

K2 LT
(Public Limited Liability Company)
INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND ANNUAL REPORT
For the period ended on
December 31, 2018

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K2 LT, AB ANNUAL REPORT FOR A TWELVE-MONTH PERIOD ENDED ON DECEMBER 31, 2018

General information

Name	K2 LT, AB
Legal form	Public limited liability company
Date of registration and register	May 19, 2015, Register of Legal Entities (from 07/10/2008 to 19/05/2015 the legal form was private limited liability company)
Legal person identification code	301950535
Manager of register for legal entities	Centre of registers, SE
Authorised capital	EUR 278,827
Address of headquarters	Metalistų g. 3, Kėdainiai
Tel.no.	+ 370 347 55560
Fax no.	+ 370 347 55560
E-mail address	info@rekviem.lt
Website	www.lietuvoskrematoriumas.lt

K2 LT, UAB was registered on October 7, 2008. Until 14/04/2015 the registered address of the Company was M. Počobuto g. 4, Vilnius. As of 14/04/2015 the address was changed to Metalistų g. 3, Kėdainiai.

Shareholders of the Company include both natural and legal persons. The Company has subsidiary Rekviem LT, UAB.

At the end of 2018 the Company employed 16 people and as at December 31, 2017 – 16 people.

Financial year of the Company coincides with the calendar year.

On May 19, 2015 private limited liability company K2 LT was reregistered as a public limited liability company K2 LT. Following the decision of the general shareholders' meeting of March 30, 2015, the authorised capital of the Company was converted into euros and increased from EUR 226.222 to EUR 226.519. Following the decision of the general shareholders' meeting of April 22, 2015, the authorised capital was increased from EUR 226.519 to EUR 278.827 by issuing 52.308 new units of shares with nominal value of EUR 1 and an emission price of EUR 23 each.

Operations of the Company in 2018

Operating activity of the Company is crematorium services. In 2018 K2 LT, AB generated EUR 1,336,815 Eur of revenue, i.e. 0.8 % more than in 2017, and executed 3,804 cremations, which is 1.2 % more than in 2017.

On the initiative of the Company in 2018, three real estate objects were created on the Company's owned plots (one of them was acquired in the reporting year) - burial house in Vilnius and Kaunas and funeral services center with crematorium in Vilnius district.

Net financial year result – net profit – is EUR 139.560 (EUR 303.612 the previous year). Decrease in profit resulted from increase in operating costs. This is in turn related to implementation of new company strategy and expanded operation scope. 2018 At the end of the year, the funeral ceremony was moved to a subsidiary UAB Rekviem LT, and the crematorium, located in Kėdainiai, operates under the name of the Lithuanian Crematorium.

Business Environment

The Company holds an exclusionary position in the market of cremation services in the territory of Lithuania. This market has high entrance barriers:

- **Legal**
Pursuing cremation activities requires a licence, which is issued only to crematoriums that are already built. Operations have to correspond to all environmental protection requirements in Lithuania and EU. As of 2015 such constructions are only permitted in a land plot of commercial purpose.
- **Environmental**
Lithuanian environment protection laws are one of the strictest in the EU. Technology of the crematorium has to correspond to all environmental pollution and emission requirements. To be able to follow these requirements a larger initial investment into a project is required.
- **Psychological**
This is still the toughest barrier to overcome. The society is still highly hostile with regard to cremation services being provided in a close distance to residential environment. It is very difficult to find a land plot that would not be subject to any conflicts of interest.
- **Administrative**
So far as cremation is not considered a regular way of burial, receiving permission for building a crematorium from the local authority is complicated. By providing permissions to community-sensitive projects authorities risk losing their popularity.

It would take approximately 2 years to build a crematorium, considering that the project is developed in accordance with a plan and with all required permissions, as well as support from authorities and community.

Staff

As at December 31, 2018 the Company employed 16 people, including the director Vytenis Labanauskas and finance director Bernardas Vilkelis.

Annual Financial Statements

Financial statements for the period January – December 2018 were audited by Moore Stephens Vilnius UAB and are provided separately (attached).

Significant Transactions

During the reporting period, the Company acquired a plot of 150.000 EUR in Vilnius district. funeral service center with crematorium.

Acquisition and Transfer of the Company's Shares

As of May 11, 2015 shares of K2 LT, AB are traded in the securities market *NASDAQ OMX Vilnius*, electronic trade system *First North*.

At the end of reporting period the Company had over 120 shareholders, both natural and legal persons.

Acquired and Transferred Shares

The Company did not acquire shares of other companies during the reporting period of 2018.

Subsidiaries

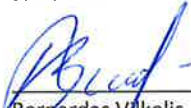
The Company established a subsidiary UAB Rekviem LT, the main activity of which is the organization of funeral ceremonies throughout Lithuania.

The Company's Operational Plans and Forecasts

In 2019, the company plans to improve its core business - cremation, strengthen cooperation with partners - burial companies, thus stabilizing the financial results of the Company. This year, we expect to make over 4,000 cremations.

With the separation of activities, the main goal of K2 LT is to ensure sustainable growth of the company by exploiting the competitive advantages available, increasing the popularity of the service, experience and awareness of cremation work. The main focus remains to provide high-quality services of respectful ritual cremation in Lithuania. Also, in view of the ongoing changes in the funeral services sector, in the nearest future we will also offer related services in Lithuania that meet customer needs.

