



**„LINAS“ AB**  
**INTERIM CONSOLIDATED REPORT FOR SIX**  
**MONTHS OF YEAR 2019**



**Linus AB**  
**Company code 147689083**  
**S. Kerbedzio 23, Panevezys**

September 30, 2019

Following Art. 22 of the Law on Securities of the Republic of Lithuania and the Regulations for Drawing-up and Submission of the Periodic and the Additional Information issued by the Board of Lithuanian Bank, we, Vilita Skersienė, Director of Linas AB, Egidijus Mikeliūnas, Finance Manager of Linas AB, and Vanda Nekrašaitė, Chief accountant of Linas AB, hereby confirm that to our best knowledge interim consolidated six months financial statements of year 2019 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 2019 of Linas AB. Interim consolidated financial statements were not audited, consolidated interim report was not evaluated by the auditors.

Director Linas AB

A handwritten signature in blue ink, appearing to be "Vilita Skersienė".

Vilita Skersienė

September 30, 2019

Head of finance dept. Linas AB

A handwritten signature in blue ink, appearing to be "Egidijus Mikeliūnas".

Egidijus Mikeliūnas

September 30, 2019

Chief accountant Linas AB

A handwritten signature in blue ink, appearing to be "Vanda Nekrašaitė".

Vanda Nekrašaitė

September 30, 2019

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

„Linus“ AB interim consolidated six months report is prepared for January-June months of year 2019.

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

#### **Principal Company data**

Name	AB „Linus“ (hereinafter the Company)
Authorised (share) capital	6 971 307,10 Eur
Domicile address	S. Kerbedzio str. 23, LT-35114 Panevezys
Telephone	(8-45) 506100
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
Legal Entity Identifier (LEI) code	52990054JBNAT4BLVY62

#### **Principal subsidiary data**

Name	UAB „Lino apdaila“
Authorised (share) capital	2 896 Eur
Domicile address	S. Kerbedzio str. 23, LT-35114 Panevezys
Telephone	(8-45) 506111
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, 2019 the Group of companies was comprised of AB “Linus” and its subsidiary company UAB “Lino apdaila”. AB “Linus” holds 100% shares of the subsidiary company. The activity of AB “Linus” is sales of linen textile items; other activity of AB “Linus” - management of financial asset (shares and granted loans), supply of thermal energy. The activity of the textile products production is carried out at the subsidiary company UAB „Lino apdaila”.

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

On August 24, 2018 AB “Linus” has signed the service contract with AB Siauliu Bankas (company code 112025254, Tilzes str. 149, Siauliai) 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 Baltic trading secondary list of the Vilnius Securities Exchange (VVPB symbol – LNS1).

## ***6. Fair review of entity's position, performance and development of the entity's business, description of the principal risks and uncertainties that it faces***

Risk factors related to the activities of the issuer:

**Business risk.** It is a group of risks related to the environment in which the Company operates and influences the financial results of the Company: the Company's competitiveness in comparison with other manufacturers of products.

The Company faces **business risk** in its environment. Business risk is more related to the environment in which the Company operates and affects the Company's financial performance, which is the Company's competitiveness; economic viability of the Company's major customers; the political and economic environment in the European Union; legal regulations for the purchase of the main raw material.

The biggest risk faced by AB Linas is the seasonality of demand: 08-11 months average monthly turnover is up to 30% higher than in other months. As a result, the production capacity of the Group and the manufacturing companies is unequally utilized. 90-100% of the production capacity is used up in demand period, up to 70% in the following months. As a result, the company is trying to equalize production capacity by manufacturing certain products during off-peak times to increase sales during peak times. Because the company's sales are closely linked to fashion, the company faces another risk in comparing production when it comes to producing non-demand products.

**Competitive risk.** The Company faces competitive risks in the domestic and export markets, which is why the Company's primary objective is to increase sales to large dealers, supermarkets to produce large batches of recurring products and thus reduce production costs.

The Company faces the main financial risks, which are market risks, which can be divided into three parts: interest rate risk, exchange rate risk and commodity price risk, as well as liquidity risk and credit risk.

