities}}$	3.52	2.94	0.58	3.00	2,16	0.84

During 2018, the operations of the Company and the Group companies was profit generating, its financial status was stable, and although the solvency ratios suffered some marginal negative trends (decrease), the gross solvency ratio remains of proper level, the working capital was positive, therefore it could be assumed that in the near future the Group is not expect to face any serious going concern issues.

Note 4.15 to the financial statements presents the information on the financial liabilities by their due term (in years) of the Group and the Company as of 31 December 2018 and 31 December 2017.

AB Linas has concluded with the Bank an account crediting contract, according to which the Company was granted a credit facility of EUR 145,000. The Company was granted a credit amount of EUR 290,000 according to the liabilities limit contract concluded between the Bank and AB Linas, and a credit of EUR 840,000 according to the crediting contract. For 2018, EUR 486,000 were recorded as the financial loans to credit institutions in the statement on financial position of the Group and the Company. No leasing (financial lease) or factoring obligations have been undertaken by the Company or the Group. The terms for the repayment of the debts to credit institutions as of 31 December 2018 and 31 December 2017 are disclosed in Note 4.16 to the financial statements.

Interest rate risk

Since the Group and the Company have financial liabilities, the fluctuation in the interest rates affect the amounts and the financial position of the short-term and long-term liabilities to be discharged. According to the contracts of the debts of the Group and the Company to credit institutions the applied variable interest rate is computed as a EURIBOR for an agreed period plus the margin determined by the creditor. There is an emerging interest rate risk related to the change in EURIBOR. In 2018, the accrued interest due related to financial liabilities was EUR 22,000 (and EUR 29,300 in 2017).

Moreover, the Company did not have any derivative financial instruments the purpose whereof would be to manage the interest rate fluctuation risk.

The interest rate risk is considered immaterial for the performance of the company Group.

Foreign exchange risk

When concluding international transactions, the Company faces a foreign currency fluctuation risks because of the purchases accounted for in other currencies than euros. The foreign exchange fluctuation risk is considered immaterial for the performance of the Group, because the Group's main currency is euros.

Economic and political risk

- Increase in the supply of textile products from Asian countries and dumping.
- The cyclical nature of the demand in linen products.
- Seasonality – lower demand in winter season.
- Increase in the prices of the acquired raw materials or components.
- Increase in the prices of energy resources and transportation services.

The geographical location ensures some advantage to Lithuania with respect to third-party producers, being geographically and culturally closer to the EU market. The Group and the Company expediently responds to seasonal needs of the customers, and the changing fashion trends. The Group and the Company make every effort to tailor the products to individual orders of the customers, exploit the advantages of export opportunities by offering to customers small supply shipments and faster delivery. The Group is successfully developing the long-term textile traditions. The textile production offered by the company Group is recognised as original, attractive from the viewpoint of creativity and quality. The company Group and the Company develop and improve the corporate marketing and production areas, is continuously engage in a number of new collection creation projects designed to improve quality and reduce costs.

Technical-technology risk

- Significant part of the technology equipment used at the Company and the Group are obsolete, depreciated requiring significant investment in the repair and maintenance.
- The Group and the Company lacks modern technological equipment.

For the purpose of enhancing the production efficiency and productivity the Company and the Group are, at their own expense, investing in acquisition and upgrading the most advanced technological equipment.

Legal disputes

The Group does not have any significant legal disputes with third parties.

II. ACCOUNTING POLICY

1. Legal acts underlying the drawing up of the financial statements

The Group manages its accounting and draws up the financial statements according to the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the legal acts of the Republic of Lithuania governing accounting and the drawing up of financial statements, as well as other legal acts of the Republic of Lithuania.

The Group and the Company have applied the following International financial reporting standards and their amendments relevant for the Group and the Company:

IFRS 15 Revenue from Contracts with Customers, and the amendments to IFRS 15 'IFRS 15 effective date'. IFRS 15 establishes a five-stage model to be applied (with some exceptions) when recognising the revenue earned from the contracts with customers irrespective of the type of the revenue generating transaction or the economic sector. The requirements of the standard apply in relation to recognising and assessing the income or loss from the sale of specific non-financial assets that are not assigned to the ordinary activities of the Company. The standard requires a disclosure of comprehensive information, including the break-down of the gross revenue amount into components, the information about the operating obligations; changes in the balances of assets and obligations items between the different periods, the key decisions and the accounting estimates. In the opinion of the management, the application of the standard does not produce any significant influence upon the financial statements, because the Group does not have any long-term contracts with multi-element changes, take or pay contracts, there are no sales promotions, significant contract conclusion expenses, significant prepayments, contract changes are rare, etc.

IAS 9 – Financial instruments. Classification and Measurement. Applies to annual periods beginning on or after 1 January 2018. The standard covers all the aspects of the financial instruments project and superseded IAS 39 Financial instruments: Recognition and Measurement, and all the previous versions of IFRS 9. The standard specifies new requirements for the classification and measurement, accounting of impairment and hedging transactions. The management carried out an assessment of the application and believes that the standard will not have any impact upon the financial statements of the Group and the Company.

Application of *IFRS 9 Financial instruments* together with *IFRS 4 Insurance contracts* – amendments to IFRS4 (applicable having regard to a selected method for annual periods beginning on or after 1 January 2018 for economic entities that selected to apply a temporary exemption, or when the economic entity starts applying IFRS 9 for economic entities that selected to apply an overlay method. The management assessed the application of the Standard and believes that the Standard will not have any significant impact upon the financial statements of the Group and the Company.

IFRS 22. Foreign Currency Transactions and Advance Considerations (effective for annual periods beginning on or after 01 January 2018). The Interpretation applies in the cases when the economic entity pays or receives an advance payment according to contracts concluded in a foreign currency. The Interpretation specifies that the transaction date, i.e. the date on which the exchange rate is determined, is the date on which the entity initially recognises a non-monetary asset or a non-monetary liability from the prepayment. However, the economic entity has to take a decision in order to determine whether the prepayment was monetary or non-monetary assets or liability according to the guidelines of IAS 21 and IAS 32, and the system of principles underlying the drafting of accounting principles. The management carried out an assessment of the application and believes that the standard will not have any significant impact upon the financial statements of the Group and the Company.

Share-based payments – amendment to IFRS 2 (applies to annual period beginning on or after 1 January 2018); The amendments mean that the conditions for non-market performance will have the same effect upon the measurement of the cash-based equity settlement as the equity-based settlement. The amendments also discussed how to classify a share-based payment transaction in which the entity withholds a specified portion of the shares that would otherwise be issued to the counterparty upon exercise (or vesting) of the share-based payment award in order to settle the

counterparty's tax obligation. All such arrangements are included in accounting as covered by equity instruments. The Group and the Company did not have any transactions in share-based payments.

Transfer of investment property – amendments to IAS 40 (applies to annual period beginning on or after 1 January 2018); The amendment specifies that a transfer to investment property or from it is possible only when there is an evident change in use. The change must be supported with evidence: a change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The management assessed the application of the Standard and believes that the Standard will not have any significant impact upon the financial statements of the Group and the Company.

Annual Improvements to the International Financial Reporting Standards of the 2014–2016 cycle (effective for annual periods beginning on or after 01 January 2018). The improvements include three Standards: *IFRS 10, IFRS 12 and IAS 28 Investment entities. Applying the consolidation exception*. The revisions are defined to address the problems faced by the investment entities while applying the consolidation exception. Having assessed the impact of the application of the amendments the management believes that the amendments are not relevant for the Company.

The amendments did not have any significant effect upon the financial statements of the Group and the Company.

Those standards and interpretations that are already approved, but not yet effective will be applied after they become effective and adopted in the EU:

IFRS 16. Lease (effective for annual periods beginning on or after 01 January 2019). The new standard defines the principles for recognition, measurement, presentation of lease, and of the disclosure of information. According to all types of lease the Lessee acquires a right to use the assets at the beginning of the lease, and if the lease payments are made for certain period, also receives financing. IFRS 16 abandons the classification of lease into financial lease and operating lease, as required according to IAS17, instead introduces a single lessee accounting model. The lessee is required to recognise: (a) assets and liabilities for all leases unless the lease term is 12 months or less or the value of the assets transferred according to the lease contract has a low value; (b) the depreciation of the leased asset separately from the interest related to the lease obligations in the income statement. The lessor accounting requirements are transferred to IFRS 16 from IAS 17. For that reason, the lessor has to continue classifying leases as financial lease or an operating lease, and record the two different types of lease differently in the accounting. The Group and the Company did not opt for an early application of IFRS 16 Lease.

IFRIC 23. Uncertainty over the income tax treatment (effective for annual periods beginning on or after 01 January 2019). The Interpretation specifies the procedure for the application of the requirements for recognition and measurement specified in IAS 12, in case there is any uncertainty for treatment of income tax. The Company and the Group are in the process of assessment of a possible effect of the new standard upon the financial statements.

The Standards, interpretations and amendments that have not been approved for application in the European Union, and which the Group and the Company did not start applying early:

- **Annual Improvements to the International Financial Reporting Standards of the 2015–2017 cycle** (effective for annual periods beginning on or after 01 January 2019; not yet approved by the European Union). The narrow scope amendments will have an impact upon four standards: IFRS 3, IFRS 11, IFRS 12, IAS 12, IAS 23;
 - Long-term interests in associates and joint ventures – amendments to IAS 28;
 - Insurance contracts– IFRS 17;
 - Prepayment features with negative compensation – amendments to IFRS 9;
 - IFRS 10/IAS 28 — Sales or contributions of assets between an investor and its associate/joint venture – amendments to IFS 10 and IAS 28;
 - Plan amendment, curtailment and settlement (amendments to IAS 19);

The Group and the Company do not anticipate that the above Standards and Interpretations will potentially have effect upon the financial statements of the Group and the Company.