The company does not abandon its plans for the new - funeral home business and continues to work on existing real estate projects in ownership-owned plots. In 2019, they are already planning to start preparatory work, construction.


Bernardas Vilkelis
Director of K2 LT, AB

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of K2 LT, AB

Opinion

We have audited the financial statements of K2 LT, AB (the Company), which comprise the balance sheet as at December 31, 2018, and the profit (loss) statement, statement of cash flows, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements *present fairly, in all material respects*, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the Business Accounting Standards.

Basis for Opinion

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

Other Information

The other information comprises the [information included in the annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except for what is indicated hereafter.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

We are also obligated to assess whether the financial information in the Company's annual report corresponds to the financial statements of the same financial year and whether the annual report was prepared following the applicable legal requirements. In our opinion, based on the work completed in the course of the financial statement audit, in all material respects:

- Financial information in the Company's annual report corresponds to the information in the financial statements of the same financial year; and
- The annual report of the Company was prepared in accordance with the requirements of the Law on Financial Statements of Entities of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with the Business Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercised professional judgement and maintained professional scepticism throughout the planning and performance of the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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 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 entity's internal control.
- Evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Made a conclusion concerning the appropriateness of use of going concern basis of accounting and whether, based on the evidence obtained, material uncertainty exists related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we conclude that this material uncertainty exists, we are required to draw attention in the auditor's report to related disclosures in the financial statements, or, if these disclosures are insufficient, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained before the date of auditor's report. Future events or conditions may determine that the Company will not be able to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to 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.

On behalf of Moore Stephens Vilnius UAB

Dangutė Pranckėnienė
Licenced Auditor



April 19, 2019
J.Kubiliaus 6, Vilnius

Approved in the General Shareholders' Meeting
 On _____, 2019, Minutes No. _____

BALANCE SHEET

ASSETS		Notes No.	31.12.2018	31.12.2017
A.	NON-CURRENT ASSETS		2.559.966	2.401.109
1.	INTANGIBLE ASSETS		---	---
1.1.	Development works			
1.2.	Goodwill			
1.3.	Computer software			
1.4.	Concessions, patents, licences, trademarks and similar rights			
1.5.	Other intangible assets			
1.6.	Paid advances			
2.	TANGIBLE ASSETS		2.459.160	2.399.305
2.1.	Land		150.000	
2.2.	Buildings and constructions	1	1.314.523	1.387.891
2.3.	Plant and machinery	1	878.132	929.286
2.4.	Transport means	1	51.227	73.354
2.5.	Other fixtures, fittings, tools and equipment	1	50.728	8.774
2.6.	Investment property		---	---
2.6.1	Land			
2.6.2	Buildings			
2.7.	Paid advances and tangible asset construction (production) works in progress		14.550	
3.	FINANCIAL ASSETS		100.005	---
3.1.	Shares of the Group companies			
3.2.	Loans to the Group companies			
3.3.	Amounts receivable from the Group companies			
3.4.	Shares of associates		2.500	
3.5.	Loans to associates		97.505	
3.6.	Amounts receivable from associates			
3.7.	Non-current investments			
3.8.	Amounts receivable after one year			
3.9.	Other financial assets			
4.	OTHER NON-CURRENT ASSETS		801	1.804
4.1.	Deferred income tax assets	13	801	1.804
4.2.	Biological assets			
4.2.	Other assets			
B.	CURRENT ASSETS		187.437	263.856
1.	Inventories		86.573	27.775
1.1.	Raw materials, materials and components			
1.2.	Production and works in progress			
1.3.	Products			
1.4.	Goods for resale	2	32.280	27.775
1.5.	Biological assets			
1.6.	Non-current tangible assets for resale			
1.7.	Paid advances		54.293	
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		78.032	49.245

K2 LT, AB

Company code 301950535 Address: Metalistų g 3, Kėdainiai.
Data preserved in the Centre of Registers, SE, Register of Legal Entities

Financial statements for the period ended on December 31, 2018

(All amounts are presented in Euros, unless indicated otherwise)

2.1.	Trade receivables	4	41.744	41.853
2.2.	Receivables from the Group companies			
2.3.	Receivables from associates		---	
2.4.	Other amounts receivable	4	36.288	7.392
3.	Current investments		---	---
3.1.	Shares of the Group companies			
3.2.	Other investments			
4.	CASH AND CASH EQUIVALENTS	5	22.832	186.836
C.	FUTURE COSTS AND ACCRUED INCOME	3	5.453	6.661
	TOTAL ASSETS:		2.752.856	2.671.626

