



**„LINAS“ AB**  
**INTERIM CONSOLIDATED REPORT FOR SIX**  
**MONTHS OF YEAR 2017**



## **Linus AB**

Company code 147689083

S. Kerbedzio 23, Panevezys

September 29, 2017

### **CONFIRMATION BY THE RESPONSIBLE PERSONS**

Following Art.23 of the Law on Securities of the Republic of Lithuania and the Regulations for Drawing-up and Submission of the Periodic and the Additional Information issued by the Board of Lithuanian Bank, we, Daiva Minkeviciene, Director of Linas AB, and Ausra Silinyte, chief accountant of Linas AB, hereby confirm that to our best knowledge interim consolidated six months financial statements of year 2017 of Linas AB Group of companies were drawn following the International Financial Reporting Standards adopted for use in the European Union, and present the fair and accurate status of the consolidated assets, liabilities, financial condition and profit or loss and money flows of the Linas AB Group of companies, and that the review of activities and business development and the condition of Linas AB Group of companies together with the description of the principle risks and uncertainties it faces has been described correctly in the interim consolidated six months report of year 2017 of Linas AB. Interim consolidated financial statements were not audited, consolidated interim report was not evaluated by the auditors.

Director of Linas AB



Chief accountant of Linas AB



A stylized, handwritten signature in blue ink, belonging to Daiva Minkeviciene.

Daiva Minkeviciene

A stylized, handwritten signature in blue ink, belonging to Ausra Silinyte.

Ausra Silinyte

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### **1. Accounting period for which the report is prepared**

„Linias“ AB interim consolidated six months report is prepared for January-June months of year 2017.

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

#### **Principal Company data**

Name	AB „Linias“ (hereinafter the Company)
Authorised (share) capital	6 971 307,10 Eur
Domicile address	S. Kerbedzio g. 23, LT-35114 Panevezys
Telephone	(8-45) 506100
Fax	(8-45) 506345
E-mail address	<a href="mailto:office@linas.lt">office@linas.lt</a>
Webpage	<a href="http://www.linas.lt">www.linas.lt</a>
Legal-organisational form	Public Limited Liability Company
Date and place of registration	08-03-1993, Company Register/ City of Panevezys
Company registration number	AB 9329
Date and place of re-registration	September 9, 2004, Register of Legal Persons, Registration Certificate No. 003429.
Company code	1476 89083
VAT code	LT476890811

#### **Principal subsidiary data**

Name	UAB „Lino apdaila“
Authorised (share) capital	2 896 Eur
Domicile address	S. Kerbedzio g. 23, LT-35114 Panevezys
Telephone	(8-45) 506111
Fax	(8-45) 506346
E-mail address	<a href="mailto:office@linas.lt">office@linas.lt</a>
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 June 30, 2017 the Group of companies was comprised of AB “Linias” and its subsidiary company UAB “Lino apdaila”. AB “Linias” holds 100% shares of the subsidiary company. The activity of AB “Linias” is sales of linen textile items; other activity of AB “Linias” - management of financial asset (shares and granted loans), supply of thermal energy. The activity of the textile products sewing is carried out at the subsidiary company UAB „Lino apdaila”.

### **4. Contracts with intermediaries of public trading securities**

On December 4, 2003 AB “Linias” has signed the service contract with AB SEB Bank (company code 112021238, Gedimino avenue.12, Vilnius) regarding the management of company’s stock accounting.

### **5. Data on trading in securities of the Company 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 are included into the current sales list of NASDAQ OMX Vilnius.

**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 trying to manage credit risk influence with the insurance of her customers, applying safe payments forms, asking for property guarantees or sponson of third parties.

Economic and political:

- Increase in supply of Asian textile products and dumping.
- Cyclicity of demand for linen products.
- Seasonality: les demand in winter.
- 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 witch are supplied by Lithuanian Republic or European Union.

Technical-technological:

- Part of the technological equipment are old and wear-tear, requiring huge investment in to their repair and maintenance.

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.

**7. Information about the activity results of the Group**

During the I<sup>st</sup> half of year 2017 AB "Linus" Company Group sold products and services for 6,60 million Eur. Compared to the results of the I<sup>st</sup> half of year 2016 the incomes of sales increased 0,276 million Eur or 4,37 %.

Item	Unit	I <sup>st</sup> half of year 2017	I <sup>st</sup> half of year 2016
Sales	Thousand Eur	6 597	6 321
Profit before taxes	Thousand Eur	270	451

During the I<sup>st</sup> half of year 2017 the volumes of sales and production of the Group remain stable, in comparison with the same period of last year, regarding the stable usage of textile items in foreign markets.

EBITDA of Ist half of year 2017 was 0,38 mln. EUR when EBITDA of January-June of year 2016 EBITDA was 0,55 mln. EUR.

More information about the activity and financial results of I<sup>st</sup> half of year 2017 of the Group is presented in the interim consolidated financial accountability of six months of year 2017 of AB "Linus".

**8. Main events of the accounting period**

On May 16, 2017 AB "Linus" Repeated Annual General Meeting of Shareholders made this Resolutions:

1. Ramunas Lenciauskas, Daiva Minkeviciene and Gintare Lenciauske were cancelled from the members of the Board.

2. Lina Liesyte and Justina Ryskiene were elected as the members of Audit committee of the company.

3. UAB „Audito sprendimai“ was elected as the audit company of AB „Linas“ for years 2017-2019.

4. In AB „Linas“ collegial supervisor body – Supervisory Council – was formed from 3 members of Supervisory Council.

5. Vilita Skersiene, Virginijus Kundrotas and Darius Kazlauskas were elected as members of company's Supervisory Council.

6. The net profit of accounting year 442 399 Eur also unappropriated loss of the previous financial year – 638 262 Eur - as unappropriated losses of accounting year – 195 863 Eur - transferred to other financial year.

On 16 June 2017, the Register of Legal Persons of the Republic of Lithuania registered a new wording of the By-laws of AB "LINAS".

2017 July 18 AB Linas Supervisory Council elected Daiva Minkeviciene, Regina Vaiginieni and Lilija Poviloniene to the Board of AB Linas.

2017 July 19 Daiva Minkeviciene was elected Chairman of the Board of AB "Linas".

### ***9. 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 six months financial reporting statements and in the explanatory note are sufficient and comprehensive.

### ***10. Operating plans and forecasts of the Company Group***

In 2017 the Group of Linas, AB plans to produce linen products to customers which put value upon combination of naturalness and modernity. Companies of the Group will vouch for reliable partnership with customers and suppliers; also will vouch for safe environment to employees as before. The main objectives of the Group are: to increase volume of sales, expanding market in foreign countries and Lithuania, and to decrease cost price of production, optimizing expenses of production, buying cheaper raw materials.

### ***11. Information about research and development activities of the Company Group***

The Company Group was not carrying out activities related to research and development.