2. Accounting policy

The Company and the company Group have put in place an accounting policy that has been approved by the Manager of the Company and compliant with the provisions of the International Financial Reporting Standards (IFRS) and providing the rules on the measurement of the Company's assets, equity and liabilities, and recognition and the recording in accounting of the Company's income and expenditures underlying the drawing up of financial statements.

2.1. Group level accounting

2.1.1. Subsidiaries are considered to be the companies in which the Group directly or indirectly holds more than half of voting shares or can control by other ways.

2.1.2. The subsidiaries are consolidated as of the date when the Group acquires the control of the companies, and the consolidation is terminated after the control is lost. The inter-group transactions, the balances and unrealised profit/loss from the inter-group transactions are eliminated.

2.1.3. The companies constituting the AB Linas Group apply the same accounting policy in all material respects. There are no material differences in the accounting policies due to which the financial statements of the Group's companies should be rearranged.

2.2. Accounting of non-current intangible assets

2.2.1. Any assets of intangible substance intended to be used in the operations of the Group's companies for longer than one year, is recognised in the accounting as intangible assets provided the assets meet the following criteria:

- a) the Group companies can reasonably expect to obtain economic benefits from the assets;
- b) the acquisition (production) cost of the assets can be reliably measured and separated from the cost of other assets;
- c) the Group companies can manage such assets, control them or restrict the right of others to use them.

2.2.2. The Group's companies have established EUR 900 as a minimum acquisition (production) costs, above which any acquired intangible assets must be assigned to non-current intangible assets.

2.2.3. The non-current intangible assets are recorded in the statement on financial position at residual value that shall be computed deducting the accrued amortisation from the acquisition cost.

2.2.4. The non-current intangible assets are amortised applying the amortisation rates set forth by the Group's companies. Appreciation is calculated applying the straight-line (linear) method. Intangible assets are amortised starting from the 1st day of the month following the start of the utilisation of the assets. The computation of amortisation is terminated starting from the first day of the next month, after the write-off of intangible assets, and in case the assets are sold, the computation of amortisation is terminated as of the sales day.

2.2.5. Subsequent maintenance costs of non-current intangible assets are recognised as expenses of the reporting period when they are incurred.

2.2.6. The Group's companies do not have any non-current intangible assets whose control is limited by legal acts or specific contracts.

2.2.7. No non-current intangible assets of the Group have been pledged as the security of the discharge of the obligations.

2.2.8. Prepayments for non-current intangible assets are recorded in the account of paid advances.

2.2.9. The other information about the non-current intangible assets of the Group and the Company is disclosed in Notes 4.1 and 4.3 to the financial statements.

2.3. Accounting of non-current tangible assets

2.3.1. Tangible assets acquired by the Group are considered non-current assets if the assets have all of the following features:

- a) the Company expects to use it for a period longer than one year;
- b) the Company reasonably expects a flow of economic benefits from such asset in future periods;
- c) the Company can reliably measure the acquisition (production) cost of the asset;
- d) the assets acquisition (production) cost is no lower than the minimum acquisition cost set forth for the entire non-current tangible assets, – EUR 900.00.
- e) risk related to tangible asset has been transferred to the Companies.

2.3.2. Non-current tangible assets are recorded in accounting at their acquisition (production) cost.

2.3.3. The prepayments for non-current tangible assets are recorded in the account of prepaid advances and/or the tangible assets construction (production) works.

2.3.4. The Group companies account for the non-current tangible assets using the acquisition cost method. According to the acquisition cost method the acquired assets of the Company are measured at acquisition cost; in the financial statements such assets are shown at residual value that is computed by deducting the accrued depreciation and the assets impairment if the assets were written down.

2.3.5. The depreciation of non-current assets is computed applying the depreciation rates in years that are established having regard to the planned useful life time, planned intensity of the use, the use environment, the estimated liquidation value and other factors.

2.3.6. The depreciation of the non-current tangible assets is computed under the straight – line (linear) depreciation method; the depreciation is first computed from the 1st of the next month after the assets are prepared to be used in the operations, and no longer computed from the 1st of the next month after the assets are written off or transferred, when the assets are no longer use and when the entire value is transferred to the costs (less the liquidation value).

2.3.7. After the Group companies transfer non-current tangible assets, the companies register the result of such operation – profit or loss from the assets transfer. The profit or loss from the transfer of a non-current tangible asset is computed by deducting from the proceeds the residual value of the transferred asset and all the costs related to the assets transfer. The profit or loss of the transfer of non-current assets, except the financial assets, is assigned to the revenues or costs of other activities.

2.3.8. Any pledged non-current tangible assets or leased from third parties is carried out in the off-balance statements.

2.3.9. The Group's companies do not have any non-current intangible assets depreciated within more than 20 years or whose control is limited by legal acts or specific contracts.

2.3.10. The Group owns non-current material assets pledged as the guarantee for the obligations, in the form of immovable property – buildings and structures, located at Kerbedžio St. 23, Panevėžys.

2.3.11. The other information about the non-current tangible assets of the Group and the Company is disclosed in Notes 4.2 and 4.3 to the financial statements.

2.4. Accounting of financial assets

2.4.1. In the balance sheet the financial assets are broken-down into current and non-current assets.

2.4.2. Financial assets are classified in four groups: financial assets carried at fair value in the income statement, investment held to maturity; loans and amounts receivable; financial assets available for sale.

2.4.3. For the purpose of initially recognising the financial assets the Group companies carry the assets at fair value without deducting any transaction costs incurred in relation to the sales or other transfer of the assets. Exceptions are permitted in the following cases: loans and amounts receivable – non-derivative financial assets with fixed or otherwise established payments, non-quoted at active market – are assessed at amortised cost using the effective interest method; investment held to maturity are measured at amortised cost using an effective interest method; investment in equities that

do not have a quoted market price and whose fair value cannot be reliably measured, also the derivative financial instruments, related to non-quoted equity instruments, and measured at cost when used for settlement.

2.4.4. Profit or loss is recognised through profit or loss, when such financial assets are written-off, impaired or amortised.

2.4.5. When drawing up its financial statements the Group companies determine whether there is any evidence of impairment of the financial assets. In case there is some evidence of impairment of the loans, amounts receivable or the investment held to maturity and measured at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The loss amount is recognised in the income statement and other statement of comprehensive income. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed (for financial assets carried at cost). When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised (for financial assets available for sale).

2.4.6. Other information related to financial assets is disclosed in Note 4.4. to the financial statements.

2.5. Inventories accounting

2.5.1. Inventories is current assets (raw materials, materials, assembly components, work in progress, finished goods and goods purchased for resale) that the Company uses to generate income in the course of one year. The tangible assets that are used in the activities of the Group's companies for more than one year is assigned to current assets – the inventories, when the value of a unit assets is lower than the minimum value of non-current tangible assets set by the Group.

2.5.2. For the purpose of the inventories measurement the Group uses the FIFO method, i.e. based on the assumption that the inventories that were acquired earliest are sold the first.

2.5.3. The inventories of the Group (except the work in progress) are accounted for according to the constantly accounted inventories method, i.e. the accounting records each inventories acquisition (production) or sale (consumption) of inventories. Work in progress is accounted for on a periodic basis, and the accounting period is one month.

2.5.4. When recording in the accounting the inventories are measured at acquisition cost, and with respect to drawing up the financial statements – at the at the lower of the acquisition (production) cost and the realisable value.

2.5.5. Within the Group the production cost consists of direct and indirect expenses. The direct production expenses include the expenses for principal raw materials (materials), components, technological energy costs and direct compensation expenses. The indirect production expenses are the expenses that are not directly related to the production, but are facilitating the production, the expenses that are may not without having significant costs to be assigned to specific products or their groups.

2.5.6. The unit cost of produced semi-finished or finished goods is established by allocating the raw materials expenses for products proportionately to the raw materials consumption norms, and alloctaing other direct and indirect production expenses for products to the norms set by the Group.

2.5.7. Inventories are usually written down to net realisable value item by item or by identical inventories groups. The net realisable value is determined taking into aaccount the purpose for which the inventories are held. Materials and other supplies held for use in the production of inventories are

not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost, unless the Group accumulates excessive quantities of raw or other materials. The amount of the writing down of all inventories to the net realisable value and all inventories loss are recognised as general and administrative costs of the period in which the writing down operation is performed. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of general or administrative expense in the period in which the reversal occurs.

2.5.8. The information about the inventories of the Group and the Company is disclosed in Note 4.7 to the financial statements.

2.5.9. The advances paid for inventories and the services are recorded in the advance account for non-current assets. The information about the advances paid for non-current assets and the services of the Group and the Company is disclosed in Note 4.6 to the financial statements.

2.6. Accounting of receivables

2.6.1. Amounts receivable are the funds or other financial assets receivable from third parties. The receivables include the moneys receivable from third parties for sold production, provided services and short-term loans, interest receivable for rented loans, paid advances for receivable financial assets and other debts to the company recorded under the contracts.

2.6.2. The amounts receivable do not include the advances paid for non-financial assets (e.g. non-current tangible assets, intangible assets, inventories, etc.).

2.6.3. The amounts received in the course of one year are registered at acquisition cost, i.e. the value of receivable consideration.

2.6.4. In relation to drawing up the annual financial statements the amounts receivable are shown at fair value. i.e., less the share of doubtful debts. The costs of doubtful debts are registered in the general and administrative costs, and are included in the income statement and the statement on other comprehensive income.

2.6.5. For the purpose of assessing the doubtful debts the Group applies the direct doubtful debts cost estimation method. The debts whose recoverability is doubtful are transferred to the controlled debts accounts. Amounts receivable are recognised as doubtful having received reliable information of a failure to cover the debts.

2.6.6. Notes 4.7 and 4.8 to the financial statements disclose information about the amounts receivable by the Company and the Group within one year, and doubtful debts and the long-term and short-term loans indicating the currency, interest rates and recovery terms.

2.7. Short-term investment and accounting of monetary assets

2.7.1. The monetary assets of the Group are the cash in euros and foreign currency held in cash and the settlement accounts of banks and money equivalents. At the end of the financial year the Group did not have any money equivalents.