EQUITY AND LIABILITIES		Notes No.	31.12.2018	31.12.2017
D.	EQUITY CAPITAL		1.467.228	1.631.589
1.	CAPITAL		278.827	278.827
1.1.	Authorised (subscribed) or principal capital	6	278.827	278.827
1.2.	Subscribed unpaid capital (-)			
1.3.	Own shares (-)			
2.	SHARE PREMIUM	6	1.019.835	1.019.835
3.	REVALUATION RESERVE (RESULTS)			
4.	RESERVES		27.883	27.883
4.1.	Legal reserve or reserve capital		27.883	27.883
4.2.	To acquire own shares			
4.3.	Other reserves			
5.	RETAINED PROFIT (LOSS)	7	140.683	305.044
5.1.	Reporting year profit (loss)		139.560	303.612
5.2.	Previous year profit (loss)		1.123	1.432
E.	GRANTS, SUBSIDIES		---	---
F.	PROVISIONS		---	---
1.	Provisions for pensions and similar obligations			
2.	Tax provisions			
3.	Other provisions			
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES		1.285.628	1.040.037
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES		963.325	720.630
1.1.	Borrowing liabilities	8	36.633	53.216
1.2.	Payables to credit institutions	8	926.692	667.414
1.3.	Received advances			
1.4.	Trade payables			
1.5.	Amounts payable on the basis of bills of exchange and cheques			
1.6.	Amounts payable to the Group companies			
1.7.	Amounts payable to associates			
1.8.	Other amounts payable and non-current liabilities			
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER CURRENT LIABILITIES		322.303	319.407
2.1.	Borrowing liabilities	8	17.424	15.329
2.2.	Payables to credit institutions	8	203.390	203.390
2.3.	Received advances	9	16.161	11.980
3.4.	Trade payables	9	54.547	37.864
2.5.	Amounts payable on the basis of bills of exchange and cheques			

K2 LT, AB

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Financial statements for the period ended on December 31, 2018

(All amounts are presented in Euros, unless indicated otherwise)

2.6.	Amounts payable to the Group companies			
2.7.	Amounts payable to associates			
2.8.	Income tax liabilities			
2.9.	Liabilities related to employment	9	22.468	50.279
2.10.	Other amounts payable and current liabilities	9	8.313	565
H.	ACCRUED COSTS AND FUTURE INCOME			
	TOTAL EQUITY AND LIABILITIES:		2.752.856	2.671.626

Director Bernardas Vilkelis



Chief Accountant, Audikom, UAB, Jelena Sergejeva



19.04.2019

K2 LT, AB

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Financial statements for the period ended on December 31, 2018

(All amounts are presented in Euros, unless indicated otherwise)

Approved in the General Shareholders' Meeting
On _____, 2019, Minutes No. ____

PROFIT (LOSS) STATEMENT

Line No.	Items	Notes No.	2018	2017
1.	SALES REVENUE	10	1.336.815	1.325.633
2.	COST OF SALES	11	(330.639)	(294.202)
3.	CHANGE IN THE FAIR VALUE OF BIOLOGICAL ASSETS			
4.	GROSS PROFIT (LOSS)		1.006.176	1.031.431
5.	Sales costs		(99.711)	(33.868)
6.	General and administrative costs	11	(754.149)	(659.339)
7.	Results from other activities	10, 11	4.480	8.004
8.	Income from investments into shares of parent company, subsidiaries and associates			
9.	Income from other non-current investments and loans			
10.	Other interest income and similar	12	384	312
11.	Impairment in the value of financial assets and current investments			
12.	Interest costs and similar	12	(17.620)	(19.610)
13.	PROFIT (LOSS) BEFORE TAX		139.560	326.930
14.	Income tax	13		(23.318)
15.	NET PROFIT (LOSS)		139.560	303.612

Director Bernardas Vilkelis



Chief Accountant, Audikom, UAB, Jelena Sergejeva



19.04.2019

K2 LT, AB
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Financial statements for the period ended on December 31, 2018
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STATEMENT OF CHANGES IN EQUITY

	Paid-up authorised capital or principal capital	Share premium	Own shares (-)	Revaluation reserve		Reserves provided for by law		Other reserves	Retained profit (loss)	Total
				Non-current tangible assets	Financial assets	Legal reserve or reserve capital	To acquire own shares			
1 Balance as at December 31, 2016	278.827	1.019.835	---	---	---	27.883	---	---	503.321	1.829.866
2 Result of changes in accounting policy										---
3 Result of material error corrections										---
4 Recalculated balance as at December 31, 2016	278.827	1.019.835	---	---	---	27.883	---	---	503.321	1.829.866
5 Increase (decrease) in the value of non-current tangible assets										---
6 Increase (decrease) in the value of effective hedge instrument										---
7 Acquisition (sale) of own shares										---
8 Profit (loss) not recognised in profit (loss) statement										---
9 Net profit (loss) of the reporting period									303.612	303.612
10 Dividends									(501.889)	(501.889)
11 Other payouts										---
12 Formed reserves										---
13 Used reserves										---
14 Increase (decrease) in authorised capital or contributions by (share returns to) owners										---
15 Other increase (decrease) in authorised or principal capital										---
16 Contributions to cover losses										---

K2 LT, AB
 Company code 301950535 Address: Metalistų g 3, Kėdainiai.
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17	Balance as at December 31, 2017	278.827	1.019.835	27.883	305.044	1.631.589
18	Increase (decrease) in the value of non-current tangible assets					---
19	Increase (decrease) in the value of effective hedge instrument					---
20	Acquisition (sale) of own shares					---
21	Profit (loss) not recognised in profit (loss) statement					---
22	Net profit (loss) of the reporting period				139.560	139.560
23	Dividends				(303.921)	(303.921)
24	Other payouts					---
25	Formed reserves					---
26	Used reserves					---
27	Increase (decrease) in authorised capital or contributions by (share returns to) owners					---
28	Other Increase (decrease) in authorised or principal capital					---
29	Contributions to cover losses					---
30	Balance as at December 31, 2018	278.827	1.019.835	27.883	140.683	1.467.228