**Currency risk.** The Company operates internationally and is therefore exposed to **currency risk**. In international business, the company settles accounts in foreign currencies, which exposes it to exchange rate risk, which is mainly related to US dollars. Exchange rate risk arises from the purchase of raw materials from China as well as the export of products to the United States and other countries settling for goods in a currency other than the Company's functional currency. The main currency in which the Company reports is Euro.

The Company's operating income and expenses are largely independent of changes in market interest rates. However, the Company faces interest rate risk due to long-term loans. In order to determine the impact of interest rates on the Company's results of operations, it is necessary to identify the positions that give rise to interest rate risk. Assets and liabilities that are sensitive to changes in interest rates include actual transactions of the Company such as: investments, loans granted and any other on-balance-sheet and off-balance-sheet transactions that are subject to fixed or variable interest rates and are positively correlated with interest rate fluctuations. The Company does not use any financial instruments to hedge against interest rate risk.

**Credit risk.** In order to avoid customer / buyer non-payment, before signing the contract of sale or sale, the responsible manager or market manager minimally checks the financial / economic situation of the Buyer in public sources (various bases, registers, etc.). Concentration of buyers may affect the Company's overall credit risk as these buyers may be similarly exposed to changes in economic conditions. The company has procedures in place to ensure that sales are made within the accepted credit risk limits, that is, the company evaluates the reliability of each customer when selling or purchasing goods or services. Sales of products (unloading of goods) within the company are started if there is a 90-100% payment guarantee. The company has various payment methods / guarantees, such as: 100% prepayment; pledging of liquid real estate (value is determined by property appraisers); Bank Guarantor (Bank Guarantee - a security for a settlement, but not a

settlement instrument. It is triggered when a payment is not made); documentary letter of credit (L / C); mostly used trade credit limit insurance; collection of documents.

The company pays for the goods and services purchased on time, and evaluates, ranks, determines their reliability, i.e. what kind of hedging they can require, credit line and intraday credit, and constantly monitors their payments. Because this type of risk is extremely well-managed, the company does not have any major new bad debts and can therefore plan its cash flow more easily.

**Purchasing and supplier risks.** Purchases of goods (basic, auxiliary materials, parts, equipment, etc.) and services in the company are carried out through public and restricted tenders or by sending inquiries to suppliers of services or goods. The supplier of the goods or services is usually selected from at least two offers submitted. The Company has procedures for identifying and analyzing **purchasing and supplier risk** factors.

**Liquidity risk.** It is the Company's policy to maintain cash and cash equivalents or secure funding to meet its strategic plans and commitments. The Company's liquidity is determined by the ratio of assets to liabilities.

The Company manages its **liquidity risk** by planning cash flows that facilitate cash management and, if they are lacking, easier financing.

The Company's conservative management of liquidity risk enables cash to be maintained and the Company strives to maintain funding flexibility. Liquidity risk management within the company includes cash flow forecasting. The more complete and accurate this forecast is, the better the firm's liquidity management. Payment deferrals for goods sold range from 14 to 30 days, in rare cases up to 60-90 days. It takes an average of thirty days for suppliers of goods and services and 15-60 days for suppliers of raw materials. This cash flow forecast predicts your immediate cash receipts and payments and allows you to plan short-term borrowing and investing. At the end of the current year, the budget for the following year is established. Long-term forecast (over a year) is part of strategic business planning. These cash flow forecasts provide information about the amount of cash surplus and lack, when the cash surplus or lack will occur, how long the cash surplus or lack will last, how the excess cash will be used, or the need will be funded.

**Reputation risk.** These risks are related to the decisions made by the Company and the behavior of employees.

**Reputational risk** is important to the company. The company values its reputation and reputation and takes measures to reduce reputational risk. The Company is considering a Code of Ethics. The Code of Ethics would establish standards of conduct for all Group employees, regardless of their position, scope of employment, etc.

**Operational risk.** It is the widest group of risks covering the risks related to the activities within the Company, including the safety, reliability, legal basis, and security of internal processes and operations.