2.7.2. The short-term investment item includes short-term investment in shares and other securities, short-term term deposits and other investment.

2.8. Deferred charges and accrued income

2.8.1. Deferred charges and accrued income are not broken down into long-term and short-term costs or income.

2.8.2. Deferred charges result when the Company during the accounting period and previous accounting periods paid for services of continued nature, the amounts paid for which will be evenly recognised as costs in the course of the future reporting period, when they are incurred.

2.8.3. Accrued income are the amounts recognised as income earned by the Company during the accounting period and previous accounting periods, in respect of which the borrower assumes a

responsibility to pay during the coming reporting periods for services of continued nature, the income earned for which is accrued evenly having regard to the service completion level.

2.8.4. The information about the deferred costs of the Group and the Company is presented in Note 4.10 to the financial statements.

2.9. Equity accounting

2.9.1. The Company's owner's equity includes: the paid-up share of the authorised capital, share premium, legal reserve, other reserves and the retained profit (loss). The information about the Company's authorised capital is presented in Note 4.11 to the financial statements.

2.9.2. The Company has not acquired any own shares. The subsidiary of AB Linas does not have any shares of the Company.

2.9.3. The information about the Company's reserves is presented in Note 4.1 to the financial statements.

2.9.4. The draft profit (loss) distribution drafted by the management of AB Linas is submitted in Note 4.13 to the financial statements.

2.9.5. The profit distribution statement approved by the meeting of shareholders is included in the financial statements of the period according to which the resolution on the profit distribution was passed irrespective of when the profit was earned.

2.10. Accounting of grants and subsidies

2.10.1. A grant (subsidy) is recognised if it is reasonably guaranteed that the Group meets the conditions for granting the grant (subsidy) and there is evidence that the grant (subsidy) will be granted.

2.10.2. Grants (subsidies) are accounted for at accrual principle, i.e., grants received or parts thereof are recognised as used in the periods in which the costs related to the grants (subsidies) are incurred. The statement on financial position records the unused part of the grant (subsidy).

2.10.3. Grants (subsidies) are accounted for at income method. The grants related to income and granted to compensate costs and loss in income, as well as all other grants not assigned to the grants related to the assets.

2.10.4. The grant (subsidy) received by the Group for compensating incurred expenses is recognised to the extent of incurred expenses for the compensation of which the grant is intended, i.e. by reducing the compensatory expenses amounts in the income statement and the statements of comprehensive income.

2.10.5. The information about the grants (subsidies) received (receivable) by the Group and the Company is presented in Note 4.14 to the financial statements.

2.11. Accounting of liabilities

2.11.1. The Group's financial accounting records the existing liabilities, i.e. when the Group companies acquire the liabilities that have to be fulfilled.

2.11.2. The liabilities are grouped according to the due long-term liabilities are those to be discharged by the Company within later than one coming year; short-term liabilities are those to be discharged within one normal operating cycle of the Company or within 12 months.

2.11.3. Initially financial liabilities are measured at fair value – at transaction price (fair value of the compensation due), and subsequently, the financial liabilities are measured at amortised costs using the effective interest method.

2.11.4. The Group's company estimates the liabilities to the employees for the earned annual leaves. The annual leave accrual costs are calculated on a monthly basis. Upon the end of a financial year the amount of accrued annual leave pay is reviewed, by accurately computing the leave time earned and not yet used by the employee and determining an exact amount of accrued annual leave (including social insurance). Due to the insignificance of the amounts the contributions from the

annual leave pays to the Guarantee fund is not computed. The information about the accrued holiday amounts of the Group and the Company is presented in Note 4.17 to the financial statements.

Short-term employee benefits are employee benefits for the period in which the employees were providing the services. Such benefits include salaries and wages, social insurance contributions, bonuses, paid leaves and other benefits.

Long-term benefits to employees – severance payments for compensation of persons of pensionable age. According to *IAS 1 Presentation of financial statements* an economic entity discloses the nature and the amount of the cost when the amounts are material. As required by IAS 19 Employee benefits the management carried out an evaluation of long-term benefits and believes that the severance pays are insignificant and will not affect the financial statements of the Group and the Company.

2.11.5. The companies of AB Linas Group do not have any loans that are guaranteed by the Government or any third parties by pledged assets.

2.11.6. In relation to drawing up the financial statements certain amounts paid in advance by customers and carried for more than one year, and there are indications that some of the amounts (or part thereof) may not be claimed, are transferred to the contrarian account. Respectively, the reduction in the liabilities is shown in the contrarian account of the Group's doubtful debt costs.

2.11.7. The information about the long-term and short-term liabilities of the Group and the Company is presented in Note 4.15 to the financial statements.

2.11.8. The information about the condition of the Group's or the Company's debts to credit institutions is presented in Note 4.16 to the financial statements.

2.12. Provisions

2.12.1. Provisions are recognised if they have been caused by past events and are existent on the end date of accounting periods of financial statements.

2.12.2. The amounts of the provisions reflect the extent to which the expenses reliably measured on the end date of the accounting period could cover a legal obligation of an irrevocable commitment.

2.12.3. When drawing up the financial statements of the Companies in the Group the provisions are reviewed and their value is adjusted having regard to any any new events and circumstances.

2.13. Accrued costs and deferred income

2.13.1. Accrued costs and deferred income are not broken down into long-term and short-term costs or income.

2.13.2. Accrued charges are the amounts consistently recognised by the Company as costs for the received continuous services during the accounting period and during the previous accounting periods, that the Company committed to pay during the coming accounting period.

2.13.3. Deferred income are the amounts not yet earned by the Company, but already paid by the buyers (customers) for services of continuous nature, and that will be uniformly recognised during the coming reporting periods, when the amounts are earned after the services are rendered.

2.14. Accounting of revenues

2.14.1. Revenues in the Company are recognised according to the accrual principle, i.e., recorded in the accounting when earned regardless of the receipt of the monies. Advance payments and other prepayments are not recognised as revenues. Any proceeds received during the accounting period which are not considered to represent income are shown in the statement of financial condition as liabilities. Revenues are measured at fair value.

2.14.2. The Group generates its principal revenues from the sale of textile products, fabric, finished goods and yarn; also the revenues of the sale of production services.

2.14.3. The income from the provision of services is recognised, recorded in the accounting and represented in the financial statements when the services have been provided and the income amount may be reliably measured.

2.14.4. The revenues and the costs are considered to include the revenues and the costs that can be assigned to the segment directly or according to the established allocation criteria. The Group companies assign the income from the customers to different parties. The basis on which the income is allocated to individual parties is the location of the customers. The costs are not assigned to individual segments and are represented as general costs of the Company, in case it is not possible to allocate the costs to individual segments. Note 4.18 to the financial statements presents the information about the Group's operating income and costs according to business and geographical segments.

2.14.5. The assets and liabilities of the Group and AB Linas may not be reasonably assigned to the defined segments. All the assets and liabilities of the Group and the Company are not broken down according to the values by business and geographic segments.

2.14.6. Other operating income – income from the sale of the goods held for resale and dispensable inventories; income from the production of non-typical activities and sales of services; gain from the transfer of non-current assets except financial assets; other income from non-typical activities and one-off economic operations. Note 4.20 to the financial statements presents the information about the income and the costs of other activities.

2.14.7. The income from financial and investment activities are considered to include: income for cash held in banks; gain from the change in the exchange rate; recognised fines and late interests for late settlements; income from interest for granted loans, investment transfer gains and other income related to financial assets management. Dividends received from the subsidiary UAB Lino apdaila are acknowledged as incomes of financial and investment and are shown in the incomes (looses) report, applying cost-price method. Note 4.21 to the financial statements presents the information about the income and costs of financial and investment activities of the Group and the Company.

2.15. Cost accounting

2.15.1. Costs are a decrease in economic benefits in the form of outflows or depletions in assets or increase in liabilities during the reporting period, Costs are considered only the part of expenses which has been incurred while earning the income of the reporting period and may not be related to the earning of income in future periods. The costs falling for different reporting periods are allocated to the periods in which they will generate economic benefit to the Company.

2.15.2. Costs are recognised on the basis of the accrual and comparability principles in the reporting period during which the related income is earned, regardless of the time of spending the cash.

2.15.3. The cost of sales comprises the costs of sales and the costs related to the provision of production services.

2.15.4. The costs that cannot be related to the costs of specific sold Goods or services, and which are related to the operating activities of the Company, are recorded in the accounting as sales or general and administrative costs. Note 4.19 to the financial statements presents the information about the costs of sale, general and administrative costs.

2.15.5. The other operating costs include profit and loss from transfer of non-current and current assets, other income and expenses not related to the Company's operating, financial and investment activities, costs of one-off and ad hoc economic operations.

2.15.6. Costs of financing and investment activities include interest on loans, fines, late interests for overdue settlement, costs of the negative impact of the change in the exchange rate, loss from the transfer of investment, costs of revaluation of loans, cost of provision of financial services, other costs of financial-investment activities.

2.16. Accounting of corporate income tax

2.16.1. The corporate income tax due for an accounting year is shown in the financial accounting not when the obligation to pay the tax arises, but rather when, upon the end of the reporting period the profit for the accounting year is computed, that in accordance with the procedure for the calculation of the corporate income tax is adjusted by the costs not reducing the profit tax and tax exempt revenues. The effective corporate income tax rate is 15%.

2.16.2. The advance corporate income tax in the Group is computed on the basis of the performance results of the previous year. The advance corporate income is declared according to the procedure approved by the STI under the Ministry of Finance, and paid in the procedure set forth in the Law on Income Tax.

2.16.3. The income tax costs for the accounting year are computed by adjusting the corporate income tax of the reporting period by deferred corporate income tax. Deferred income tax reflects the net tax effect due to temporary differences between the value of assets and liabilities in the financial and tax statements. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the liability is settled or asset realised. The deferred tax assets are recognised in the statement of financial position to the extent that the management of the Company expects that the assets shall be realised in immediate future having regard to the forecasts of the taxable profit. Where it is believed that part of the deferred tax asset is not going to be realised, that part of the deferred tax asset is not recognised in the financial statements.