### ***12. Information about financial risk management objectives, its measures for hedging major types of forecasted transactions for which hedge accounting is used, and the Company Group's exposure to the cope of price risk, credit risk, liquidity risk and cash flow risk where the Company Group uses financial instruments and where this is of importance for the evaluation of the Group's assets, equity capital, liabilities, financial position and performance results.***

The Company Group was not using the financial instruments which are of importance for the evaluation of the Group's assets, equity capital, financial position and performance results.

### ***13. Information about branches and representative offices of the Company***

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

### ***14. Company'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 „Linas“ 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	6 671 307,10	100,00
Total:	24 038 990	-	6 971 307,10	100,00

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

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.

**15. Information about the own shares acquired and held by the Company and the Group and the same acquired and transferred during the reporting period**

The Company has not acquired any of its own shares. The subsidiary has also not acquired any of the Company's shares. Neither the Company nor its subsidiary has bought or sold its own shares.

**16. Shareholders**

The total number of shareholders of the AB „Linus “ at June 30, 2017 was 940.

The shareholders who hold or control more than 5 per cent of authorised capital of the Company acc. to the data of June 30, 2017 were:

Shareholder's name, surname, company's name, type, domicile address, code in the Register of Enterprises	Number of ordinary registered shares held on property ownership right (pcs.)	Percentage of authorised capital held	Percentage of votes granted by the shares held on property ownership right	Percentage of votes held together with the persons acting together
Association "EEEE", Savanoriu pr. 192, Kaunas, code in the Register of Enterprises 302572729	5 564 579	23,15%	23,15%	23,15%
Roocero Associated Limited, 35 Barrack Road, Belize City, Belize, code in the Register of Enterprises 106446	5 406 533	22,49%	22,49%	22,49%
Danelika Services Limited, 3 Michael Koutsofta street, Limassol, Cyprus, code in the Register of Enterprises HE289213	4 156 585	17,29%	17,29%	17,29%
"Rivena", UAB, P. Zadeikos g. 13-35, Vilnius, code in the Register of Enterprises 302521510	2 423 030	10,08%	10,08%	10,08%

None of the shareholders of the Company have any special control rights. All shareholders have equal rights, so the number of shares of AB „Linus“ carrying votes at the general meeting of shareholders is 24 038 990.

The Company has not been notified any agreements between the shareholders due to which the transfer of securities and/or voting rights could be encumbered.



### 17. Employees

The average listed number of employees in AB „Linus“ Company Group on the I<sup>st</sup> half of year 2017 was 157. On the I<sup>st</sup> half of year 2016 this average was 152. During the year the average number of employees increased by 5 or 3.29 %. The number of employees has remained stable.

Employees	I <sup>st</sup> half of year 2017		I <sup>st</sup> half of year 2016	
	Average conditional number of employees	Average salary/wage, Eur	Average conditional number of employees	Average salary/wage, Eur
Management personnel	9	1369	8	1638
Specialists and clerks	38	913	38	781
Workers	101	557	93	533
<b>Total</b>	<b>148</b>	<b>698</b>	<b>139</b>	<b>664</b>

The wages to the employees of the Group were paid observing the confirmed labour payment regulations, the Law on labour safety and health and other laws of the Republic of Lithuania and decisions by the Government. Average calculated wage in the I<sup>st</sup> half of year 2017 was 698 Eur and compared to the I<sup>st</sup> half of year 2016 increased by 5,12%. (in the I<sup>st</sup> half of year 2016 - 664 Eur).

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

1. One-off irretrievable pay is paid:
  - when employee of the company dies and the family of employee grows children (adoptive) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays;
  - when spouse of company's employee dies and the family of employee grows children (adoptive) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays.
2. Additional paid holidays:
  - up to 3 calendar days in case of death of a family member (parents, husband, wife, child, brother, sister);
  - 1 calendar day for the marriage.
3. The employees who must undergo compulsory medical examination shall be paid average wage for the time spent for such medical check-up. The employer shall also cover all the costs related to such medical checkups.

### 18. Procedure for amendment of the Articles of association of the Company

The Law on Companies of the Republic of Lithuania provides that the right to amend the Articles of Association shall be vested exclusively in the general meeting of shareholders. Adoption of amendment of the Articles of Association requires 2/3 majority vote of the shareholders attending the meeting.

### 19. Management bodies of the Company

As determined by the Articles of Association of AB „Linus“ the management bodies of the Company are:

- General meeting of shareholders;
- Supervisory Council of AB „Linus“;
- The Board of AB „Linus“;



- Head (Director) of AB “Linus”.

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 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.

Competence and decision-making of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania. 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 the 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.

The Board executes its functions during the period indicated in the regulations or up to time when the new Board will be elected and will start the job, but not longer General Meeting of shareholders which is held at the end of the Board's cadence.

The 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 hypothec;
- Decisions regarding the sponson or guarantee of liabilities execution of other;
- Decisions regarding the support providing;
- Decision to reorganise the Company in cases provided for in Law on Reorganisation of Companies;
- Other decisions attributed to the competence of the Board by the Articles of Association or by resolutions of the General meeting of shareholders;

Before investing the funds or other assets into other legal persons the Board must notify the creditors with who the Company has not settled accounts in the event the total outstanding amount to such creditors is exceeding 1/20 of the authorised capital of the Company.

The Board shall analyse and assess the materials presented by the head of the Company concerning:

- Implementation of the strategy of Company's activities;
- Organisation of company's activities;
- Financial condition of the Company;
- Results of business activities, budgets for income and expenses, data of stocktaking and other changes related to assets of the Company;

- A project of a set of company's annual and interim financial statements as well as a project of distribution of profit (losses) and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the annual report of the company;

- A project of allocation of dividends for the period of less than a financial year and a set of interim financial statements submitted for its approval, and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the interim report of the company.

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

Director of the company:

- organizes daily activity of the company, hires or fires employees, makes and terminates job contracts with them, motivates employees or signs penalties for them;
- indicates calculation normative of property deterioration of the company;
- 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;

- presents the questions to discuss to the Board of the company and to General Meeting of shareholders;

- 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;

- others 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 dated May 12, 2009 the Audit committee is formed at AB „Linus“. Company's Audit committee consists of two members, one 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 functions of Audit committee:

- to present recommendations to company's Board 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 providing recommendations of management codex of companies listed at Vilnius NASDAQ OMX.