Director Bernardas Vilkelis

Chief Accountant, Audikom, UAB, Jelena Sergejeva

19.04.2019

Approved in the General Shareholders' Meeting

On _____, 2019, Minutes No. _____

STATEMENT OF CASH FLOWS (DIRECT METHOD)
December 31, 2018

Line No.	Items	Notes No.	2018	2017
1.	Cash flows from operating activities			
1.1.	Reporting period cash inflows (VAT included)		1.623.084	1.613.751
1.1.1.	Cash inflows from clients		1.623.084	1.613.751
1.1.2.	Other inflows			
1.2.	Reporting period cash payouts		(1.398.425)	(1.095.564)
1.2.1.	Cash paid to suppliers of raw materials, goods and services (VAT included)		(788.407)	(550.522)
1.2.2.	Cash payouts related to employment		(233.054)	(187.313)
1.2.3.	Taxes paid to the budget		(374.028)	(354.041)
1.2.4.	Other payouts		(2.936)	(3.688)
	<u>Net cash flows from operating activities</u>		<u>224.659</u>	<u>518.187</u>
2.	Cash flows from investing activities			
2.1.	Acquired non-current assets (investments excluded)	1	(221.128)	(23.501)
2.2.	Transferred non-current assets (investments excluded)	1		
2.3.	Acquired non-current investments		(2.500)	
2.4.	Transferred non-current investments			
2.5.	Provided loans		(97.505)	
2.6.	Recovered loans	4	4.736	5.687
2.7.	Received dividends, interest		84	313
2.8.	Other increases in cash flows from investing activities			
2.9.	Other decreases in cash flows from investing activities			
	<u>Net cash flows from investing activities</u>		<u>(316.313)</u>	<u>(17.501)</u>
3.	Cash flows from financing activities			
3.1.	Cash flows related to the owners		(303.921)	(501.889)
3.1.1.	Issued shares			
3.1.2.	Shareholder contributions to cover losses			
3.1.3.	Acquired own shares			
3.1.4.	Paid dividends		(303.921)	(501.889)
3.2.	Cash flows related to other sources of financing		231.572	168.235
3.2.1.	Increase in financial payables		462.668	870.804
3.2.1.1.	Acquired loans	8	462.668	870.804
3.2.1.2.	Issued bonds			
3.2.2.	Decrease in financial payables		(231.096)	(702.569)
3.2.2.1.	Returned loans	8	(203.390)	(668.311)
3.2.2.2.	Acquired bonds			
3.2.2.3.	Paid interest		(18.151)	(17.761)

K2 LT, AB

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3.2.2.4.	Lease (financial lease) payments	8	(9.555)	(16.497)
3.2.3.	Increase in other liabilities of the Company			
3.2.4.	Decrease in other liabilities of the Company			
3.2.5.	Other increases in cash flows from financing activities			
3.2.6.	Other decreases in cash flows from financing activities			
	<u>Net cash flows from financing activities</u>		<u>(72.349)</u>	<u>(333.654)</u>
4.	Effect of changes in currency rates on the balance of cash and cash equivalents			
5.	Net increase (decrease) in cash flows		<u>(164.003)</u>	<u>167.032</u>
6.	Cash and cash equivalents at the beginning of the period	5	186.836	19.804
7.	Cash and cash equivalents at the end of the period	5	22.833	186.836

Director Bernardas Vilkelis



Chief Accountant, Audikom, UAB, Jelena Sergejeva



19.04.2019

K2 LT, AB

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Financial statements for the period ended on December 31, 2018

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Approved in the General Shareholders' Meeting

On _____, 2019, Minutes No. _____

EXPLANATORY NOTES

General Information

K2 LT, AB was registered on October 7, 2008. Up until April 14, 2015 the registered address of the Company was M. Počobuto str. 4, Vilnius. As of April 14, 2015 it was changed to Metalistų str. 3, Kėdainiai.

Operating activity of the Company is the crematorium services.

Shareholders of the Company include both legal and natural persons. The Company has no subsidiaries or associates.

Average number of Company's employees was 16 in 2018 and 15 in 2017.

Financial year of the Company coincides with the calendar year.

On May 19, 2015 private limited liability company K2 LT was reregistered as a public limited liability company K2 LT. Following the decision of the general shareholders' meeting of March 30, 2015, the authorised capital of the Company was converted into euros and increased from EUR 226,222 to EUR 226,519. Following the decision of the general shareholders' meeting of April 22, 2015, the authorised capital was increased from EUR 226,519 to EUR 278,827 by issuing 52,308 new units of shares with nominal value of EUR 1 and an emission price of EUR 23 each.

In 2018 AB K2 LT has established (2018-09-03) subsidiary - Rekviem LT UAB (code 304910332) with authorized capital 2.500 EUR, number of shares - 100. During the reporting year, UAB Rekviem LT had no income.