Operational risk is the risk of an increase in loss, loss of goodwill, loss of confidence, which may be caused by external environmental factors (eg natural disasters, criminal acts of third parties, etc.) or internal factors (eg inefficiency and management, use, deficiencies in internal control, ineffective procedures, malfunctions of information systems, inadequate allocation of functions or responsibilities, etc.).

In order to manage operational risk, the Company implements appropriate organizational measures, procedures and information systems supporting business processes, all of which must ensure the proper functioning of the internal control system and proper cooperation with related third parties. The Company applies the following key elements of internal control: separation of business decision making and control functions, procedures for controlling the accounting of operations execution, limits and control of decision-making powers, making collegial decisions in business processes and so on.

Representatives of potential and existing clients visited the company to carry out independent audits and positively evaluate the state of the existing infrastructure, the organization of key operational and safety processes, the cooperation with interested third parties and the control system established.

The preparation of the Company's financial statements, internal control and financial risk management systems, and compliance with legal acts governing the preparation of financial statements are overseen by the Audit Committee. The Company is responsible for overseeing the preparation of the financial statements.

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

During the I<sup>st</sup> half of year 2019 AB “Linas” Company Group sold products and services for 6,651 million Eur. Compared to the results of the I<sup>st</sup> half of year 2018 the incomes of sales increased 0,219 million Eur or 3,40 %.

Item	Unit	I <sup>st</sup> half of year 2019	I <sup>st</sup> half of year 2018
Sales	Thousand Eur	6 651	6 432
Profit before taxes	Thousand Eur	112	337

During the I<sup>st</sup> half of year 2019 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 2019 was 0,34 mln. EUR when EBITDA of January-June of year 2018 EBITDA was 0,45 mln. EUR.

More information about the activity and financial results of I<sup>st</sup> half of year 2019 of the Group is presented in the interim consolidated financial accountability of six months of year 2019 of AB “Linas”.

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

Resolutions of AB “Linas” Repeated Annual General Meeting of Shareholders dated May 16, 2019:

1. The net profit of accounting year 891 998 Eur. Unappropriated loss of the previous financial year – 29 459 Eur. Share of profit set for the mandatory reserve 44 600 Eur. Share of profit set for the reserve for purchase of own shares 264 429 Eur. Unappropriated profit of accounting year – 553 510 Eur - transferred to other financial year.
2. Were confirmed purchase of the Company's own shares and conditions of purchase.
3. Ana Sirienė was elected as a member of the Audit Committee of the Company and the remuneration procedure of the Audit Committee was established.

### ***9. Important events after the end of the accounting period***

Members of the Board Lilija Povilonienė and Regina Vaiginienė resign from the position of the members of the Board from 20<sup>th</sup> of September, 2019.

The Supervisory Council elected Vilita Skersienė and Renata Railienė as members of the Board of AB Linas from 20<sup>th</sup> of September, 2019.

### ***10. 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.

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

In 2019 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.

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

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

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

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

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

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

**15. 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 „Linus“ 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.

**16. 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.

## **17. Shareholders**

The total number of shareholders of the AB „Linus“ at June 30, 2019 was 1124.

The shareholders who hold or control more than 5 percent of authorised capital of the Company acc. to the data of June 30, 2019 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	5 564 579	23,15%	23,15%	23,15%

Register of Enterprises 302572729				
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.

### 18. Employees

The average conditional number of employees in AB „Linus“ Company Group on the I<sup>st</sup> half of year 2019 was 133. On the I<sup>st</sup> half of year 2018 this average was 134. During the year the average number of employees decreased by 1 or 0,75 %.

Employees	I <sup>st</sup> half of year 2019		I <sup>st</sup> half of year 2018	
	Average conditional number of employees	Average salary/wage, Eur	Average conditional number of employees	Average salary/wage, Eur
Management personnel	6	2606	8	1740
Specialists and clerks	37	1219	35	916
Workers	90	713	91	601
<b>Total</b>	133	939	134	751

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 2019 was 939 Eur and compared to the I<sup>st</sup> half of year 2018 increased by 25,03 %. (in the I<sup>st</sup> half of year 2018 - 751 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 (adoptee) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays;
  - when spouse of company’s employee dies and the family of employee grows children (adoptee) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at

professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays.