#### ***20. Data about the Supervisory Council, the Board and Audit committee members and administration of the Company***

**VILITA SKERSIENĖ** – Chairman of the Supervisory Council. Does not hold shares of the Company.

**VIRGINIJUS KUNDROTAS** – independent member of the Supervisory Council. Does not hold shares of the Company.

**DARIUS KAZLAUSKAS** – independent member of the Supervisory Council. Does not hold shares of the Company.

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

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

**REGINA VAIGINIENĖ** – member of the Board. Does not hold shares of the Company.

**LILIJJA POVILONIENĖ** – member of the Board. Does not hold shares of the Company.

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

**AUSRA SILINYTE** – Since 01-08-2016 chief of accountant of the Company. Does not hold shares of the Company

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

Information about total amounts and averages per person of the salaries and annual payments from profit paid during the reporting period to the members of the Supervisory Council, the Board and head of administration:

Indicator	Salary for I <sup>st</sup> half of year 2017 (Eur)	Payment from profit for I <sup>st</sup> half of year 2017 (Eur)	Other payments from profit (Eur)	Total (Eur)
Average per member of the Supervisory Council	-	-	-	-
Total for all members of the Supervisory Council	-	-	-	-
Average per member of the Board	-	-	-	-
Total for all members of the Board	-	-	-	-
Average per member of administration	11 542	-	-	11 542
Total for all members of administration	34 626	-	-	34 626

Members of Audit committee were elected for four years cadence during General meeting of shareholders on May 16, 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 “Linus”. Does not hold shares of the Company.

**JUSTINA RYŠKIENĖ** – independent member of Audit committee. Chief accountant of UAB “Skailita”. Does not hold shares of the Company.

**21. All material agreements to which the Company is a party and which would come into effect, be amended or terminated in case of change in the Company’s control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the Company**

None.

**22. All agreements of the Company 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 Company**

None.

**23. Information on the significant transactions between related parties**

During six months of year 2017 there were no related parties’ contracts which could make large influence on financial situation or activity of the Group. All information regarding related parties contracts will be presented in the notes of explanatory memorandum of annual financial accountability.

**24. Information about companies’ compliance to management codex**

Company report about compliance to management codex of companies which are listed at Vilnius NASDAQ OMX was publicly announced and presented together with the consolidated annual report of year 2016. According to the new registered company’s regulations dated 2017-06-16 the managing units in the company are the General Shareholder’s meeting, the Supervisory Council, the Board and the director. Further information regarding the job order, functions and liabilities of managing units are presented in the article 19 of this announcement. How is the company keeping to the NASDAQ OMX Vilnius listing companies’ codex and concrete regulations and recommendations – will be informed together with annual report of year 2017.

**25. Data about publicly disclosed information**

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

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

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

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

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

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

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

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

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

All information on material events made public during 2017 is available on the AB "Linas" webpage [www.linas.lt](http://www.linas.lt).

Director



Daiva Minkevičienė



**LINAS AB**  
**INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**OF THE SIX MONTHS OF 2017**

**2017 06 30**



## SUMMARY

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Formulated according to TFAS, not audited

Current period 01 01 2017 - 30 06 2017

EUR

Article No.	Article	2017-06-30	2016-12-31
	<b>Assets</b>		
<b>A.</b>	<b>Fixed assets</b>	<b>3.301.655</b>	<b>3.254.560</b>
<b>1.</b>	<b>Intangible assets</b>	<b>27.897</b>	<b>31.173</b>
1.1.	Assets arising from development	0	0
1.2.	Goodwill	0	0
1.3.	Software	27.897	31.173
1.4.	Concessions, patents, licences, trade marks and similar rights	0	0
1.5.	Other intangible assets	0	0
1.6.	Advance payments	0	0
<b>2.</b>	<b>Tangible assets</b>	<b>1.966.274</b>	<b>1.907.085</b>
2.1.	Land	0	0
2.2.	Buildings and structures	1.348.134	1.395.166
2.3.	Machinery and plant	427.836	341.963
2.4.	Vehicles	51.212	53.932
2.5.	Other equipment, fittings and tools	15.167	12.524
2.6.	Investment property	110.495	0
2.6.1.	Land	110.495	0
2.6.2.	Buildings	0	0
2.7.	Advance payments and tangible assets under construction (production)	13.430	103.500
<b>3.</b>	<b>Financial assets</b>	<b>1.307.231</b>	<b>1.316.049</b>
3.1.	Shares in entities of the entities group	0	0
3.2.	Loans to entities of the entities group	0	0
3.3.	Amounts receivable from entities of the entities group	0	0
3.4.	Shares in associated entities	0	0
3.5.	Loans to associated entities	1.275.228	1.284.099
3.6.	Amounts receivable from the associated entities	31.581	31.581
3.7.	Long-term investments	290	290
3.8.	Amounts receivable after one year	132	79
3.9.	Other financial assets	0	0
<b>4.</b>	<b>Other fixed assets</b>	<b>253</b>	<b>253</b>
4.1.	Assets of the deferred tax on profit	253	253
4.2.	Biological assets	0	0
4.3.	Other assets	0	0
<b>B.</b>	<b>Current assets</b>	<b>7.263.002</b>	<b>7.259.916</b>
<b>1.</b>	<b>Stocks</b>	<b>4.510.083</b>	<b>3.974.070</b>
1.1.	Raw materials, materials ir consumables	2.466.507	2.292.200
1.2.	Production and work in progress	25.578	17.826
1.3.	Finished goods	1.951.464	1.522.539
1.4.	Goods for resale	1.679	821
1.5.	Biological assets	0	0
1.6.	Fixed tangible assets held for sale	0	0
1.7.	Advance payments	64.855	140.684
<b>2.</b>	<b>Amounts receivable within one year</b>	<b>2.512.049</b>	<b>3.057.565</b>
2.1.	Trade debtors	1.963.127	2.218.823
2.2.	Amounts owed by entities of the entities group	0	0
2.3.	Amounts owed by associates entities	338.822	615.097
2.4.	Other debtors	210.100	223.645
<b>3.</b>	<b>Short-term investments</b>	<b>0</b>	<b>0</b>
3.1.	Shares in entities of the entities group	0	0
3.2.	Other investments	0	0
<b>4.</b>	<b>Cash and cash equivalents</b>	<b>240.870</b>	<b>228.281</b>
<b>C.</b>	<b>Prepayments and accrued income</b>	<b>26.649</b>	<b>38.713</b>
	<b>Total assets</b>	<b>10.591.306</b>	<b>10.553.189</b>