Accounting Policy

(a) Basis for Accounting

The financial statements of the Company are prepared in accordance with the legal acts of the Republic of Lithuania regulating financial accounting and financial reporting and the provisions of Business Accounting Standards, effective on January 1, 2018.

When managing the accounting records and preparing the financial statements the Company follows the general accounting principles: entity, going concern, periodicity, consistency, monetary measure, accrual, comparison, prudence, neutrality and content materiality.

The financial statements are prepared on the basis of accrual and going concern principles. According to the accrual principle the impact of transactions and other events is acknowledged when it occurs and is registered in the accounting records and presented in the financial statements of a related period. The financial statements are prepared assuming the Company has no intentions or necessity to be liquidated or to significantly reduce the scope of activity.

(b) Intangible Assets

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Non-current intangible assets are identified as non-monetary assets with no material form, upon using them for over a year the Company expects direct and (or) indirect economic benefit and their acquisition (production) cost is at least EUR 500.

In the accounting records intangible assets are registered at acquisition (production) cost. Acquisition cost of intangible asset includes amount of money paid or payable upon acquisition, including customs fees and other non-refundable taxes. Asset acquisition cost also includes other direct expenses of preparation for use. Expenses on intangible asset's update and improvement, incurred after its acquisition or production, are recognized as costs of the period they were incurred in.

In the balance sheet intangible assets are presented at balance value, i.e. acquisition (production) cost less the accumulated amortization and impairment in value plus any reversals on impairment. Amortization of intangible assets is calculated by applying directly proportional (straight-line) method throughout the total useful life period:

Computer software	3 years
Licences, patents, other acquired rights	3 years

(c) Non-current Tangible Assets

The Company classifies assets as non-current tangible, when they provide direct and (or) indirect economic benefit, are used for over one year and have an acquisition (production) cost of at least EUR 500, and the risk related to tangible assets is transferred to the Company.

Non-current tangible assets are registered in the accounting records at acquisition (production) cost, which comprises amount paid or payable for those assets upon acquisition, transportation costs, paid non-refundable taxes, costs of designing, mounting, installing and other expenses related to the acquisition and preparation for use of those assets. Acquisition cost of non-current tangible assets does not include non-refundable value added tax. It is recognised as operating costs of the period in which those assets were acquired.

Reconstruction and repair costs incurred on non-current tangible assets are recognised as costs of the reporting period they were incurred in.

Non-current tangible assets presented in the financial statements are measured at actual acquisition (production) cost less the accumulated depreciation and impairment in the asset value plus reversal on impairment in value.

The Company applies a directly proportional (straight-line) method to calculate the non-current tangible asset depreciation. Separate groups of non-current tangible assets have different depreciation rates approved:

Asset group	Average useful life period (in years)
Buildings and constructions	25
Plant and machinery	6
Transport means	6
Other fixtures, fittings, tools and equipment	4
Other tangible assets (computers)	3

Non-current tangible asset depreciation is calculated from the first day of the following month after the exploitation was started. Calculation of depreciation is discontinued on the first day of the following month after the asset is written-off, transferred or otherwise disposed of.

Depreciable asset value is estimated by subtracting liquidation value, which is equal to EUR 1 for all non-current tangible asset objects, from asset acquisition (production) cost.

Lease is recognised as financial lease when according to lease terms all risks and benefits related to the ownership of the asset are basically transferred to the Company. Accounting for leased assets is the same as for owned assets. Interest and other borrowing costs are recognised as financial costs of the period they were incurred in.

Profit or loss accumulated after transferring non-current tangible asset is calculated by comparing received income with the carrying value of that asset. Result of the transaction is recognised in the profit (loss) statement in the item of income or costs from other activities.

The Company's unused depreciated assets are written-off. Non-current tangible assets no longer used in the operations of the Company and intended for sale are included in the balance sheet item of inventories.

At the end of each reporting year the Company conducts a stocktaking of non-current tangible assets. Balance value of every single asset unit is reviewed to determine its impairment. If impairment is detected, the asset's recoverable value is calculated. Recoverable value of an asset is the higher of the two values: net realizable value or asset exploitation value. Losses of asset impairment are recognised when the carrying value of an asset unit exceeds the asset's recoverable value. Losses incurred due to impairment are recognised in the profit (loss) statement.

(d) Financial Assets

Financial assets include cash and cash equivalents, amounts receivable, provided loans and investments intended for sale.

Financial assets are registered in the accounting records when the Company receives or, on the basis of an executed contract, acquires the right to receive cash or other financial asset. Amounts receivable are recognised at acquisition cost less the losses of impairment in value. Cash and cash equivalents are recognised at acquisition cost. Provided loans are initially recognised at acquisition cost and are subsequently registered at amortized cost.

Investments intended for sale are investments that the Company acquired with intention to sell or in seeking to benefit from short-term fluctuations in investment price. Investments intended for sale are measured at acquisition cost upon their acquisition, subsequently at each financial statement date they are recognised at fair value.

If it is likely that the Company will not be able to recover amounts receivable, a loss of impairment in value is recognised and it is calculated as a difference between asset value and current value of future cash flows discounted applying the effective interest rate.