2.16.4. The tax specification of the Group's income tax costs and the deferred income tax is presented in Notes 4.23 and 4.24 to the financial statements.

2.17. Earnings per share

2.17.1. Earnings per share is computed by dividing the net profit (net loss) of the Company for the reporting period by the weighted average number of registered ordinary shares issued during the period concerned. The Group does not have any potentially convertible ordinary shares, therefore the reduced earnings per share corresponds to ordinary profit per share.

2.17.2. The information on earnings per share is presented in Note 4.26 to the financial statements.

2.18. Foreign currency

The operations in foreign currency are converted into euros at an official rate set for the specific day by the Bank of Lithuania. Monetary assets and liabilities are converted into euros at the exchange rate effective at the date of the drawing up the financial statements. The financial statements for 31 December 2018 and 2017 were drawn up using the following exchange rates:

2018

EUR 1 = USD 1.1429

2017

EUR 1 = USD 1.1993

The profit and loss related to monetary operations are recognised in the income statement for the period, and the statement on other comprehensive income. Profit and loss arising from conversion are accounted for at the end of the period at an effective foreign currency exchange rate.

2.19. Financial relations with the managers of the Company and other related persons

The parties are considered related when one of the parties exercises control or significant influence upon the other party in making financial or operating decisions.

The number of the managers in the Company and the Group, the nature of related party transactions, amounts charged to the managers and other related parties during the accounting period and the previous accounting period, and the outstanding balance at the end of the accounting period are disclosed in Note 4.24 to the financial statements. The other information on related party transactions is disclosed in Note 4.11 to the financial statements.

3. Changes in the accounting policies and corrections of material errors

3.1. The group manages its accounts and draws up financial statements according to the requirements of legal acts of the Republic of Lithuania governing financial accounting and reporting, other legal acts, the requirements of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

No changes in the accounting policy were made during the accounting period.

3.2. The Group and the Company have decided that an error is considered material, if: 1) its amount is larger than 10% of part of the statement on financial position, or the income statements and the statement on comprehensive income, and 2) if the error accounts for 2.5% of the value of the assets in the statement on financial position, or 0.5% of the sales revenues as presented in the financial statements. Any error below the threshold is considered immaterial.

3.3. For the purpose of drawing up the financial statements for 2018, the insignificant and immaterial errors for previous financial periods were corrected respectively. No material errors were detected.

4. Notes to the financial statements

The notes regarding the material financial indicators are presented in the following Tables of the Notes to financial statements:

4.1. The status and the development of the non-current intangible assets of the Group and the Company during the accounting period (Table 4.1.1. Changes in the non-current intangible assets of the AB Linas group and AB Linas).

4.2. The status of the non-current tangible assets of the Group and the Company and its development during the accounting period (Table 4.2.1. Changes in the non-current tangible assets of AB Linas; Table 4.2.2. Changes in the non-current tangible assets of AB Linas Group).

For the purpose of comparing the carrying amount of the investment assets with the fair value of the investment assets, and check for any impairment indications, the management of the Company performed an independent assets valuation according to the provisions of IFRS 13. The fair value is the price for which the asset would be sold in the market under the current market conditions on the valuation date. When establishing the fair value of investment assets account was taken of the qualities of the assets that would be considered by market participants for the purpose of valuing the assets on the valuation date:

- physical qualities of the asset (location and size of the immovable property);
- legal restrictions for the use of the asset (e.g. territorial plans applicable for the immovable property);

Besides, for the purpose of establishing the fair value of the non-financial assets account was taken of the ability of the market participant to generate economic benefit by the first and the best way, or by selling the assets to another market participant which is the first and the best method. The investment assets, plots of land, were considered plots of land of commercial purpose. An analysis of the development of the prices for commercial purpose land plots during 2018 (source: <https://www.aruodas.lt/kainu-statistika/>) showed that during the period concerned the prices remained of the same level, therefore an assumption was made that the carrying amount of the asset corresponds to its fair value.

4.3. The other information about the non-current intangible and non-current tangible assets of the Group and the Company – the applicable average non-current assets amortisation and depreciation rates by assets groups (Table 4.3.1. Average useful life of the non-current intangible and tangible assets; the acquisition (production) cost of the asset that is amortised or depreciated but still used in the activities; Table 4.3.2. Completely amortised or depreciated non-current intangible and tangible assets used in the operations); the information about leased non-current tangible assets (Table 4.3.3 Lease of non-current tangible assets).

The effect of the difference in the depreciation of the non-current assets of the Company and the Group upon the financial indicators is immaterial, therefore that does not require any recalculation of the indicators of non-current assets and the depreciation ratios.

AB Linas is for an unlimited period of time leasing to UAB Lino dizainas (company code 304093122) the premises of 18,800 sq.m, located at S. Kerbedžio St. 23, Panevėžys. In the course of the financial year the income from the premise lease amounted to EUR 34,000 (EUR 34,000 in 2017). According to the conditions of the premises lease contract for premises condition restoration and ensuring the hygiene norms UAB Lino dizainas incurred EUR 51,000 in costs that will not be compensated by AB Linas.

AB Linas is for an unlimited period of time leasing to UAB Lino dizainas (company code 301733421) the premises located at S. Kerbedžio St. 23, Panevėžys. During the financial year AB Linas earned EUR 7,000 in income from the premise lease (EUR 7,000 in 2017).

During 2018, the Company was renting administrative premises in Vilnius. During the financial year the Company was charged EUR 21,000 in the general and administrative costs (EUR 21,000 in 2017).

AB Linas is for an unlimited period of time leasing production machinery an equipment, tools and fixtures to UAB Lino dizainas (company code 304093122), all being EUR 233,000 in value. During the financial year AB Linas earned EUR 37,200 in income from the lease of the equipment. AB Lino apdaila is for an unlimited period of time leasing production machinery an equipment, tools and fixtures to UAB Lino dizainas (company code 304093122), all being EUR 399,000 in value. During the financial year AB Lino apdaila charged EUR 48,000 in income from the premise lease (EUR 48,000 in 2017).

UAB Verslo dizainas (company code 302529076) is for an unlimited period of time leases to UAB Lino apdaila (company code 301733421) production equipment, instruments, tools, and facilities. During the financial year the income from the lease of the instruments and equipment amounted to EUR 72,000 (EUR 90,000 in 2017).

4.4. Non-current financial assets and their development during the accounting period (Table 4.4.1. Changes in non-current financial assets of AB Linas Group and Table 4.4.2. Changes in the non-current financial assets of AB Linas).

4.5. Total value of the inventory of the Group and the Company, and the value according to inventory type, the value of the inventory included in the accounting at the net realisable value, as well as the amount of writing-down to the value; the writing-down restatement amount; the value of pledged inventories; inventories kept at third parties (Table 4.5.1. Inventories of AB Linas Group, Table 4.5.2. Inventories of AB Linas).

4.6. Advances paid by the Group and the Company to suppliers for current assets and services (Table 4.6. Advances for current assets and services).

4.7. The amounts receivable by the Group and the Company by major groups of receivables, their change compared to the previous financial year (Table 4.7. Amounts receivable in one year).

4.8. The amounts receivable by the Group and the Company within one year and recognised in the financial accounting as doubtful, costs of doubtful debts incurred in the course of the financial year, and the recovered doubtful debts (Table 4.8. Doubtful debts).

4.9. Short-term and long-term loans granted by the Group and the Company and the amounts receivable after one year, their value, recovery terms, charged interest, amounts of repaid loans, written-off amounts written down in previous periods (Table 4.9. Loans granted by AB Linas Group and AB Linas to associated companies and the amounts receivable from associated companies):

4.9.1. As of 31 December 2018, UAB Rivena, company code 302521510, registered office address P. Žadeikos t. 13-35, LT-06324, Vilnius, indebtedness amount according to the financing contract of 19 November 2017 is EUR 1,171,000, and EUR 146,000 in accrued interest (EUR 110,000 in 2017) are recognised as long-term amount receivable. In return for the disbursed project financing amount a land plot was pledged to AB Linas; the land plot since 10 May 2016 was owned by UAB Kuprionis, company code 301166750, and which according to mortgage bonds is valued at EUR

1,593,000. According to the report of independent assets valuers the market value of the land plot is EUR 1,341,000. At the time of valuation (14-11-2014) there were some structures on the land plot. The structures located on the land plot are of very poor condition, in need of an overhaul repair, and the preparation of a detailed plan of the plot of land is in progress. As of the transaction date the interest rates indicated in the contract are close to the market rates. At the end of each accounting year the interest rate is reviewed for significant deviations from the market interest rates. The interest income is accumulated and will be paid together with the loan.

On 1 September 2015, the Bank, AB Linas and UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) concluded a loan subordination agreement according to which the rights of AB Linas and the liabilities of UAB Rivena according to the loan agreement are subordinated with respect to the rights of the bank arising from the crediting agreement between the Bank and UAB Rivena. The term of validity of the loan subordination agreement is until 6 August 2022. The term for the repayment of the loan granted by the Company to UAB Rivena and the interest is 1 September 2022.

On 4 December 2014, based on the contract on the claim transfer AB Linas transferred the right of claim in the amount of EUR 45,000 against UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) to UAB Lino linija (company code 303185361, registered office address Veiverių St. 9B-62, Vilnius). The contract on the transfer of the claim right provides that UAB Lino linija will pay the amount of the transferred claim in the course of five years starting with March 2018. During 2018, UAB Lino linija paid EUR 7,200 of the transferred claim amount. The amounts receivable are discounted according to the average market interest rate. In the statement on financial position the financial assets are shown at amortised cost.

4.10. The deferred charges and accrued income according to the major cost groups of the future periods of the Group and the Company (Table 4.10. Deferred charges and accrued income).