Article No.	Article	2017-06-30	2016-12-31
	<b>Equity and liabilities</b>		
<b>D.</b>	<b>Equity</b>	<b>7.625.690</b>	<b>7.355.651</b>
<b>1.</b>	<b>Capital</b>	<b>6.971.307</b>	<b>6.971.307</b>
1.1.	Authorised (subscribed) or primary capital	6.971.307	6.971.307
1.2.	Subscribed capital unpaid (–)	0	0
1.3.	Own shares (–)	0	0
<b>2.</b>	<b>Share premium account</b>	<b>0</b>	<b>0</b>
<b>3.</b>	<b>Revaluation reserve</b>	<b>0</b>	<b>0</b>
<b>4.</b>	<b>Reserves</b>	<b>170.290</b>	<b>170.290</b>
4.1.	Compulsory reserve	290	290
4.2.	Reserve for acquiring own shares	0	0
4.3.	Other reserves	170.000	170.000
<b>5.</b>	<b>Retained profit (loss)</b>	<b>484.093</b>	<b>214.054</b>
5.1.	Profit (loss) for the reporting year	270.039	649.114
5.2.	Profit (loss) brought forward	214.054	(435.060)
<b>6.</b>	<b>Adjustments due to exchange rate change</b>	<b>0</b>	<b>0</b>
<b>7.</b>	<b>Non-controlled part</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>Grants, subsidies</b>	<b>0</b>	<b>737</b>
<b>F.</b>	<b>Provisions</b>	<b>0</b>	<b>0</b>
1.	Provisions for pensions and similar obligations	0	0
2.	Provisions for taxation	0	0
3.	Other provisions	0	0
<b>G.</b>	<b>Amounts payable and other liabilities</b>	<b>2.965.616</b>	<b>3.188.591</b>
<b>1.</b>	<b>Amounts payable after one year and other long-term liabilities</b>	<b>663.158</b>	<b>663.158</b>
1.1.	Debenture loans	0	0
1.2.	Amounts owed to credit institutions	663.158	663.158
1.3.	Payments received on account	0	0
1.4.	Trade creditors	0	0
1.5.	Amounts payable under the bills and checks	0	0
1.6.	Amounts payable to the entities of the entities group	0	0
1.7.	Amounts payable to the associated entities	0	0
1.8.	Other amounts payable and long-term liabilities	0	0
<b>2.</b>	<b>Amounts payable within one year and other short-term liabilities</b>	<b>2.302.458</b>	<b>2.525.433</b>
2.1.	Debenture loans	0	0
2.2.	Amounts owed to credit institutions	378.041	176.842
2.3.	Payments received on account	36.388	45.780
2.4.	Trade creditors	646.887	687.762
2.5.	Amounts payable under the bills and checks	0	0
2.6.	Amounts payable to the entities of the entities group	0	0
2.7.	Amounts payable to the associated entities	886.649	1.205.064
2.8.	Liabilities of tax on profit	0	25.681
2.9.	Liabilities related to employment relations	269.459	261.329
2.10.	Other amounts payable and short-term liabilities	85.034	122.975
<b>H.</b>	<b>Accruals and deferred income</b>	<b>0</b>	<b>8.210</b>
	<b>Total equity and liabilities</b>	<b>10.591.306</b>	<b>10.553.189</b>

Director



Daiva Minkeviciene

Chief accountant



Ausra Silinyte

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

Formulated according to TFAS, not audited  
Current period 01 01 2017 - 30 06 2017

EUR

Article No.	Article	I <sup>st</sup> half of 2017	I <sup>st</sup> half of 2016
1.	Net turnover	6.597.313	6.321.305
1.1.	Income for sold goods	6.472.210	6.014.167
1.2.	Income for sold services	125.103	307.138
2.	Cost of sales	(5.357.182)	(5.052.897)
2.1.	Cost price of sold production	(5.283.024)	(4.860.529)
2.2.	Cost price of sold services	(74.158)	(192.368)
3.	Fair value adjustments of the biological assets	0	0
4.	GROSS PROFIT (LOSS)	1.240.131	1.268.408
5.	Selling expenses	(416.329)	(345.111)
6.	General and administrative expenses	(651.150)	(596.287)
7.	Other operating results	114.586	113.066
7.1.	Income	509.229	578.953
7.2.	Expenses	(394.643)	(465.887)
8.	Income from investments to the shares of parent, subsidiaries and associated entities	0	0
9.	Income from other long-term investments and loans	17.662	17.760
10.	Other interest and similar income	2	809
11.	The impairment of the financial assets and short-term investments	0	0
12.	Interest and other similar expenses	(34.863)	(7.479)
13.	PROFIT (LOSS) BEFORE TAXATION	270.039	451.166
14.	Tax on profit	0	0
15.	PROFIT (LOSS) BEFORE NON-CONTROLLED PART	270.039	451.166
16.	NON-CONTROLLED PART	0	0
17.	NET PROFIT (LOSS)	270.039	451.166
18.	OTHER COMPREHENSIVE INCOME	0	0
19.	Earnings (loss) per share	0,01	0,02

Director



Daiva Minkeviciene

Chief accountant



Ausra Silinyte

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Current period 01 01 2017 - 30 06 2017

EUR

	Paid-up authorized capital	Addition s to shares	Pro- prietary shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Profit (loss) brought forward	Total
				Long- term tangib le assets	Financial assets	Obligatory	Proprietar y shares procure- ment			
	1	2	3	4	5	6	7	8	9	10
<b>Remainder on 31 December, 2015</b>	<b>6.971.307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>173.772</b>	<b>(441.761)</b>	<b>6.703.608</b>
Correction result of major errors									2.929	2.929
<b>Recalculated remainder on 31 December, 2015</b>	<b>6.971.307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>173.772</b>	<b>(438.832)</b>	<b>6.706.537</b>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income										0
Net profit (loss) of the reporting period									451.166	451.166
Formed reserves								170.000	(170.000)	0
Liquidates reserves								(173.772)	173.772	0
<b>Remainder on 30 June, 2016</b>	<b>6.971.307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>170.000</b>	<b>16.106</b>	<b>7.157.703</b>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income										0
Net profit (loss) of the reporting period									197.948	197.948
Formed reserves										0
Liquidates reserves										0
<b>Remainder on 31 December, 2016</b>	<b>6.971.307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>170.000</b>	<b>214.054</b>	<b>7.355.651</b>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income										0
Net profit (loss) of the reporting period									270.039	270.039
Formed reserves								170.000	(170.000)	0
Liquidates reserves								(170.000)	170.000	0
<b>Remainder on 30 June, 2017</b>	<b>6.971.307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>170.000</b>	<b>484.093</b>	<b>7.625.690</b>