(e) Inventories

In the financial statements inventories are measured at acquisition (production) cost or net realizable value, depending on which one is lower. Net cost is calculated following the FIFO method. Net cost of inventories includes purchase price, adjusted by amounts of inventory devaluation and received discounts, related charges, fees, transportation, preparation for use and other expenses directly related to acquisition of inventories. Net realizable value is an estimated sales price under regular business conditions less the estimated production completion and possible sales costs.

Expenses incurred when pursuing the order of a client are capitalised and reflected in the item of work in progress until the related income is recognised.

Losses of impairment in the value of inventories are recognised as operating costs and the reversal of losses of impairment in the value of inventories reduces the operating costs of the reporting period.

(f) Amounts Receivable

Amounts receivable are initially measured at acquisition cost. Subsequently current amounts receivable are recognised after assessing their impairment in value. A debt that has a payment term overdue for over four months is considered doubtful until the procedure of its recovery is in course. Doubtful debts are recognised as operating costs of the reporting period. Recovery of previously recognised doubtful debts reduces the doubtful debt costs of the reporting period.

Transaction of transfer of amount receivable (debt) (factoring without regress right) is considered a sale of debts and they are written off at once. If the debt transfer does not foresee transfer of risks and the debt buyer can waive the transaction, it is registered as a borrowing guaranteed by pledge.

(g) Cash and Cash Equivalents

Cash includes cash on hand and in bank accounts. Cash equivalents are liquid investments readily convertible into a known amount of cash. Usually the term of those investments does not exceed three months and the risk of change in value is very insignificant.

In the cash flow statement cash and cash equivalents comprise cash on hand, in bank accounts and current term deposits. Received dividends are attributed to investing activities in the cash flow statement. Paid dividends are attributed to financing activities. Interest paid for loans and lease is attributed to financing activities. Interest received for term deposits is reflected in investing activities.

(h) Future Costs

Future costs are accrued when during the reporting and previous reporting periods the Company pays for services of continuous nature to be provided in the future periods and the amounts paid shall be proportionally recognised as costs in the future reporting periods when incurred.

(i) Equity Capital and Reserves

Equity capital of the Company includes paid up part of authorised capital, share premium, legal reserve, revaluation reserve and retained profit (loss).

Ordinary registered shares are measured at their nominal value. Amount received for sold shares in excess of their nominal value is recognised as share premium. Costs related to new emission of shares reduce the share premium. Profit or loss from sold, issued or annulled own shares is not recognised in the profit (loss) statement.

According to the Law on Entities of the Republic of Lithuania, a legal reserve must conclude to the amount equal to 1/10 of the authorised capital. Until the determined amount of legal reserve is reached the Company's deductions that go into it must amount to at least 1/20 of net profit. A part of a legal reserve that exceeds the determined amount may be redistributed with the Company's profit appropriation. Legal reserve that was used to cover Company's losses must be reformed.

Account of retained profit (loss) shows a profit earned during the reporting and previous periods that is not yet distributed or losses that are not yet covered.

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Profit appropriation is registered in the accounting records of the Company when the shareholders pass a decision to distribute the profit, i.e. on the day of the shareholders' meeting, irrespective of when it was earned.

(j) Financial Liabilities

Financial liabilities are registered in the accounting records when the Company undertakes a liability to pay in cash or repay in other financial assets. Amounts payable for goods and services are measured at acquisition cost, i.e. the value of received assets or services. Initially loans are recognised at acquisition cost and subsequently they are recognised at amortised cost. Accumulated interest is recognised in the account of other amounts payable.

Financial liabilities include amounts payable for received goods and services, loans, financial lease liabilities and bonds.

Current liabilities are those that have to be fulfilled within one year subsequent to the balance sheet date.

(k) Provisions

Provisions are recognised as liabilities when the Company has a legal obligation or an irrevocable commitment as a result of actions in the past, and it is also likely that fulfilling a legal obligation or irrevocable commitment shall require using assets at hand, and the amount of the liability can be reliably measured.

(l) Sales Revenue

Sales revenue is recognised following the accrual principle. Income amount is recognised at fair value considering provided and foreseen discounts, returns and write-downs of sold goods. Income from sold goods is recognised when the goods are sold and the amount of income can be reliably measured.

Income from other activities includes profit from transferred used non-current assets, also other income that is not related to operating activity of the Company, but received from third parties, except for income from financing activities and extraordinary gains.

Income from financing activities includes positive effect of changes in currency rate, received interest, fines and charges on overdue payments paid by the buyers, received dividends, reversal of impairment in the value of investments.

(m) Costs

Costs are recognised in the accounting records following the accrual and comparison principles and within the reporting period in which the related income is earned, irrespective of the time the money was spent. Costs that are not related to reporting period income earning, but are intended for income earning in the future periods are registered in the accounting records and presented in the financial statements as assets.

Cost of sales constitutes costs incurred in the Company within the reporting period and attributable to goods sold and services provided. This account only includes a part of costs that is related to products, goods and services sold within the reporting period.

General and administrative costs show costs incurred during the reporting period and related to operating activity of the Company and providing conditions for reporting period income earning, but they do not depend on the quantity of sold products, goods and services. Those costs are

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recognised, registered in the accounting records and presented in the financial statements of the period they were incurred in.