2. Additional paid holidays:

up to 3 calendar days in case of death of a family member (parents, husband, wife, child, brother, sister);

- 1 calendar day for the marriage.

3. The employees who must undergo compulsory medical examination shall be paid average wage for the time spent for such medical check-up. The employer shall also cover all the costs related to such medical checkups.

**19. 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.

**20. 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 confirm the set of intermediate financial reports which is done in order to achieve the decision regarding the pay of dividends for the period shorter than financial year;
- to make a resolution on allocation of dividends for a period of less than a financial year;
- to take the decision to increase the authorized capital;
- to indicate the shares class, number and nominal value of issued company’s shares and the minimal price of the emission;
- to take the decision to cancel the priority right to all shareholders to obtain company’s shares of concrete emission or convertible bonds;
- to take the decision to decrease authorized capital, except the exceptions indicated in Joint Stock Company’s law of Lithuanian Republic;
- to take the decision to issue convertible bonds;
- to take the decision to convert company’s one class shares into the other class, to confirm the order of shares convert;
- to take the decision to obtain own shares for the Company;
- to take the decision to liquidate the company, to cancel the liquidation of the company, except the cases indicated in Joint Stock Company’s law of Lithuanian Republic;

- to elect and to cancel company's liquidator, except the cases indicated in Joint Stock Company's law of Lithuanian Republic;
- to take the decision regarding company's reorganization or separation and to confirm the conditions of reorganization or separation;
- to take the decision to reorganize the company;
- to take the decision to shake-up the company;
- to take the decision regarding the allotment of profit (loss);
- to take the decision regarding the reserves making, using, decreasing or cancelling.

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

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

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

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

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

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

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

The Board is the collegial management body of the company. The Board is elected by 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 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;
- other post execution indicated in Joint Stock Company's law of Lithuanian Republic and other laws and regulations, also in regulations of the company and in job description of company's manager.

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

Main duties of Audit committee:

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

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

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

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

**ARŪNAS KETRYŠ** – independent member of the Supervisory Council. Deputy director of Alba UAB (company code 132713272, Neris kr. 16, Kaunas). Does not hold shares of the Company.

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

**EGIDIJUS MIKELIŪNAS** – Chairman of the Board and head of finance department. Holds 0,1 % shares of the Company.

**REGINA VAIGINIENĖ**– member of the Board until September 20, 2019. The Company's senior Accountant – Economist. Does not hold shares of the Company.

**LILIJA POVILONIENĖ**– member of the Board until September 20, 2019.. Company accountant. Does not hold shares of the Company.

**VILITA SKERSIENĖ** – member of the Board since September 20, 2019. Head of administration of the Company. Does not hold shares of the Company.

**RENATA RAILIENĖ** – member of the Board since September 20, 2019. Director of subsidiary UAB "Lino apdaila". Does not hold shares of the Company.

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

**GERDA ZABARSKIENE** – Chief of accountant of the Company until 05-08-2019. Does not hold shares of the Company.

**VANDA NEKRAŠAITĖ** – Chief of accountant of the Company since 19-08-2019. Does not hold shares of the Company.

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

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

Indicator	Salary for I <sup>st</sup> half of year 2019 (Eur)	Payment from profit for I <sup>st</sup> half of year 2019 (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	20 686	-	-	20 686
Total for all members of administration	62 060	-	-	62 060

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

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

**ZITA KELMIENĖ** – independant member of Audit committee until 29-30-2019. Senior financier of Panevezio Aurida UAB since year 2007. Does not hold shares of the Company.

**LINA BELICKIENĖ** – independant member of Audit committee. Senior accountant of Panevežio miesto greitosios medicinos pagalbos stotis UAB since year 2008. Does not hold shares of the Company.

**ANA SIRIENĖ** – independant member of Audit committee since 16-05-2019. Certified Internal Auditor. MB ELSAN Owner. Does not hold shares of the Company.

**22. 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.

**23. 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.

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

During six months of year 2019 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.

**25. 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 2017. There were no changes in the information about companies' compliance to management codex during 1<sup>st</sup> half of year 2019.