Director



Daiva Minkeviciene

Chief accountant



Ausra Silinyte

## CONSOLIDATED STATEMENT OF CASH FLOWS

Current period 01 01 2017 - 30 06 2017

Formed in direct pattern, not audited

EUR

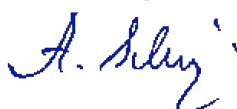
Article No.	Articles	Ist half of 2017	Ist half of 2016
<b>I.</b>	<b>Cash flows from operating activities</b>		
<b>I.1.</b>	<b>Cash inflows of the reporting period (VAT included)</b>	<b>7.679.222</b>	<b>6.828.265</b>
I.1.1.	Cash inflows from customers	7.402.995	6.711.039
I.1.2.	Other inflows	276.227	117.226
<b>I.2.</b>	<b>Cash outflows of the reporting period</b>	<b>(7.834.733)</b>	<b>(5.824.335)</b>
I.2.1.	Cash paid to suppliers of raw materials, goods and services (VAT included)	(6.932.985)	(5.047.615)
I.2.2.	Cash outflows related to employment relations	(769.548)	(699.902)
I.2.3.	Taxes paid into the budget	(68.937)	(22.227)
I.2.4.	Other payments	(63.263)	(54.591)
	<b>Net cash flows from operating activities</b>	<b>(155.511)</b>	<b>1.003.930</b>
<b>II.</b>	<b>Cash flows from investing activities</b>		
II.1.	Acquisition of fixed assets (excluding investments)	(43.526)	(182.118)
II.2.	Disposal of fixed assets (excluding investments)	0	0
II.3.	Acquisition of long-term investments	0	0
II.4.	Disposal of long-term investments	0	0
II.5.	Loans granted	0	0
II.6.	Loans recovered	38.433	0
II.7.	Dividends received	0	0
II.8.	Interest received for loans granted and investment	0	0
II.9.	Other increases in cash flows from investing activities	170	0
II.10.	Other decreases in cash flows from investing activities	0	0
	<b>Net cash flows from investing activities</b>	<b>(4.923)</b>	<b>(182.118)</b>
<b>III.</b>	<b>Cash flows from financing activities</b>		
III.1.	Cash flows related to entity's owners	0	0
III.1.1.	Issue of shares	0	0
III.1.2.	Owner's contributions to cover losses	0	0
III.1.3.	Purchase of own shares	0	0
III.1.4.	Dividends paid	0	0
III.2.	Cash flows related to other financing sources	186.173	(711)
III.2.1.	Increase in financial debts	293.535	0
III.2.1.1.	Loans received from credit institutions	293.535	0
III.2.1.2.	Loans received from associated and third parties	0	0
III.2.1.3.	Issue of bonds	0	0
III.2.2.	Decrease in financial debts	(107.362)	(711)
III.2.2.1.	Loans returned to credit institutions	(92.336)	0
III.2.2.2.	Loans returned to associated and third parties	0	0
III.2.2.3.	Redemption of bonds	0	0
III.2.2.4.	Interest paid	(15.026)	(711)
III.2.2.5.	Finance leases payments	0	0
III.2.3.	Interests received for bank accounts	0	0
III.2.4.	Increase in other liabilities of the entity	0	0
III.2.5.	Decrease in other liabilities of the entity	0	0
III.3.	Other increases in cash flows from financing activities	0	808
III.4.	Other decreases in cash flows from financing activities	(616)	(98)
	<b>Net cash flows from financing activities</b>	<b>185.557</b>	<b>(1)</b>
<b>IV.</b>	<b>Adjustments due to exchange rates on the balance of cash and cash equivalents</b>	<b>(12.534)</b>	<b>421</b>
<b>V.</b>	<b>Increase (decrease) of net's cash flows</b>	<b>12.589</b>	<b>822.232</b>
<b>VI.</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>228.281</b>	<b>336.986</b>
<b>VII.</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>240.870</b>	<b>1.159.218</b>

Director



Daiva Minkeviciene

Chief accountant



Ausra Silinyte

## EXPLANATORY MEMORANDUM OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June, 2017

### 1. General

The Linas company was launched in 1957. A public limited company Linas (further called the Company) was registered on 8 March, 1993, the number of registration is 003429, registration code 147689083, the data are stored with the Register of Legal Entities. The Company is the company of limited property liability. Address: S.Kerbedzio Street 23, Panevezys; LT-35114. Telephone (370-45) 506100, fax (370-45) 506345. E-mail address: [office@linas.lt](mailto:office@linas.lt); web page: [www.linas.lt](http://www.linas.lt).

As of 30<sup>th</sup> of June, 2017, the Linas AB group of companies (further called as the Group) consisted of holding company Linas AB and it's affiliated company UAB Lino apdaila. UAB Lino apdaila was registered on May 23, 2008 at Legal entity register, registration No.114552, company code 301733421. Affiliated company is registered at address S. Kerbedzio Street 23, Panevezys. AB Linas own 100 % of affiliated company shares.

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

Authorized capital of Linas AB is 6.971.307,10 Eur, it is divided into 24.038.990 ordinary registered shares the nominal value of which is 0,29 Eur, there are no issued and not paid shares. There were no changes in authorized capital during accounting period.

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

On 30<sup>th</sup> of June, 2017 the average number of listed employees of the Group was 157, on 30<sup>th</sup> of June, 2016 – 152 employees.

The main activity of the Group – sales of textile items and supply of textile production services. AB Linas activity is sales of linen textile items; other activity of the company – management of financial asset (shares and lend loans), supply of thermal energy, rent of property. The main activity of UAB “Lino apdaila” is the supply of textile production services, i.e. sewing services of textile products. All textile production weaving, finishing, linen yarns dyeing services supplied to the Group by the third parties.

Linas AB group of companies offers to the customer all yarn dyeing, weaving, finishing and sewing services from the linen yarn preparation for weaving to final product presentation. The main incomes of Group of companies of six months of year 2017 were received from the services of textile items production and textile items sales activities. Linas AB group of companies sold linen textile goods and services for 6.597 thousand Eur during the 6 months of 2017. Comparing to the 6 months of 2016 the volume of sales increased by 276 thousand Eur or 4,4 %.

During the 6 months of 2017 the Group's main activity result was 173 thousand Eur profit and the result of the 6 months of 2016 was 327 thousand Eur profit.

During the 6 months of year 2017 the Group ordered to produce or to treat technologically: linen and tow yarns – 41 tons (6 months of year 2016 – 48 tons); raw fabrics – 426 thousand mtrs (6 months of year 2016 – 431 thousand mtrs); ready made fabrics – 1.121 thousand mtrs (6 months of year 2016 – 1.086 thousand mtrs). 32,1 % of all produced fabrics were used for sewn items during 6 months of year 2017 (6 months of year 2016 – 34,5 %).

During 6 months of year 2017 the Group produced 661 thousand pcs sewn items (during 6 months of year 2016 – 573 thousand pcs), using 391 thousand mtrs of ready made fabrics (during 6 months of year 2016 – 378 thousand mtrs). The volume of exports during 6 months of 2017 was 82,4 % of the total product sales.

AB “Linas” Group of companies offers linen, half linen, white, dyed, printed, jacquard, double-sided, striped and checked fabrics, various fabric weaving and finishing methods for home textile and garments. 44% of all products are sold as sewn items. Produced items are ecologically



clean and have exceptional characteristics. AB “Linus” group of companies produces and supplies reliable linen textile items for the customers who evaluate natural and modern combination, high quality of products, flexibility, production acc.to the individual orders, execution speed of orders.

During six months of 2017 the Group received 270 thousand Eur profit before taxation, the result of the same period of 2016 was 451 thousand Eur profit.