Costs from other activities include losses from sold used non-current assets and other costs that are not related to operating activity of the Company, but are incurred to earn the income from other activities.

Costs from financing activities include negative result of changes in currency rate, paid fines and charges on overdue, interest and liability charges related to financial payables, impairment in the value of investments.

(n) Income Tax and Deferred Income Tax

Calculation of income tax is based on the requirements of Income Tax Law of the Republic of Lithuania. The income tax rate of 15% is applicable to the Company in 2018.

(o) Foreign Currencies

All currency items in the balance sheet are measured in euros applying the currency rate on the balance sheet date. Assets recognised at acquisition value and acquired in foreign currency are presented in the balance sheet in euros on the basis of currency rate on the day of the transaction. Differences occurring after covering amounts registered in currency items with a different currency rate are recognised as profit or loss of the reporting period.

(p) Accounting Estimates Made When Preparing the Financial Statements

When preparing the financial statements management has to make certain assumptions and estimates, which affect the presented amounts of assets, liabilities, income and costs, as well as disclosure of contingencies.

Significant areas of these financial statements, in which the estimates are used, include depreciation, impairment in value measurements, provisions and possible income tax recalculations. State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania may review accounting records of the Company and its subsidiaries and associates anytime within five consecutive years after reporting yearend and attribute additional taxes and fines. The management of the Company is not aware of the circumstances, which could lead to significant liabilities in this respect.

Future events may change the assumptions used to make the estimates. The result of changes in those estimates is recognised in the financial statements when it occurs.

(q) Error Corrections and Reclassifications

Errors of previous reporting periods detected in current reporting period are corrected in the financial statements of current period, if they are not material. Correction of an error is included in the same profit (loss) statement line, where the error was made. Material errors are corrected retrospectively and the error correction is presented in the financial statements of the reporting period by adjusting results of the previous year. Information on correction of such error is presented in the notes.

The Company considers an error to be material when it amounts to over 5% of reporting period net profit.

If the information for the reporting year is classified differently, the comparative year is reclassified so that the numbers are comparable.

(r) Contingent Liabilities and Assets

Contingent liabilities are future liabilities that may occur from events in the past and they can be confirmed or rejected by contingent future events that are not controlled by the Company, or current liabilities occurring from the past events. They are not reflected in the balance sheet as the amount of those liabilities cannot be reliably measured and (or) it is not likely that they will need to be fulfilled. Information on them is presented in the notes.

Contingent assets are assets that due to future events that are not controlled by the Company may belong to the Company and bring economic benefit. Information on probable assets is presented in the notes.

(s) Events after the Balance Sheet Date

Events after the balance sheet date are economic events that take place within the period from the balance sheet date to the date on which the financial statements are prepared, signed by the head of the Company and presented for approval.

Events after the balance sheet date that provide additional information on the Company's position at the balance sheet date (events leading to adjustment) are reflected in the financial statements. Events after the balance sheet date that are not leading to adjustment are described in the notes, if it is significant.

(t) Fair Value Measurement

Fair value measurement standard is applied when other Business Accounting Standards require or permit establishing the fair value of non-current tangible assets, investment property, biological assets, financial assets held for sale, derivative financial instruments and financial liabilities, or disclosing information on established fair value, conducting fair-value-based estimates.

Fair value is the amount in which, on the day of value measurement, parties of the transaction can sell each other assets or liabilities or transfer liabilities under ordinary market conditions.

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Notes

1. Non-current Tangible Assets

Indicators	Land	Buildings and constructions	Plant and machinery ir	Transport means	Other fix- tures, fit- tings, tools and equip- ment	Paid ad- vances and construction in progress	Total
Acquisition value							
December 31, 2016		1.834.217	1.023.068	62.248	39.743	0	2.959.276
Acquired				44.455	4.754		49.209
Written-off (-)					(2.056)		(2.056)
Reclassifications							0
December 31, 2017		1.834.217	1.023.068	106.703	42.441	0	3.006.429
Acquired	150.000				47.129	14.550	211.679
Written-off (-)							---
Reclassifications							---
December 31, 2018	150.000	1.834.217	1.023.068	106.703	89.570	14.550	3.218.108
Accumulated depreciation							
December 31, 2016		372.957	42.628	12.399	30.043	0	458.027
Calculated for the period		73.369	51.154	20.950	5.679		151.151
Written-off (-)					(2.055)		(2.055)
Transferred from item to item							0
December 31, 2017		446.326	93.782	33.349	33.667	0	607.124
Calculated for the period		73.369	51.153	22.127	5.175		151.824
Written-off (-)							---
Reclassifications							---
December 31, 2018	---	519.695	144.935	55.476	38.842	---	758.948
Balance value							
December 31, 2016		1.461.260	980.440	49.849	9.700	0	2.501.249
December 31, 2017		1.387.891	929.286	73.354	8.774	0	2.399.305
December 31, 2018	150.000	1.314.522	878.133	51.227	50.728	14.550	2.459.160

No indicators for the impairment in the value of non-current tangible assets were determined.

Non-current Assets Serving as Collateral

Name of pledged assets	Carrying value (EUR)	Pledge end date
Crematorium building with equipment	2.192.655	01.06.2022

No fully depreciated assets that are still in use exist. Buildings are constructed on the land leased for the following 99 years and the land lease rights are presented to SEB bank as collateral until 01/06/2022.