4.11. The composition of the Company's authorised capital, the number of shares and their nominal value, the number of the Company's shares owned by the State, the municipality or the Company itself (own shares) or the subsidiary, and the amount, and the shareholders holding more than 5% (Table 4.11. Structure of the authorised capital and the major shareholders of AB Linas).

In 2018, the average sale price of the Company's shares was EUR 0.10, and EUR 0.09 in 2017.

4.12. Information about the reserves of the Group and the Company (Table 4.12. Reserves of AB Linas Group and AB Linas).

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

4.14. Grants and subsidies received (receivable) by the Group and the Company (Table 4.14. Grants and subsidies).

During 2018, the Group did not have any used grants (subsidies) for wages (EUR 2,000 in 2017), the amount received from the Lithuanian Labour Exchange.

4.15. Long-term and short-term liabilities of the Group and the Company according to the indebtedness cover period, specifying the debt liabilities secured by the assets of the Company (Table 4.15. Long-term and short-term liabilities).

4.16. Status of the debts of the Group and the Company to credit institutions (Table 4.16. Status of the debts of AB Linas Group and AB Linas to credit institutions).

According to the account crediting agreement of 10 April 2012 between the Bank and AB Linas the Company was granted a credit of EUR 145,000, to secure which the Company pledged its inventories whose carrying amount according to the pledge bonds was EUR 1,448,000. For the purpose of hedging the credit amount UAB Lino apdaila issued surety for the entire amount and the term of the credit. The account crediting contract is valid until 31 March 2023. The credit was issued for variable interest, computed as a three months' EURIBOR plus the bank margin.

According to the contract on financial liabilities limits of 7 October 2013 between the Bank and AB Linas, the Company was granted a credit of EUR 290,000, to secure which the Company pledged, by a secondary pledge, the Company's inventories with the carrying amount according to the pledge bonds EUR 1,448,000. For the purpose of hedging the credit amount UAB Lino apdaila issued

surety for the entire amount and the term of the credit. The contract on financial liabilities limits is valid until 30 September 2022. The used credit amount is charged with variable interest, computed as a three months' EURIBOR plus the bank margin.

According to the credit contract of 26 September 2016 between the Bank and AB Linas, the Company was granted a credit of EUR 840,000. The maximum mortgage contract was concluded for the purpose of securing the obligations of the Company; according to the mortgage contract AB Linas pledged its immovable property, and UAB Lino apdaila issued a surety for the full amount and term of the credit. The credit agreement expired on 15 September 2021.

4.17. Annual leave accruals of the Group and the Company (Table 4.17. Annual leave accruals).

4.18. Operating activities of the Group and the Company.

The principal activity of the Group is production and sales of textile products. The information about the sales of the textile articles, i.e. the textile production business and geographic segments is presented in Table 4.18.1. Information about the textile production business segments of AB Linas Group, Table 4.18.2. Information about the textile production business geographic segments of AB Linas Group, Table 4.18.3. Information about the textile production business segments of AB Linas, Table 4.18.4. Information about the textile production business geographic segments of AB Linas.

The Group companies assign the income from the customers to different parties. The basis on which the income is allocated to individual parties is the location of the customers. In the course of the accounting year the Group's income from the transactions with its major customer accounted for 15.9 % of the total income (17.9 % in 2017). The income is recorded in the sewn articles segment and the European countries geographic segments.

In 2018, the income of UAB Lino apdaila for the production services provided to AB Linas accounted for EUR 1,979,000 (EUR 2,118 in 2017), where the cost of the services was equal to EUR 1,373,000 (EUR 1,418,000 in 2017). As of 31 December 2018, the amount payable by AB Linas to the subsidiary was EUR 546,000 (indebtedness on 31 December 2017 of EUR 915,000). In 2018, the income of UAB Lino apdaila for the production services provided to other third parties accounted for EUR 4,000 (EUR 5,000 in 2017), where the cost of the services was equal to EUR 3,000 (EUR 4,000 in 2017).

The assets and liabilities of the Group and AB Linas may not be reasonably assigned to the defined segments. All the assets and liabilities of the Group and the Company are not broken down according to the values by business and geographic segments.

4.19. The information about the Group's and the Company's sales, general and administrative costs (Table 4.19. Sales, general and administrative costs).

4.20. Information about the other operating income and costs of the Group and the Company (Table 4.20. Other activities).

4.21. The income and expenditure from the financial and investment activities of the Group and the Company according to all significant amounts (Table 4.21. Financial and investment activities).

4.22. Information about the financial relations with the managers of the Group and the Company and other related persons. (Table 4.22. Financial relations with the managers of the Group and the Company and other related persons).

AB Linas leases, for an unlimited period of time, to UAB Lino dizainas (company code 304093122), UAB Lino apdaila (company code 301733421) the premises located at S. Kerbedžio St. 23, Panevėžys, and leases to UAB Lino dizainas (company code 304093122) production machinery, equipment, tools and fixtures for an unlimited period of time.

During 2018, the Company was renting administrative premises in Vilnius.

The production equipment, facilities, tools and fixtures used by AB Linas for the production activities of the Group companies are leased from UAB Verslo dizainas (company code 302529076).

The equipment, tools, facilities and fixture owned by UAB Lino apdaila and used for the purpose of provision of linen textile products, and yarn dyeing, weaving and finishing services are leased to UAB Lino dizainas (company code 304093122).

The comments are provided in detail in Note 4.5 to the financial statements.

AB Linas is supplying, for an unlimited period of time, heat and steam to AB Lino dizainas (company code 304093122) required for heating the premises located at S. Kerbedžio St. 23, Panevėžys, and preparing hot water, as well as steam, required for executing production processes. During the financial year concerned, the Company estimated ER 740,000 in income from heat energy supply (EUR 648,000 in 2017).

During the reporting financial year AB Linas recorded EUR 46,000 in income for the accounting services provided to UAB Lino dizainas (ER 41,000 in 2017).

UAB Lino dizainas (company code 304093122) rendered to the Group the following textile production finishing services: to AB Linas – for EUR 3,813,000 (2017 – EUR 3,977,000); to UAB Lino apdaila – for EUR 99,000 (2017 – EUR 79,000). At the end of the financial year the amount payable by the Group to UAB Lino dizainas for the production services was EUR 840,000 (EUR 572,000 in 2017). At the end of the financial year UAB Lino dizainas was not indebted to the Group for the services specified above (EUR 5,000 debt in 2017).

According to the financing contract of 19 November 2014, UAB Rivena, company code 302521510, registered office address – P. Žadeikos St. 13-35, LT-06324, Vilnius, and AB Linas agreed that AB Linas will finance an immovable property project on behalf of UAB Rivena. As of 31 December 2018, UAB Rivena was indebted to the financing of the project EUR 1,171,000 and EUR 146,000 in interest (EUR 110,000 in 2017), that were recognised long-term amounts receivable. In return for the disbursed project financing amount a land plot was pledged to AB Linas; the land plot since 10 May 2016 was owned by UAB Kuprionis, company code 301166750, and which according to mortgage bonds is valued at EUR 1,593,000. According to the report of independent assets valuers the market value of the land plot is EUR 1,341,000. At the time of valuation (14-11-2014) there were some structures on the land plot. The structures located on the land plot are of very poor condition, in need of an overhaul repair, and the preparation of a detailed plan of the plot of land is in progress.

As of the transaction date the interest rates indicated in the contract are close to the market rates. At the end of each accounting year the interest rate is reviewed for significant deviations from the market interest rates. The interest income corresponds to actually incoming cash flows.

On 1 September 2015, the Bank, AB Linas and UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) concluded a loan subordination agreement according to which the rights of AB Linas and the liabilities of UAB Rivena according to the loan agreement are subordinated with respect to the rights of the bank arising from the crediting agreement between the Bank and UAB Rivena. The Loan subordination contract expires on 6 August 2022

On 4 December 2014, based on the contract on the claim transfer AB Linas transferred the right of claim in the amount of EUR 45,000 against UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) to UAB Lino linija (company code 303185361, registered office address Veiverių St. 9B-62, Vilnius). During 2018, total EUR 7,200 were paid from the transferred claim amount. Since the contract does not specify the interest rates, the amounts receivable are discounted according to the average market interest rates. The financial assets are shown in the statement on financial position at amortise cost, and at the end of the financial year the financial assets were worth EUR 28,000.

4.23. Income tax due (Table 4.23.1. Specification of the income tax costs; Table 4.23.2. Recalculation of the income tax costs having regard to the permanent and temporary differences in the accounting and the taxable profit).

4.24. Deferred income tax of the Group and the Company (Table 4.24. Deferred income tax).

4.25. Material amounts recorded in the off-balance-sheet accounts – collaterals, guarantees, sureties (Table 4.25. Rights and obligations not included in the statement on financial position). Bankrupt individual company Ramūnas Lenčiauskas, removed from the Register of Legal Entities on 20 August 2018. According to the case law of the Supreme Court of Lithuania according to Article 6.128 (3) of the [Civil Code](#) having liquidated a legal entity, the obligations of such legal entity expire, thus the surety obligation on the part of AB Linas for the individual Ramūnas Lenčiauskas company in the amount of EUR 4,566,000.

4.26. Earnings (loss) per share (Table 4.26. Profit (loss) per share).

In 2018, the immaterial errors were corrected by applying a perspective method.

At the Group or the Company there were no significant events after the end of the accounting period.