Increase in prices of basic raw materials purchased has affected results of Group activities for 6 months of the year 2017 as compared to the same period of the year 2016, so it has caused product cost development.

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

Acc.to the financial obligations limit contract signed between the bank and AB “Linus” on 07 10 2013, the credit of 290 thousand Eur is granted to the Company, for which company resources are mortgaged with the latest mortgage, the balance value of which acc.to the mortgage sheets are 1.448 thousand Eur. For the insurance of credit sum the warranty for all credit sum and term is received from UAB “Lino apdaila”. The validation term of the financial obligations limit contract is till October 10, 2017. Alternate interests are paid for used credit, which are accounted as six months term Eur EURIBOR plus bank margin.

According to the credit agreement, concluded on 26 09 2016 between the bank and Linus AB, the credit, amounting to EUR 840 thousand, was granted to the Company. In order to ensure the performance of the Company’s obligations to the bank the maximum mortgage agreement was concluded, according to which the immovable property of Linus AB is mortgaged and suretyship of Lino Apdaila UAB is granted for the entire amount and period of credit. The time period of the credit agreement is till 15 September 2021. Alternate interests are paid for used credit, which are accounted as six months term Eur EURIBOR plus bank margin.

On 27 January 2017 Kaunas Regional Court made the decision as regards termination of activities of the bankrupt Nordic Investicija UAB (enterprise registration number 135442762). On 14 March 2017 the bankrupt Nordic Investicija UAB was signed out from the Register of Legal Entities. During reporting period the bankrupt Nordic Investicija UAB covered to the Company the loans in the amount of EUR 38 thousand.

Mortgages (the plots of land, owned by NI Žalesa UAB, enterprise registration number: 301166743, and R. Lenčiauskas’s Individual Enterprise, enterprise registration number: 126064655) to Linus AB in accordance with mortgage sheets for the loans, provided by the bankrupt Nordic Investicija UAB, are accounted in the financial position statement of previous reporting period in the article of the amounts, receivable over one year’s period the item of debt of associated companies EUR 410 thousand, referring to the conclusions by the independent property valuers.

By the Debt Settlement Agreement of 21 June 2017 a land plot owned by NI Zalesa, UAB (company registration number 301166743) was transferred to Linus, AB for 110 thousand EUR, and by the Agreement of 4 July 2017 made in the post balance sheet period Linus, AB took over the land plot for 304 100 EUR from Ramunas Lenciauskas into ownership.

The land plots have been mortgaged to Linus, AB in accordance with mortgage deeds for loans granted by Nordic investicija, BUAB, so the amounts of acquisition of the property settle cover the loan granted by Nordic investicija, BUAB.

Only significant information is presented in this explanatory memorandum which reflects accounting period economic operations and economic events which have the impact on financial state and results of the Group’s accounting period. Data presented in interim financial statements and explanatory memorandum are corresponding International Financial Reporting Standards

(IFRS) which are accepted to apply in the European Union (there are no deviation from international standards).

## **2. Accounting policy**

The Group executes accounting and prepares financial statements in accordance with the legal provisions of bookkeeping and accounting, and financial reporting of the Republic of Lithuania, as well as other relevant provisions, including International Financial Reporting Standards (IFRS) which are accepted to apply in the European Union (EU).

Accounting policy was not changed during the interim accounting period. The same accounting guidelines, accounting methods and rules are the same for interim financial statements as for annual financial statements. Accounting policy of Group of companies is more explained in the explanatory letter of financial statements of year 2016.

### **2.1. Accounting of investment property**

Investment property is held to earn rentals or for capital appreciation or both. Investment property is recognised only when it is probable that the future economic benefits that are associated with the investment property will flow to the Group; and the cost of the investment property can be measured reliably. The Group evaluates under this recognition principle all its investment property costs at the time they are incurred. These costs include costs incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service a property. All other costs of day-to-day servicing are recognized as general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the period in which they are incurred.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. After initial recognition the Group uses the cost model for all of its investment property – investment property is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation of investment property is calculated in the Group using the straight-line method.

Depreciation of investment property is calculated on yearly basis by applying a depreciation rate, which are indicated paying attention to the planned useful time of property's servicing, to the planned intensity of property's usage, to the surrounding of it's usage, foreseen property's liquidity value and other factors.

Upon transfer of the investment property by the Group's companies the result of such transaction, either profit or losses from transfer of property, is being registered. The outcome is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period of the disposal, which is attributed to not typical, i.e. other activity incomes or costs.

The fair value of investment property revealed in financial statements and established according to market features is based on assessment of an independent property appraiser. If the fair value significantly differs from its book value, recalculations are to be made.

More information on investment property has been disclosed in note 3.2. to the Memorandum.

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

3.1. The information about the changes Group's long-term intangible assets and long-term tangible assets is presented in tables 1 and 2.

3.2. The status of the investment property during the reporting period is presented in table 3 "Changes of investment property".

By the Debt Settlement Agreement of 21 June 2017 the land plot owned by NI Zalesa, UAB (company registration number 301166743) that has been mortgaged to Linas, AB in accordance with mortgage deeds for the loans granted by Nordic investicija, BUAB was transferred to Linas,

AB for 110 thousand EUR. Also significant event after last interim accounting period day is more explained in the note 3.9. of explanatory letter.

Land held for a currently undetermined future use is classified as investment property.

3.3. Usual business income of the Group comprises the revenues generated by the sale of the products, i.e. fabrics, sewn items, yarn; by provision of production manufacturing services. The information about textiles items production business branches and geographical areas segments disclosed in tables 4 and 5. It is impossible to attribute property and liabilities of the Group to abstracted segments.

3.4. The information on Group's selling, general and administration expenses (Table 6 "Selling expenses, general and administration expenses").

3.5. The information on the cost and revenues of other activity of the Group (Table 7 "Other activity").

3.6. Financial and investment activity of the Group, revenues and costs shown by material items in table 8 "Financial and investment activity".

3.7. Basic the profit for one share is calculated dividing net profit (loss) of period in weighted average of ordinary shares issued during the period. The Group hasn't potentially converting ordinary shares, so the diluted profit attributed to one share correspond the basic profit which is given for one share. The information about the profit which is given for one share is presented in table (Table 9 "Earnings (loss) per share").

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

3.9. There are significant events after last interim accounting period day.

By the Agreement of 4 July 2017 Linas, AB took over the land plot for 304 100 EUR from Ramūnas Lenciauskas into ownership. This land plot has been mortgaged to Linas, AB in accordance with mortgage deeds for the loan granted by Nordic investicija, BUAB (company registration number 135442762), so the amount of acquisition of the property settles cover the loan granted by Nordic investicija, BUAB.