Carrying Value of Leased Assets

Asset groups	31.12.2018	31.12.2017
Transport means	51.227	73.354
Other equipment (telephone)	94	385
Total:	51.321	73.739

2. Inventories

Types of inventories	31.12.2018	31.12.2017
Inventories for sale	32.280	27.775
Paid advances	54.293	0
Total	86.573	27.775

3. Future Costs

	31.12.2018	31.12.2017
Insurance	5.241	6.382
Press subscription	212	279
Total	5.453	6.661

4. Amounts Receivable within One Year

	31.12.2018	31.12.2017
Trade receivables	41.744	41.853
Receivables from the budget	33.036	7.392
Other amounts receivable	3.252	
Total:	78.032	49.245

Trade receivables serve as collateral to SEB (8 note)

5. Cash

	31.12.2018	31.12.2017
Cash in bank	20.273	170.330
Cash on hand	2.560	16.506
Total:	22.832	186.836

All funds in the bank and future income serve as collateral to SEB (8 note).

6. Authorised Capital Structure

Indicators	Number of shares	Amount (EUR)
Share capital structure at the end of financial year		
1. On the basis of share type		
1.1. Ordinary shares	278.827	278.827
1.2. Preference shares		
1.3. Employee shares		
1.4. Special shares		
1.5. Other shares		
Total:	278.827	278.827

On December 31, 2018 all shares were paid up.

7. Profit Appropriation Project

Items	Year	Amount (EUR)
Retained result – profit (loss)	31.12.2017	1.123
Net financial year result – profit (loss)		139.560
Result – profit (loss) – available for appropriation	31.12.2018	140.683
Shareholders' contributions to cover losses		
Transfers from reserves		
Profit available for appropriation		140.683
Profit appropriation:		
- Reserves provided for by law		
- Other reserves		
- Dividends		
- Other		
Retained result – profit (loss)		140.683

8. Financial Payables

	31.12.2018	31.12.2017
Non-current liabilities (2 to 5 years)	963.325	720.630
Bank credit lines and loans (b)	926.692	667.414
Lease liabilities (a)	36.633	53.216
Current liabilities	220.814	218.719
Bank credit lines and loans (b)	203.390	203.390
Lease liabilities (a)	17.424	15.329
Total:	1.184.138	939.349

(a) Lease of transport means from Luminor amounting to EUR 68,159, subject to 2,3 per cent annual interest and with return date of 20/01/2022.

(b) SEB loan of EUR 870,804 subject to 1,6 per cent annual interest and with return date of 01/06/2022.

(c) The Company holds a SEB credit line of EUR 500,000, which remains unused.

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Information on assets serving as collateral is presented with tangible assets (note 1), cash (note 5) and amounts receivable (note 4).

9. Amounts Payable within One Year

	31.12.2018	31.12.2017
Amounts received in advance	16.161	11.980
Trade payables	54.547	37.864
Holiday accumulations	22.468	50.279
VAT liabilities	7.391	
Other amounts payable	922	565
Total:	101.489	100.688

10. Income

	2018	2017
Income from sold services and goods	1.336.815	1.325.633
Sold goods	87.913	136.082
Services	1.248.902	1.189.551
Income from other activities	4.480	8.004
Income from metal sales	2.237	1.528
Other income	2.243	6.476

11. Costs

	2018	2017
Cost of sales	330.639	294.202
Net cost of inventories	61.224	50.354
Depreciation	124.522	124.522
Gas costs, maintenance of systems	71.372	81.607
Other costs	73.522	37.719
Sales costs	99.711	33.868
Advertising	99.711	33.868
Other costs		
General and administrative costs	754.149	659.339
Salaries and social insurance	400.765	337.777
Depreciation	27.302	26.628
Audit costs	3.000	2.800
Other costs	323.082	292.134

12. Financing and Investing Activities

	2018	2017
Income	384	312
Interest	84	312
Fines and penalties	300	
Costs	17.620	19.610
Interest	17.556	19.610
Fines and penalties	64	
Results	(17.235)	(19.298)

13. Income Tax Costs

The Company calculated EUR 801 (2017 – 1.804) of deferred income tax income. Declared income tax is calculated applying the 15 per cent rate and is presented in the income tax costs: EUR 23.318 in 2017, EUR 0 in 2018.

14. Transactions with Management and Other Related Persons

Head of administration (1 person) was paid 40.257 euros of salary during 2017 (EUR 40.315 during 2017). No other income, loans, guarantees or payouts were received by the manager within 2018. Supervisory board is not assembled. There is a board of directors consisting of 3 persons, who were paid the total of 20.000 euros (2017 - 18,900 euros) during 2018.

15. Rights and Obligations of the Company Not Indicated in the Balance Sheet

The Company did not receive or issue any guarantees or pledges. The Company is also not involved in any legal proceedings.

16. Contingent Liabilities

At the end of the reporting year the Company did not have any contingent liabilities.

17. Events after the Balance Sheet Date

No events took place after the balance sheet date and before the date of financial statement conclusion.

Director Bernardas Vilkelis



Chief Accountant, Audikom, UAB, Jelena Sergejeva



19.04.2019