**26. Data about publicly disclosed information**

During January – June of year 2019 the Company announced following essential events:

2019-02-28 Activity results of twelve months of year 2018 of company AB "Linās" and Group of companies. AB "Linās" not audited consolidated interim information of twelve months of year 2018;

2019-03-01 CORRECTION. Activity results of twelve months of year 2018 of company AB "Linās" and Group of companies. AB "Linās" not audited consolidated interim information of twelve months of year 2018;

2019-03-29 Regarding the resignation of the member of Audit committee;

2019-03-29 AB "Linās" the Ordinary General Meeting of Shareholders convocation;

2019-04-09 Draft Resolutions of the Annual General Meeting of Shareholders;

2019-04-29 Correction: AB "Linās" the Ordinary General Meeting of Shareholders convocation;

2019-04-29 CORRECTION: AB "Linās" the Ordinary General Meeting of Shareholders convocation

2019-04-30 AB "Linās" General Meeting of Shareholders didn't take place. Repeated General Meeting of Shareholders will be held on May 16, 2019;

2019-04-30 Draft Resolutions of the Repeated Annual General Meeting of Shareholders of AB "Linās";

2019-05-17 Resolutions of Repeated Annual General Meeting of Shareholders;

2019-05-31 Activity results of three months of year 2019 of company AB “Linus” group of companies. AB “Linus” not audited consolidated interim information of three months of year 2019.

All information on material events made public during 2019 is available on the AB “Linus” webpage [www.linus.lt](http://www.linus.lt).

Director

A handwritten signature in blue ink, appearing to be 'Vilija Skersienė', written in a cursive style.

Vilija Skersienė



**LINAS AB**  
**INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**OF THE SIX MONTHS OF 2019**

**2019 06 30**

## **SUMMARY**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Formulated according to TFAS, not audited

Current period 01 01 2019 - 30 06 2019

EUR

Article No.	Article	2019-06-30	2018-12-31
	<b>Assets</b>		
<b>A.</b>	<b>Fixed assets</b>	<b>3.482.972</b>	<b>3.536.810</b>
<b>1.</b>	<b>Intangible assets</b>	<b>46.649</b>	<b>50.707</b>
1.1.	Assets arising from development		
1.2.	Goodwill		
1.3.	Software	46.649	50.707
1.4.	Concessions, patents, licenses, trademarks and similar rights		
1.5.	Other intangible assets		
1.6.	Advance payments		
<b>2.</b>	<b>Tangible assets</b>	<b>2.077.929</b>	<b>2.140.370</b>
2.1.	Land		
2.2.	Buildings and structures	1.327.574	1.381.002
2.3.	Machinery and plant	301.079	336.644
2.4.	Vehicles	61.504	32.013
2.5.	Other equipment, fittings and tools	13.871	16.810
2.6.	Investment property	373.901	373.901
2.6.1.	Land	373.901	373.901
2.6.2.	Buildings		
2.7.	Advance payments and tangible assets under construction (production)		
<b>3.</b>	<b>Financial assets</b>	<b>1.358.383</b>	<b>1.345.722</b>
3.1.	Shares in entities of the entities group		
3.2.	Loans to entities of the entities group		
3.3.	Amounts receivable from entities of the entities group		
3.4.	Shares in associated entities		
3.5.	Loans to associated entities	1.334.564	1.316.901
3.6.	Amounts receivable from the associated entities	23.530	28.532
3.7.	Long-term investments	290	290
3.8.	Amounts receivable after one year		
3.9.	Other financial assets		
<b>4.</b>	<b>Other fixed assets</b>	<b>11</b>	<b>11</b>
4.1.	Assets of the deferred tax on profit	11	11
4.2.	Biological assets		
4.3.	Other assets		
<b>B.</b>	<b>Current assets</b>	<b>7.212.012</b>	<b>7.013.264</b>
<b>1.</b>	<b>Stocks</b>	<b>5.651.017</b>	<b>4.678.797</b>
1.1.	Raw materials, materials ir consumables	3.315.033	2.256.163
1.2.	Production and work in progress	39.690	23.597
1.3.	Finished goods	2.124.557	2.082.260
1.4.	Goods for resale	2.550	4.443
1.5.	Biological assets		
1.6.	Fixed tangible assets held for sale		
1.7.	Advance payments	169.187	312.334
<b>2.</b>	<b>Amounts receivable within one year</b>	<b>883.598</b>	<b>1.719.239</b>
2.1.	Trade debtors	764.659	1.483.702
2.2.	Amounts owed by entities of the entities group		
2.3.	Amounts owed by associates entities		
2.4.	Other debtors	118.939	235.537
<b>3.</b>	<b>Short-term investments</b>		
3.1.	Shares in entities of the entities group		
3.2.	Other investments		
<b>4.</b>	<b>Cash and cash equivalents</b>	<b>677.397</b>	<b>615.228</b>
<b>C.</b>	<b>Prepayments and accrued income</b>	<b>34.788</b>	<b>50.973</b>
	<b>Total assets</b>	<b>10.729.772</b>	<b>10.601.047</b>