The Letter of 30 August 2017 of the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania concluded, that during the inspection it was established, that the reports on the valuation of the pledged land plots did not comply with the requirements of Article 22 of the Law on the Bases of Property and Business Valuation of the Republic of Lithuania. AB Linas applied to the asset valuation company with a request to correct the immovable property valuation reports in order to bring them in line with the requirements of the legal acts governing asset valuation. The required adjustments in the financial statements will be made as soon as the corrected reports on the immovable property valuation are received.

From September 1, 2017 Vilija Skersienė starts to work as the director of UAB "Lino apdaila" and changes previous director Lina Mikėlionienė.

Table 1

CHANGES OF LONG-TERM INTANGIBLE ASSETS

EUR

Indicators	Assets arising from development	Goodwill	Software	Concessions, patents, licences, trade marks and similar rights	Other intangible assets	Advance payments	Total
<b>Residual value at the end of previous financial year</b>			31.173	0	0	0	31.173
<b>a) Procurement cost price of fixed intangible assets</b>							
<b>At the end of previous financial year</b>			105.236	0	1.296	0	106.532
<b>Changes of financial year</b>			0	0	0	0	0
· Procurement of assets			0	0	0	0	0
· Written-off property because of the accounting evaluation change (-)			0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)			0	0	0	0	0
· Transcription from one article to another +/(-)			0	0	0	0	0
<b>At the end of interim accounting period</b>			105.236	0	1.296	0	106.532
<b>b) Amortization</b>							
<b>At the end of previous financial year</b>			74.063	0	1.296	0	75.359
<b>Changes of financial year</b>			3.276	0	0	0	3.276
· Written-off property because of the accounting evaluation change (-)			0	0	0	0	0
· Financial year amortization			3.276	0	0	0	3.276
· Restorational records (-)			0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)			0	0	0	0	0
· Transcription from one article to another +/(-)			0	0	0	0	0
<b>At the end of interim accounting period</b>			77.339	0	1.296	0	78.635
<b>c) Residual value at the end of interim accounting period (a) - (b)</b>			27.897	0	0	0	27.897

Table 2

CHANGES OF LONG-TERM TANGIBLE ASSETS

EUR

Indicators	Land	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Advance payments and tangible assets under construction (production)	Total
<b>Residual value at the end of previous financial year</b>	<b>0</b>	<b>1.395.166</b>	<b>341.963</b>	<b>53.932</b>	<b>12.524</b>	<b>103.500</b>	<b>1.907.085</b>
<b>a) Procurement of cost price fixed tangible assets</b>							
<b>At the end of previous financial year</b>	<b>0</b>	<b>1.406.342</b>	<b>1.177.468</b>	<b>168.605</b>	<b>45.767</b>	<b>103.500</b>	<b>2.901.682</b>
<b>Changes of financial year</b>	<b>0</b>	<b>0</b>	<b>120.801</b>	<b>3.618</b>	<b>4.786</b>	<b>(90.070)</b>	<b>39.135</b>
· Procurement of assets	0	0	18.301	3.618	6.100	13.430	41.449
· Written-off property because of the accounting evaluation change (-)	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	(1.000)	0	(1.314)	0	(2.314)
· Transcription to short-time assets +/-	0	0	0	0	0	0	0
· Transcription from one article to another +/-	0	0	103.500	0	0	(103.500)	0
<b>At the end of interim accounting period</b>	<b>0</b>	<b>1.406.342</b>	<b>1.298.269</b>	<b>172.223</b>	<b>50.553</b>	<b>13.430</b>	<b>2.940.817</b>
<b>b) Revaluation</b>							
<b>At the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes of financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
· 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
<b>At the end of interim accounting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>c) Depreciation (-)</b>							
<b>At the end of previous financial year</b>	<b>0</b>	<b>11.176</b>	<b>835.505</b>	<b>114.673</b>	<b>33.243</b>	<b>0</b>	<b>994.597</b>
<b>Changes of financial year</b>	<b>0</b>	<b>47.032</b>	<b>34.928</b>	<b>6.338</b>	<b>2.143</b>	<b>0</b>	<b>90.441</b>
· Written-off property because of the accounting evaluation change (-)	0	0	0	0	0	0	0
· Depreciation of financial year	0	47.032	35.928	6.338	3.457	0	92.755
· Restorational records (-)	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	(1.000)	0	(1.314)	0	(2.314)
· Transcription from one article to another +/-	0	0	0	0	0	0	0
<b>At the end of interim accounting period</b>	<b>0</b>	<b>58.208</b>	<b>870.433</b>	<b>121.011</b>	<b>35.386</b>	<b>0</b>	<b>1.085.038</b>
<b>d) Decrease of value</b>							
<b>At the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes of financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
· Decrease of value of financial year	0	0	0	0	0	0	0
· Restoration records (-)	0	0	0	0	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0	0	0	0	0
· Transcription from one article to another +/-	0	0	0	0	0	0	0
<b>At the end of interim accounting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>e) Residual value at the end of interim accounting period (a) + (b) - (c) - (d)</b>	<b>0</b>	<b>1.348.134</b>	<b>427.836</b>	<b>51.212</b>	<b>15.167</b>	<b>13.430</b>	<b>1.855.779</b>

Table 3

CHANGES OF INVESTMENT PROPERTY

EUR

Indicators	Land	Buildings	Total
<b>Residual value at the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>a) Procurement of cost price investment property</b>			
<b>At the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes of financial year</b>	<b>110.495</b>	<b>0</b>	<b>110.495</b>
· Procurement of assets	110.000	0	110.000
· Expenditures directly attributable to property acquisition costs (legal services)	495	0	495
· Assets, transferred to other individuals and discarded (-)	0	0	0
· Transcription to short-time assets +/-(-)	0	0	0
<b>At the end of interim accounting period</b>	<b>110.495</b>	<b>0</b>	<b>110.495</b>
<b>b) Revaluation</b>			
<b>At the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes of financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
· Increase (decrease) of value +/-(-)	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0
· Transcription from one article to another +/-(-)	0	0	0
<b>At the end of interim accounting period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>c) Depreciation (-)</b>			
<b>At the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes of financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
· Depreciation of financial year	0	0	0
· Restorational records (-)	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0
<b>At the end of interim accounting period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>d) Decrease of value</b>			
<b>At the end of previous financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes of financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>
· Decrease of value of financial year	0	0	0
· Restoration records (-)	0	0	0
· Assets, transferred to other individuals and discarded (-)	0	0	0
· Transcription from one article to another +/-(-)	0	0	0
<b>At the end of interim accounting period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>e) Residual value at the end of interim accounting period (a) + (b) - (c) - (d)</b>	<b>110.495</b>	<b>0</b>	<b>110.495</b>