4.1. LONG-TERM INTANGIBLE ASSETS

4.1.1. Changes of Linas, AB enterprise group and Linas, AB 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			57.420				57.420
a) Procurement cost price of long-term intangible assets							
At the end of previous financial year			139.035		1.296		140.331
Changes of financial year			(38.181)		(1.296)		(39.477)
· Procurement of assets			1.804				1.804
· Written-off property because of the accounting evaluation change (-)							
· Assets, transferred to other individuals and discarded (-)			(39.985)		(1.296)		(41.281)
· Transcription from one article to another +/-(-)							
At the end of financial year			100.854				100.854
b) Amortization							
At the end of previous financial year			81.615		1.296		82.911
Changes of financial year			(31.468)		(1.296)		(32.764)
· Written-off property because of the accounting evaluation change (-)							
· Financial year amortization			8.516				8.516
· Restorational records (-)							
· Assets, transferred to other individuals and discarded (-)			(39.984)		(1.296)		(41.280)
· Transcription from one article to another +/-(-)							
At the end of financial year			50.147				50.147
e) Residual value at the end of financial year (a) - (b)			50.707				50.707

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	0	1.299.840	194.453	41.255	16.989	373.901	0	1.926.438
a) Procurement of cost price long-term tangible assets								0
At the end of previous financial year	0	1.401.025	883.218	155.456	48.527	415.901	0	2.904.127
Changes of financial year	0	179.296	0	0	478	0	0	179.774
· Procurement of assets	0	179.296		0	5.004		0	184.300
· Written-off property because of the accounting evaluation change (-)	0	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0	0
· Transcription to short-time assets+/(-)	0	0	0	0	(4.526)	0	0	(4.526)
· Transcription from one article to another +/(-)	0	0	0	0	0	0	0	0
At the end of financial year	0	1.580.321	883.218	155.456	49.005	415.901	0	3.083.901
b) Revaluation								0
At the end of previous financial year								
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	0	101.185	688.765	114.201	31.538	0	0	935.689
Changes of financial year	0	98.730	33.467	11.601	856	0	0	144.654
· Written-off property because of the accounting evaluation change (-)	0	0	0	0	0	0	0	0
· Financial year depreciation	0	98.730	33.467	11.601	5.302	0	0	149.100
· Restorational records (-)	0	0	0	0	(4.446)	0	0	(4.446)
· Assets, transferred to other individuals and discarded (-)		0	0	0	0	0	0	0
· Transcription from one article to another +/(-)								0
At the end of financial year	0	199.915	722.232	125.802	32.394	0	0	1.080.343
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		0	0
· Restorational records (-)		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	42.000	0	42.000
e) Residual value at the end of financial year (a) + (b) - (c) - (d)		1.380.406	160.986	29.654	16.611	373.901	0	1.961.558

4.2.2. 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		1.301.100	404.798	44.813	18.185	373.901	6.195	2.148.992
a) Procurement of cost price long-term tangible assets								
At the end of previous financial year		1.406.342	1.314.099	172.223	56.013	415.901	6.195	3.370.773
Changes of financial year		179.296	8.530		478		(6.195)	182.109
· Procurement of assets		151.163			5.004		31.228	187.395
· Written-off property because of the accounting evaluation change (-)					(4.526)			(4.526)
· Assets, transferred to other individuals and discarded (-)								
· Transcription to short-time assets +/-(-)		28.133	8.530				(37.423)	(760)
· Transcription from one article to another +/-(-)		1.585.638	1.322.629	172.223	56.491	415.901	0	3.552.882
At the end of financial year								0
b) Revaluation								
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
c) Depreciation (-)		105.242	909.301	127.410	37.829			1.179.782
At the end of previous financial year		99.394	76.684	12.800	1.852	0	0	190.730
Changes of financial year		99.394	76.684	12.800	6.298			195.176
· Written-off property because of the accounting evaluation change (-)					(4.446)			(4.446)
· Depreciation of financial year								
· Restorational records (-)		204.636	985.985	140.210	39.681	0	0	1.370.512
· Assets, transferred to other individuals and discarded (-)								0
· Transcription from one article to another +/-(-)		0	0	0	0	0	0	0
At the end of financial year		0	0	0	0	42.000	0	42.000
d) Decrease of value		0	0	0	0		0	0
At the end of previous financial year		0	0	0	0		0	0
Changes of financial year		0	0	0	0	0	0	0
· Decrease of value of financial year		0	0	0	0	42.000	0	42.000
· Restoration records (-)		1.381.002	336.644	32.013	16.810	373.901	0	2.140.370
· Assets, transferred to other individuals and discarded (-)		1.301.100	404.798	44.813	18.185	373.901	6.195	2.148.992
· Transcription from one article to another +/-(-)								
At the end of financial year		1.406.342	1.314.099	172.223	56.013	415.901	6.195	3.370.773
e) Residual value at the end of financial year (a) + (b) - (c) - (d)		179.296	8.530		478		(6.195)	182.109

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

* The average useful time of buildings and constructions is indicated for 15 years as the buildings were obtained in 1958. Construction and their condition have not been improved over the entire period since construction began.

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	3	32.923	3	32.923
	Total	3	32.923	3	32.923
2.	Long-term tangible asset groups				
2.1.	Buildings and structures				
2.2.	Machinery and equipment	28	675.131	2	626.820
2.3.	Means of transport	2	97.718	1	86.947
2.4.	Other equipment, appliances and instruments	11	28.105	6	22.989
	Total	41	800.954	9	736.756

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	different terms	10.153	different terms	10.153
3.	Machinery and equipment, other equipment, appliances and instruments	termless	72.000	-	-
4.	Other tangible assets	-	-	-	-

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	1.170.991	110.292	0	34.132	0	17.771	(17.771)	290	1.315.705
2.	Changes of financial year	0	35.618	0	(5.600)	0	(264)	264	0	30.018
2.1.	Other investments									
2.2.	Acquisitions, calculated interest, granting of loans		35.618		1.642					37.260
2.3.	Transfer from the sums receivable after one year									
2.4.	Sales, return of loans and other receivable amounts (-)				(7.242)		(264)	264		(7.242)
2.5.	Transfer to short-term financial assets (-)									0
2.6.	Decrease of value (-)									
3.	Remainder in the end of financial year (1 + 2)	1.170.991	145.910	0	28.532	0	17.507	(17.507)	290	1.345.722

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	0	1.170.991	110.292	0	34.132	0	17.771	(17.771)	290	1.318.601
2.	Changes of financial year	0	0	0	35.618	0	(5.600)	0	(264)	264	0	30.018
2.1.	Investments in subsidiaries											0
2.2.	Other investments											0
2.3.	Acquisitions, calculated interest, granting of loans				35.618		1.642					37.260
2.4.	Transfer from the sums receivable after one year											0
2.5.	Sales, return of loans and other receivable amounts (-)						(7.242)		(264)	264		(7.242)
2.6.	Transfer to short-term financial assets (-)											0
2.7.	Decrease of value (-)											0
3.	Remainder in the end of financial year (1 + 2)	2.896	0	1.170.991	145.910	0	28.532	0	17.507	(17.507)	290	1.348.618

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	2.582.300	21.513	1.789.291	1.537	4.394.641
1.2.	At the end of financial year (incl. stocks en route and by the third parties)	2.256.163	23.597	2.082.260	4.443	4.366.463
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.)	2.582.300	21.513	1.789.291	1.537	4.394.641
3.2.	At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2)	2.256.163	23.597	2.082.260	4.443	4.366.463
4.	Balance value of mortgage stocks at the end of previous financial year (31/12/2017)	1.242.024		1.817.262		3.059.286
5.	Value of mortgage stocks according to mortgage papers (31/12/2017)	289.620		1.158.480		1.448.100
6.	Balance value of mortgage stocks at the end of financial year (31/12/2018)	826.845		2.084.998		2.911.843
7.	Value of mortgage stocks according to mortgage papers (31/12/2018)	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	1.467.247	1.103.455	0	1.855.454	1.537	4.427.693
1.2.	At the end of financial year (incl. stocks en route and by the third parties)	1.285.826	953.541	0	2.161.931	4.443	4.405.741
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.)	1.467.247	1.103.455	0	1.855.454	1.537	4.427.693
3.2.	At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2)	1.285.826	953.541	0	2.161.931	4.443	4.405.741
4.	Balance value of mortgage stocks at the end of previous financial year (31/12/2017)	995.234	246.790		1.817.262		3.059.286
5.	Value of mortgage stocks according to mortgage papers (31/12/2017)	289.620			1.158.480		1.448.100
6.	Balance value of mortgage stocks at the end of financial year (31/12/2018)	699.390	127.455		2.084.998		2.911.843
7.	Value of mortgage stocks according to mortgage papers (31/12/2018)	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	299.963	80.984	298.017	75.763
2	Paid advance to the service providers	12.371	8.812	10.179	8.349
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	312.334	89.796	308.196	84.112

4.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

EUR

Run. No.	Biggest receivable amounts groups	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Customers' debts	1.425.053	1.440.849	1.425.053	1.440.820
2.	Companies' debts of Group of companies	0	0	0	0
3.	Debts of associated companies	58.649	60.653	58.649	60.653
4.	Other receivable amounts	235.537	177.145	235.537	169.832
4.1	Receivable VAT	209.428	90.961	209.428	90.961
4.2	Budget debt to the enterprise				
4.3	Debt of social insurance to the enterprise				
4.4	Amounts receivable from accountable persons	2.318	1.884	2.318	1.884
4.5	Part of current year of long term loans provided for third parties	0	0	0	0
4.6	Other accumulated receivable interests for provided long-term loans of part of current year	0	0	0	0
4.7	Amounts receivable from employees for loans provided	0	0	0	0
4.8	Advance payment for employees		11.477		4.164
4.9	Receivable sums from requisition rights transfer	0	0	0	0
4.10	Receivable grants in coming periods	0	0	0	0
4.11	Profit tax paid in advance	21.119	72.823	21.119	72.823
4.12	Other amounts receivable (amounts receivable from var. debtors)	2.672	0	2.672	0
	Amount receivable within one year, total	1.719.239	1.678.647	1.719.239	1.671.305