Article No.	Article	2019-06-30	2018-12-31
	<b>Equity and liabilities</b>		
<b>D.</b>	<b>Equity</b>	<b>8.360.400</b>	<b>8.251.426</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 (-)		
1.3.	Own shares (-)		
<b>2.</b>	<b>Share premium account</b>		
<b>3.</b>	<b>Revaluation reserve</b>		
<b>4.</b>	<b>Reserves</b>	<b>479.319</b>	<b>170.290</b>
4.1.	Compulsory reserve	44.890	290
4.2.	Reserve for acquiring own shares	264.429	
4.3.	Other reserves	170.000	170.000
<b>5.</b>	<b>Retained profit (loss)</b>	<b>909.774</b>	<b>1.109.829</b>
5.1.	Profit (loss) for the reporting year	108.974	507.524
5.2.	Profit (loss) brought forward	800.800	602.305
<b>6.</b>	<b>Adjustments due to exchange rate change</b>		
<b>7.</b>	<b>Non-controlled part</b>		
<b>E.</b>	<b>Grants, subsidies</b>	<b>281</b>	
<b>F.</b>	<b>Provisions</b>		
1.	Provisions for pensions and similar obligations		
2.	Provisions for taxation		
3.	Other provisions		
<b>G.</b>	<b>Amounts payable and other liabilities</b>	<b>2.369.091</b>	<b>2.342.005</b>
<b>1.</b>	<b>Amounts payable after one year and other long-term liabilities</b>	<b>309.474</b>	<b>309.474</b>
1.1.	Debenture loans		
1.2.	Amounts owed to credit institutions	309.474	309.474
1.3.	Payments received on account		
1.4.	Trade creditors		
1.5.	Amounts payable under the bills and checks		
1.6.	Amounts payable to the entities of the entities group		
1.7.	Amounts payable to the associated entities		
1.8.	Other amounts payable and long-term liabilities		
<b>2.</b>	<b>Amounts payable within one year and other short-term liabilities</b>	<b>2.059.617</b>	<b>2.032.531</b>
2.1.	Debenture loans		
2.2.	Amounts owed to credit institutions	88.421	176.842
2.3.	Payments received on account	71.665	44.873
2.4.	Trade creditors	1.669.812	1.600.324
2.5.	Amounts payable under the bills and checks		
2.6.	Amounts payable to the entities of the entities group		
2.7.	Amounts payable to the associated entities		
2.8.	Liabilities of tax on profit		2.281
2.9.	Liabilities related to employment relations	178.536	137.268
2.10.	Other amounts payable and short-term liabilities	51.183	70.942
<b>H.</b>	<b>Accruals and deferred income</b>		<b>7.616</b>
	<b>Total equity and liabilities</b>	<b>10.729.772</b>	<b>10.601.047</b>