Table 4

INFORMATION ABOUT SEGMENTS OF TEXTILE PRODUCTS PRODUCTION BUSINESS

Indicators	Segments (production, goods, types of activity)								All enterprises	
	Fabrics		Sewn products		Yarns		Production services			
	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016
Income	3.549.966	3.244.123	2.894.996	2.742.362	27.248	27.682	125.103	307.138	6.597.313	6.321.305
Cost price	2.758.032	2.508.577	2.498.642	2.328.489	26.350	23.463	74.158	192.368	5.357.182	5.052.897
Gross profit (losses)	791.934	735.546	396.354	413.873	898	4.219	50.945	114.770	1.240.131	1.268.408
Selling expenses, general and administrative expenses									1.067.479	941.398
Profit (looses) on main activity	791.934	735.546	396.354	413.873	898	4.219	50.945	114.770	172.652	327.010

EUR

EUR

Table 5

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS OF TEXTILE ITEMS PRODUCTION

EUR

Indicators	Segments (regions)											All enterprises	
	Scandinavian countries		European countries		USA		Lithuania		Other countries				
	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017
Income	1.341.060	1.373.765	3.237.243	3.016.267	144.902	345.330	1.160.362	897.076	713.746	688.867	6.597.313	6.321.305	
Cost price	1.024.947	1.027.325	2.755.258	2.525.924	85.621	216.285	896.657	691.386	594.699	591.977	5.357.182	5.052.897	
Gross profit (losses)	316.113	346.440	481.985	490.343	59.281	129.045	263.705	205.690	119.047	96.890	1.240.131	1.268.408	
Selling expenses, general and administrative expenses											1.067.479	941.398	
Profit (looses) on main activity	316.113	346.440	481.985	490.343	59.281	129.045	263.705	205.690	119.047	96.890	172.652	327.010	



Table 6

**SELLING EXPENSES, GENERAL AND ADMINISTRATIVE  
EXPENSES**

EUR

Run No.	Indicators	1 <sup>st</sup> half of 2017	1 <sup>st</sup> half of 2016
<b>1</b>	<b>Selling expenses</b>	<b>416.329</b>	<b>345.111</b>
1.1	Expenses on commissions	144.595	106.691
1.2	Expenses on transporting of sold production	33.877	50.065
1.3	Expenses on production advertising and fair	72.489	68.505
1.4	Expenses on sales number employees wage and other with employees related relations	143.693	97.729
1.5	Evaluate of customers creditworthiness and insurance costs of marketable credits	10.349	10.020
1.6	Other sales expenses	11.326	12.101
<b>2</b>	<b>General and administrative expenses</b>	<b>651.150</b>	<b>596.287</b>
2.1	Expenses related with employees wage and other with employees related relations	323.443	305.823
2.2	Training costs of administration employees	5.144	9.756
2.3	Rent, exploitation and repairing expenses	158.139	151.606
2.4	Expenses of security services	16.291	16.291
2.5	Expenses of deterioration and amortization of non-current asset	38.320	12.149
2.6	Expenses of info technologies	13.428	17.847
2.7	Connection expenses	6.249	5.034
2.8	Expenses of bank services	9.984	6.208
2.9	Legal services expenses	7.930	10.934
2.10	Expenses of support provided	6.430	9.344
2.11	Expenses of social guarantees, stated in collective agreement	865	750
2.12	Representation expenses	7.147	8.351
2.13	Expenses of activity tax	3.764	3.750
2.14	Low-value assets acquisition expenses	6.983	5.237
2.15	Uncertain debts expenses	0	0
2.16	Various other general and administrative expenses	47.033	33.207
<b>3</b>	<b>TOTAL SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>1.067.479</b>	<b>941.398</b>

Table 7

OTHER ACTIVITY

EUR

Run.No.	Indicators	I <sup>st</sup> half of 2017	I <sup>st</sup> half of 2016
<b>1.</b>	<b>INCOME OF OTHER ACTIVITY - TOTAL</b>	<b>509.229</b>	<b>578.953</b>
	Specification of significant amount:		
1.1.	Profit of non-current asset transferring	0	7.000
1.2.	Income of various storages selling	35.053	52.963
1.3.	Income of rent	106.494	74.710
1.4.	Income for accounting and administration services	20.400	20.400
1.5.	Income for thermal heating supply	331.424	423.186
1.6.	Earnings from advance payments of buyers written off financial accounting	15.294	0
1.7.	Various other non-typical activity income	564	694
<b>2.</b>	<b>EXPENSES OF OTHER ACTIVITY - TOTAL</b>	<b>394.643</b>	<b>465.887</b>
	Specification of significant amount:		
2.1.	Loss of non-current asset transferring		
2.2.	Net cost of sold various storages	17.903	36.644
2.3.	Net cost of rent	57.390	34.163
2.4.	Costs for accounting and administration services	28.794	28.636
2.5.	Costs for thermal heating supply	290.434	366.394
2.6.	Various other non-typical activity expenses	122	50
<b>3.</b>	<b>RESULTS OF OTHER ACTIVITY (1-2)</b>	<b>114.586</b>	<b>113.066</b>

Table 8

FINANCIAL AND INVESTMENT ACTIVITY

EUR

Run.No.	Indicators	I <sup>st</sup> half of 2017	I <sup>st</sup> half of 2016
<b>1.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL</b>	<b>17.664</b>	<b>18.569</b>
	Specification of significant amount:		
1.1.	Investments incomes into the shares of patronise, patronized and associated companies		
1.2.	Incomes of other long-term investments and loans	17.662	17.760
1.2.1.	Income of other interests	17.662	17.760
1.2.2.	Income of bank interests		
1.3.	Incomes of other interest or similar incomes	2	809
1.3.1.	Fines and penalties for the drawn debts	0	0
1.3.2.	Positive result of changes of currency exchange	0	0
1.3.3.	Income of currency buying-selling	0	807
1.3.4.	Income of other financial-investment activity	2	2
<b>2.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL</b>	<b>34.863</b>	<b>7.479</b>
	Specification of significant amount:		
2.1.	Value decrease of financial property and short-term investments		
2.1.1.	Financial assets depreciation amounts (BUAB „Nordic investicija“ financial debts)	0	0
2.2.	Costs of interest and other similar costs	34.863	7.479
2.2.1.	Expenses of interest	15.026	711
2.2.2.	Fines and delay fees	58	18
2.2.3.	Negative result of changes of currency exchange	18.824	4.148
2.2.4.	Expenses of currency buying-selling	616	98
2.2.5.	Expenses of other financial-investment activity	339	2.504
<b>3.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)</b>	<b>(17.199)</b>	<b>11.090</b>

Table 9

**EARNINGS (LOSS) PER SHARE**

Run. No.	Indicators	GROUP	
		Ist half of 2017	Ist half of 2016
1.	Weighted average number of ordinary shares	24.038.990	24.038.990
2.	Net profit (loss), in EUR	270.039	451.166
3.	<b>Basic and diluted earnings (loss) per share, in EUR</b>	<b>0,01</b>	<b>0,02</b>