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	3.244.696		3.240.216		3.242.113		3.237.633	
2.	Part of uncertain debts written-off to the expenses at the beginning of the financial year (-)	(3.244.696)		(3.240.216)		(3.242.113)		(3.237.633)	
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	2.660		4.480		2.660		4.480	
5.	Part of uncertain debt written-off to expenses within financial year	(2.660)		(4.480)		(2.660)		(4.480)	
6.	Uncertain debts acknowledge as expenses within financial year		2.444		4.476		2.444		4.476
7.	Written-off to expenses without transferring debt into uncertain debts of foreign consumer account								
8.	Uncertain debts recovered within financial year (restoring of written-off debts (-))	(64)	(64)			(64)	(64)		
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 (-)	(3.170.480)				(3.170.480)			
12.	Uncertain debt at the end of financial year	76.876	0	3.244.696	0	74.293	0	3.242.113	
13.	Part of uncertain debt written-off to expenses at the end of financial year (-)	(76.876)	0	(3.244.696)	0	(74.293)	0	(3.242.113)	

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		
				Value of financial assets 31 12 2018, Eur	Interest payable for loan provided 31 12 2018 Eur	During 2018 y. calculated interest income, Eur	Value of financial assets 31 12 2017, Eur	Interest payable for loan provided 31 12 2017 Eur	During 2017 y. calculated interest income, Eur
1.	Loans provided for associated companies and receivable sums from associated companies			1.199.524	145.909	37.260	1.205.123	110.292	38.265
1.1	UAB „Rivena“ (company code 302521510)	EUR	iki 2022-09-01	1.170.992	145.909	35.618	1.170.992	110.292	35.715
1.2	UAB „Lino linija“ (company code 303185361)	EUR	iki 2023-02-28	28.532		1.642	34.131		2.550
2	Total			1.199.524	145.909	37.260	1.205.123	110.292	38.265

4.10. COSTS AND ACCRUED REVENUES OVER THE COMING PERIODS

EUR

Eil. Nr.	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	741	357	741	357
2	Insurance fees	16.754	15.704	14.705	13.970
3	Fairs' costs for the coming periods	29.107	26.194	29.107	26.194
4	Other costs for the coming periods	4.371	4.926	4.371	4.926
5	Costs and accrued revenues over the coming periods	50.973	47.181	48.924	45.447

4.11. STRUCTURE OF STATUTORY CAPITAL OF LINAS, LLC 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 (2018-12-31)			
	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, LLC ENTERPRISE GROUP AND LINAS, AB

Run. No.	Indicators	EUR			
		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

4.13. PROFIT (LOSS) ASSIGNMENT PROJECT

Run. No.	Articles	EUR
		Amount
1.	Retained earnings (loss) of the previous financial year at the end of the current year	(29.459)
2.	Net profit (loss) for the current year	891.998
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	862.539
7.	Appropriation of profit	309.029
7.1.	part of profit admitted to compulsory reserve	44.600
7.2.	part of profit admitted to reserve to obtain own shares	264.429
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	553.510

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)	0	0	0	0	0	0
1.2.	Grants related to assets						
1.3.	Subventions						
2.	COMPANY						
2.1.	Grants related to income (compensation of expenses)	0	0	0	0	0	0
2.2.	Grants related to assets						
2.3.	Subventions						

4.15. LONG-TERM AND SHORT-TERM OBLIGATIONS

EUR

Run. No.	Indicators Splitting of amounts payable by types	GROUP				COMPANY			
		Debts payable or parts		Total debts	Total debts	Debts payable or parts		Total debts	Total debts
		within one financial year	after one year	at the end of financial year	at the end of last financial year	within one financial year	after one year	at the end of financial year	at the end of last financial year
1.	Financial debts:	176.842	309.474	486.316	663.158	176.842	309.474	486.316	663.158
1.1.	For leasing (financial lease) or similar obligations	0	0	0	0	0	0	0	0
1.2.	For credit institutions	176.842	309.474	486.316	663.158	176.842	309.474	486.316	663.158
1.3.	Other financial debts	0	0	0	0	0	0	0	0
2.	Other debts	1.855.689	0	1.855.689	1.966.976	2.124.038	0	2.124.038	2.554.961
2.1.	Debts for suppliers	718.756	0	718.756	847.926	705.617	0	705.617	837.028
2.2.	Payable sums for companies of Group of companies	0	0	0	0	545.826	0	545.826	915.039
2.3.	Payable sums for associated companies	881.568	0	881.568	733.687	722.298	0	722.298	584.319
2.4.	Received advance	44.873	0	44.873	31.918	44.873	0	44.873	31.918
2.5.	Obligations related to industrial relations	137.268	0	137.268	259.739	65.808	0	65.808	140.829
2.5.1	wage payable	43.925	0	43.925	121.793	20.934	0	20.934	74.616
2.5.2	social insurance payable	33.154	0	33.154	54.121	17.021	0	17.021	30.988
2.5.3	Compulsory health insurance contributions	5.688	0	5.688	6.584	2.905	0	2.905	2.753
2.5.4	payable RIT from wage	6.533	0	6.533	9.561	3.524	0	3.524	3.879
2.5.5	leave accumulation	47.969	0	47.969	67.680	21.425	0	21.425	28.593
2.6.	VAT payable	31.023	0	31.023	23.575	0	0	0	0
2.7.	Other taxes payable	5.062	0	5.062	6.204	5.062	0	5.062	6.204
2.8.	Profit tax payment obligations	2.281	0	2.281	23.621	0	0	0	0
2.9.	Payable amounts for sales services	25.214	0	25.214	31.816	25.214	0	25.214	31.816
2.10.	Various other payable amounts	9.644	0	9.644	8.490	9.340	0	9.340	7.808
	Total	2.032.531	309.474	2.342.005	2.630.135	2.300.880	309.474	2.610.354	3.218.120

Guarantee debts of Linas, AB enterprise group

Run. No.	Indicators	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	0	0	0
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, AB ENTERPRISE GROUP AND LINAS, AB

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	486.316 EUR		663.158 EUR	
2.1.	Long-term liabilities in accordance with the loan agreements of 26-09-2016	309.474 EUR	2021-09-15	486.316 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	2019-12-31	176.842 EUR	2018-12-31
	Total	486.316 EUR		663.158 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	67.679	65.140	28.593	26.055
1.1.	Accumulative leaves at the beginning of the year	51.670	49.733	21.830	19.892
1.2.	Social insurance of accumulative leaves at the beginning of the year	16.009	15.407	6.763	6.163
2.	Accumulated leaves within a year (leaves with social insurance directed to expenses)	129.230	141.052	60.842	58.811
2.1.	Accumulated leaves	98.652	107.682	46.447	44.897
2.2.	Accumulated social insurance from accumulated leaves	30.578	33.370	14.395	13.914
3.	Accumulated leaves amount covered by accumulated leaves (within a financial year for employees practically counted leaves with social insurance)	(148.942)	(138.513)	(68.011)	(56.273)
3.1.	Leaves expenses covered by accumulated leaves	(113.702)	(105.745)	(51.920)	(42.959)
3.2.	Leaves with social insurance expenses covered by accumulated leaves	(35.240)	(32.768)	(16.091)	(13.314)
4.	Remainder of accumulative leaves at the end of the year	47.967	67.679	21.424	28.593
4.1.	Accumulated leaves at the end of the year	36.620	51.670	16.357	21.830
4.2.	Social insurance from accumulated leaves at the end of the year	11.347	16.009	5.067	6.763
5.	Change of accumulated leave remainder within a year (4 - 1)	(19.712)	2.539	(7.169)	2.538
5.1.	Change of accumulated leave remainder	(15.050)	1.937	(5.473)	1.938
5.2.	Change of social insurance from accumulated leave remainder	(4.662)	602	(1.696)	600

4.18. PRODUCTION OF TEXTILE PRODUCTS

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

EUR

Indicators	Segments (production, goods, types of activity)								Group's Total	
	Fabric		Sewn products		Yarns		Production services			
	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.
Income	7.229.290	6.846.768	5.061.193	5.635.558	43.378	39.956	375.353	309.005	12.709.214	12.831.287
Cost price	5.661.707	5.306.065	4.400.777	4.866.105	43.671	39.026	219.779	176.856	10.325.934	10.388.052
Gross profit (losses)	1.232.377	1.540.703	399.864	769.453	-293	930	154.504	132.149	2.383.280	2.443.235
Selling expenses, general and administrative expenses									2.027.198	2.177.981
Profit (losses) of main activity	1.232.377	1.540.703	399.864	769.453	-293	930	154.504	132.149	356.082	265.254

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

EUR

Indicators	Segments (regions)										Group's Total	
	Skandinavian countries		European countries		USA		Lithuania		Other countries			
	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.
Income	2.239.629	2.618.111	6.013.909	6.191.772	390.210	353.529	2.690.698	2.244.609	1.374.768	1.423.266	12.709.214	12.831.287
Cost price	1.742.540	1.987.407	5.051.101	5.257.476	278.244	228.537	2.103.175	1.737.226	1.150.873	1.177.406	10.325.933	10.388.052
Gross profit (losses)	497.089	630.704	962.808	934.296	111.966	124.992	587.523	507.383	223.895	245.860	2.383.281	2.443.235
Selling expenses, general and administrative expenses											2.027.198	2.177.981
Profit (losses) of main activity	497.089	630.704	962.808	934.296	111.966	124.992	587.523	507.383	223.895	245.860	356.083	265.254

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

EUR

Indicators	Segments (production, goods, types of activity)								Company's Total	
	Fabric		Sewn products		Yarns		Production services			
	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.
Income	7.229.290	6.846.768	5.061.193	5.635.558	43.378	39.995	371.482	303.989	12.705.343	12.826.310
Cost price	5.996.913	5.661.927	4.661.329	5.192.460	43.671	39.026	216.978	172.697	10.918.891	11.066.110
Gross profit (losses)	1.232.377	1.540.703	399.864	769.453	-293	930	154.504	132.149	1.786.452	1.760.200
Selling expenses, general and administrative expenses	0		0		0		0		1.709.217	1.792.011
Profit (losses) of main activity	1.232.377	1.540.703	399.864	769.453	-293	930	154.504	132.149	77.235	(31.811)