Director

Chief accountant

Vilita Skersiene

Vanda Nekrašaitė

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

Formulated according to TFAS, not audited

Current period 01 01 2019 - 30 06 2019

EUR

Article No.	Article	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018
1.	Net turnover	6.651.261	6.432.126
1.1.	Income for sold goods	6.469.146	6.236.978
1.2.	Income for sold services	182.115	195.148
2.	Cost of sales	(5.565.288)	(5.162.191)
2.1.	Cost price of sold production	(5.457.868)	(5.046.846)
2.2.	Cost price of sold services	(107.420)	(115.345)
3.	Fair value adjustments of the biological assets	0	0
4.	GROSS PROFIT (LOSS)	1.085.973	1.269.935
5.	Selling expenses	(387.622)	(342.057)
6.	General and administrative expenses	(689.937)	(709.758)
7.	Other operating results	93.228	111.382
7.1.	Income	507.744	553.545
7.2.	Expenses	(414.516)	(442.163)
8.	Income from investments to the shares of parent, subsidiaries and associated entities		
9.	Income from other long-term investments and loans	17.662	17.662
10.	Other interest and similar income	7.073	11.286
11.	The impairment of the financial assets and short-term investments		
12.	Interest and other similar expenses	(14.145)	(21.424)
13.	PROFIT (LOSS) BEFORE TAXATION	112.232	337.026
14.	Tax on profit	(3.258)	
15.	PROFIT (LOSS) BEFORE MINORITY INTEREST SEPARATION	108.974	337.026
16.	NON-CONTROLLED PART		
17.	NET PROFIT (LOSS)	108.974	337.026
18.	OTHER COMPREHENSIVE INCOME		
19.	Earnings (loss) per share	0,005	0,014

Director

Vilita Skersiene

Chief accountant

Vanda Nekrašaitė

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Current period 01 01 2019 - 30 06 2019

EUR

	Paid-up authorized capital	Additions to shares	Pro-proprietary shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Profit (loss) brought forward	The influence of currency rate change	Not controlled part	Total
				Long-term tangible assets	Financial assets	Obligatory	Proprietary shares procurement					
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Remainder on 31 December, 2017</b>	<b>6.971.307</b>					<b>290</b>		<b>170.000</b>	<b>602.305</b>			<b>7.743.902</b>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income												
Net profit (loss) of the reporting period									106.008			106.008
Formed reserves												
Liquidates reserves												
<b>Remainder on 30 June, 2018</b>	<b>6.971.307</b>					<b>290</b>	<b>0</b>	<b>170.000</b>	<b>708.313</b>			<b>7.849.910</b>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income												
Net profit (loss) of the reporting period									401.516			<b>401.516</b>
Formed reserves								170.000	(170.000)			
Liquidates reserves								(170.000)	170.000			
<b>Remainder on 31 December, 2018</b>	<b>6.971.307</b>					<b>290</b>		<b>170.000</b>	<b>1.109.829</b>			<b>8.251.426</b>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income												
Net profit (loss) of the reporting period									108.974			<b>108.974</b>
Formed reserves						44.600	264.429		(309.029)			
Liquidates reserves												
<b>Remainder on 31 March, 2019</b>	<b>6.971.307</b>					<b>44.890</b>	<b>264.429</b>	<b>170.000</b>	<b>909.774</b>			<b>8.360.400</b>