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

EUR

Indicators	Segments (regions)										Company's Total	
	Skandinavian countries		European countries		USA		Lithuania		Other countries			
	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.	2018 y.	2017 y.
Income	2.239.629	2.618.111	6.013.909	6.191.772	390.210	353.529	2.686.827	2.239.632	1.374.768	1.423.266	12.705.343	12.826.310
Cost price	1.843.104	2.117.978	5.342.605	5.602.890	294.302	243.552	2.221.589	1.846.929	1.217.291	1.254.761	10.918.891	11.066.110
Gross profit (losses)	396.525	500.133	671.304	588.882	95.908	109.977	465.238	392.703	157.477	168.505	1.786.452	1.760.200
Selling expenses, general and administrative expenses	0		0		0		0		0		1.709.217	1.792.011
Profit (losses) of main activity	396.525	500.133	671.304	588.882	95.908	109.977	465.238	392.703	157.477	168.505	77.235	(31.811)

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	639.763	753.871	639.254	753.871
1.1	Expenses of commissions	213.308	261.199	213.308	261.199
1.2	Expenses of transporting of sold production	56.385	74.279	55.876	74.279
1.3	Expenses of production advertising and fair	108.239	98.767	108.239	98.767
1.4	Expenses of sales number employees wage and other with employees related expenses	217.392	262.626	217.392	262.626
1.5	Evaluate of customers creditworthiness and insurance costs of marketable credits	19.759	21.633	19.759	21.633
1.6	Other sales expenses	24.680	35.367	24.680	35.367
2	General and administration expenses	1.387.435	1.424.110	1.069.963	1.038.140
2.1	Expenses related with employees wage and other with employees related	603.197	670.976	441.005	455.055
2.2	Training costs of administration employees	7.747	7.439	7.384	6.910
2.3	Rent, exploitation and repairing expenses	395.834	317.076	284.056	188.684
2.4	Expenses of security services	32.583	32.583	21.722	21.721
2.5	Expenses of deterioration and amortization of non-current asset	83.293	77.872	74.826	68.919
2.6	Expenses of info technologies	38.648	30.635	35.565	27.736
2.7	Connection expenses	11.366	12.427	8.850	9.245
2.8	Expenses of bank services	20.566	19.177	20.161	18.799
2.9	Legal services expenses	12.308	13.337	12.308	13.337
2.10	Expenses of activity tax	35.980	37.085	34.539	35.676
2.11	Expenses of support provided	27.114	26.985	27.114	26.985
2.12	Expenses of social guarantees, stated in collective agreement	8.240	1.976	7.644	1.976
2.13	Representation expenses	8.153	16.110	8.135	16.098
2.14	Low-value assets acquisition expenses	11.827	16.976	11.354	15.794
2.15	Expenses of property value decrease	2.600	46.476	2.600	46.476
2.16	Various other general and administration expenses	87.979	96.980	72.700	84.729
3	TOTAL SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES	2.027.198	2.177.981	1.709.217	1.792.011

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	1.069.980	991.257	1.075.785	994.840
1.1.	Income of various storages selling	74.014	69.302	74.021	73.451
1.2.	Income of rent	209.504	214.007	168.104	172.787
1.3.	Income of accounting and administration services	45.600	40.800	68.400	62.400
1.4.	Incomes of thermal energy supply	739.937	648.407	764.335	667.461
1.5.	Various other non-typical activity income	819	2.486	819	2.486
1.6.	Incomes of customers' in advance payments which are written in the financial accounting	106	16.255	106	16.255
2.	EXPENSES OF OTHER ACTIVITY - TOTAL	854.616	768.613	837.129	740.884
	Specification of significant amount:				
2.1.	Net cost of sold various storages	44.402	42.489	41.559	37.548
2.2.	Net cost of rent	119.795	117.897	82.174	79.230
2.3.	Expenses of accounting and administration services	61.937	57.588	61.937	57.588
2.4.	Expenditures of thermal energy supply	628.326	550.494	651.303	566.373
2.5.	Various other non-typical activity expenses	156	145	156	145
3.	RESULT OF OTHER ACTIVITY (1-2)	215.364	222.644	238.656	253.956

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	50.174	38.173	650.174	38.173
	Specification of significant amount:				
1.1.	Positive result of changes of currency exchange	11.962		11.962	
1.2.	Income of other interests	37.260	38.168	37.260	38.168
1.3.	Fines and penalties for the drawn debts	946		946	
1.4.	Income of other financial-investment activity	6	5	6	5
1.5.	Investments incomes into the shares of patronise, patronized and associated companies			600.000	
2.	FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL	22.423	56.946	22.422	56.852
	Specification of significant amount:				
2.1.	Expenses of interests	22.221	29.306	22.221	29.306
2.2.	Fines and delay fees	456	87	456	20
2.3.	Negative result of changes of currency exchange	1	31.232		31.205
2.4.	Financial assets depreciation amounts (BUAB „Nordic investicija“ and BUAB "Domus Palanga" financial debts)	0	(4.185)	0	(4.185)
2.5.	Expenses of other financial-investment activity	(255)	506	(255)	506
3.	FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)	27.751	(18.773)	627.752	(18.679)

4.22. FINANCIAL CONNECTIONS WITH MANAGERS AND OTHER RELATED PERSONS

EUR

Run. No.	Indicators	GROUP				COMPANY			
		Financial year	Remainder at the end of financial year	Last financial year	Remainder at the end of last financial year	Financial year	Remainder at the end of financial year	Last financial year	Remainder at the end of last financial year
A.	Amount, related with industrial relations, calculated within a year:	86.196	7.066	89.146	5.692	75.148	5.136	69.089	4.877
1.	For managers	86.196	7.066	73.462	4.417	75.148	5.136	53.405	3.602
2.	For other related persons	0	0	15.684	1.275	0	0	15.684	1.275
B.	Loans granted by Group (Company):	0	1.170.992	0	1.170.992	0	1.170.992	0	1.170.992
1.	For managers	0	0	0	0	0	0	0	0
2.	For other related persons	0	1.170.992	0	1.170.992	0	1.170.992	0	1.170.992
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	0	452.533	0			452.533	
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	0	0	452.533	0			452.533	
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	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
G.	Received various guarantees:	0	1.592.910	0	6.159.403	0	2.867.340	0	7.433.833
1.	From managers	0	0	0	0	0	0	0	0
2.	From other related persons	0	1.592.910	0	6.159.403	0	2.867.340	0	7.433.833
H.	Other significant amounts, calculated within a year (obligations of Group (Company) to related persons):	4.199.742	876.335	4.199.978	733.747	6.010.647	1.262.860	6.138.384	1.499.388
1.	For managers	1.200	0	12.131	1.622	1.200	0	12.131	1.622
2.	For members of the Board	0	0	0	0	0	0	0	0
3.	For other related persons	4.198.542	876.335	4.187.847	732.125	6.009.447	1.262.860	6.126.253	1.497.766
I.	Other significant obligations for Group (Company):	955.502	233.290	823.649	205.076	961.299	233.290	823.082	205.076
1.	Of managers	0	0	0	0	0	0	0	0
2.	Of other related persons	955.502	233.290	823.649	205.076	961.299	233.290	823.082	205.076
J.	Sold asset:	63.409	0	65.748	0	63.569	0	70.093	0
1.	For managers	96	0	319	0	96	0	319	0
2.	For other related persons	63.313	0	65.429	0	63.473	0	69.774	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	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
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 asset of enterprise at the third parties	0	1.963.249	0	2.096.212	0	1.737.479	0	1.887.392
1.	Of managers	0	0	0	0	0	0	0	0
2.	Of other related persons	0	1.963.249	0	2.096.212	0	1.737.479	0	1.887.392
O	Received dividends from related persons.						600.000		
	Average number of administration managers within a year	3	X	3	X	2	X	2	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	91.631	80.673	51.641	37.020
1.1.	Reporting year profit tax according to Profit tax declaration	91.631	80.673	51.641	37.020
1.2.	Corrections of profit tax of last year in perspective way	0	0	0	0
2.	Expenses (incomes) of delayed taxes	42	199	4	40
2.1.	Expenses (incomes) of delayed taxes, determined by appearance and (or) disappearance of temporary differences	42	199	4	40
3.	Expenses of profit tax, stated in statement of profit or loss and other comprehensive income	91.673	80.872	51.645	37.060

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)	597.554	466.573	340.361	200.915
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	1.642	2.550	1.642	2.550
3.	Profit tax before correction cause of regular and temporary differences	89.633	69.986	51.054	30.137
4.	Correction of expenses of profit tax	2.040	10.886	591	6.923
4.1.	Correction of profit tax expenses cause of regular differences	316	10.730	(1.133)	6.767
4.2.	Correction of profit tax expenses cause of temporary differences (from profit declaration)	(42)	(199)	(4)	(40)
4.3.	Correction of profit tax expenses regarding temporal differences (profit tax property (obligations) decrease (increase))	(1.330)	(1.330)	(1.330)	(1.330)
4.4.	Correction of profit tax of last period in perspective way	42	199	4	40
4.5.	Profit tax expenditures correction regarding investment project implementation	1.724	0	1.724	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		156
5.	Expenses of profit tax, stated in statement of profit or loss and other comprehensive income	91.673	80.872	51.645	37.060

4.24. EXTENDED PROFIT TAX

EUR

Run. No.	Reasons of originated extended tax	GROUP				COMPANY			
		Statement of financial position		Statement of comprehensive income		Statement of financial position		Statement of 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	54	253			15	55		
	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	(44)	(199)			(5)	(40)		
4.	Expenses (incomes) of extended tax			43	199			4	40
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	10	54			10	15		

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		4.566.493
4	Tangible valuables of enterprise trusted to the third parties	29.194	29.194	29.194	29.194
5	Property sublease for third persons	1.108.424	1.108.424	783.938	783.938
6	Sponsions for the third parties	0	0		
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	1.592.910	1.592.910	1.592.910

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	507.524	388.251	891.998	166.405
3.	Earnings per share, in EUR	0,02	0,02	0,04	0,01