Director

Vilīta Skersienė

Chief accountant

Vanda Nekrašaitė

CONSOLIDATED STATEMENT OF CASH FLOWS

Current period 01 01 2019 - 30 06 2019

Formed in direct pattern, not audited

EUR

Article No.	Articles	Ist half of 2019	Ist half of 2018
<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>8.231.856</b>	<b>6.856.666</b>
I.1.1.	Cash inflows from customers	8.018.888	6.773.234
I.1.2.	Other inflows	212.968	83.432
<b>I.2.</b>	<b>Cash outflows of the reporting period</b>	<b>(8.030.814)</b>	<b>(6.680.734)</b>
I.2.1.	Cash paid to suppliers of raw materials, goods and services (VAT included)	(7.253.066)	(5.816.858)
I.2.2.	Cash outflows related to employment relations	(702.356)	(751.022)
I.2.3.	Taxes paid into the budget	(3.480)	(31.793)
I.2.4.	Other payments	(71.912)	(81.061)
	<b>Net cash flows from operating activities</b>	<b>201.042</b>	<b>175.932</b>
<b>II.</b>	<b>Cash flows from investing activities</b>		
II.1.	Acquisition of fixed assets (excluding investments)	(40.360)	(79.893)
II.2.	Disposal of fixed assets (excluding investments)		
II.3.	Acquisition of long-term investments		
II.4.	Disposal of long-term investments		
II.5.	Loans granted		
II.6.	Loans recovered		
II.7.	Dividends received		
II.8.	Interest received for loans granted and investment		
II.9.	Other increases in cash flows from investing activities		
II.10.	Other decreases in cash flows from investing activities		
	<b>Net cash flows from investing activities</b>	<b>(40.360)</b>	<b>(79.893)</b>
<b>III.</b>	<b>Cash flows from financing activities</b>		
III.1.	Cash flows related to entity's owners		
III.1.1.	Issue of shares		
III.1.2.	Owner's contributions to cover losses		
III.1.3.	Purchase of own shares		
III.1.4.	Dividends paid		
III.2.	Cash flows related to other financing sources	(97.934)	(100.049)
III.2.1.	Increase in financial debts		
III.2.1.1.	Loans received from credit institutions		
III.2.1.2.	Loans received from associated and third parties		
III.2.1.3.	Issue of bonds		
III.2.2.	Decrease in financial debts	(97.934)	(100.049)
III.2.2.1.	Loans returned to credit institutions	(88.421)	(88.421)
III.2.2.2.	Loans returned to associated and third parties		
III.2.2.3.	Redemption of bonds		
III.2.2.4.	Interest paid	(9.513)	(11.628)
III.2.2.5.	Finance leases payments		
III.2.3.	Interests received for bank accounts		
III.2.4.	Increase in other liabilities of the entity		
III.2.5.	Decrease in other liabilities of the entity		
III.3.	Other increases in cash flows from financing activities	1.128	
III.4.	Other decreases in cash flows from financing activities		(2)
	<b>Net cash flows from financing activities</b>	<b>(96.806)</b>	<b>(100.051)</b>
<b>IV.</b>	<b>Adjustments due to exchange rates on the balance of cash and cash equivalents</b>	<b>(1.708)</b>	<b>2.319</b>
<b>V.</b>	<b>Increase (decrease) of net's cash flows</b>	<b>62.168</b>	<b>(1.693)</b>
<b>VI.</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>615.228</b>	<b>654.658</b>
<b>VII.</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>677.397</b>	<b>652.965</b>

Director

Vilita Skersiene

Chief accountant

Vanda Nekrašaitė

## EXPLANATORY MEMORANDUM OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June, 2019

### 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; web page: www.linas.lt .

As of 31st of March, 2019, 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 30st of June, 2019 the average number of listed employees of the Group was 138, on 30<sup>th</sup> of June, 2018 – 142 employees.

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

AB "Linus" Group of company supplies services from yarns preparation for dyeing till the presentation of final product to the customer.

AB "Linus" Group of company weaves natural, dyed, printed, two-plyed, jacquard linen and half linen fabrics, sews home textile items and garments. Sewn items make 35% of all produced products.

The exclusivity of the company is that produced linen products are natural, ecological and long-lived. Company accepts individual orders to suit customers demand, who require exclusivity, and stock collection to the customers who requires quick delivery terms.

The main incomes of Group of companies of 6 months of year 2019 were received from textile items sales activities and the services of textile items production.

During the 6 months of year 2019 the Group ordered to produce or to treat technologically: linen and tow yarns – 36 tons (6 months of year 2018 – 29 tons); raw fabrics – 415 thousand mtrs (6 months of year 2018 – 354 thousand mtrs); ready made fabrics – 1037 thousand mtrs (6 months of year 2018 – 1036 thousand mtrs). 20,4 % of all produced fabrics were used for sewn items during 6 months of year 2019 (6 months of year 2018 – 29,6 %).

During 6 months of year 2019 the Group produced 420 thousand pcs sewn items (during 6 months of year 2018 – 528 thousand pcs), using 216 thousand mtrs of ready made fabrics (during 6 months of year 2018 – 327 thousand mtrs).

The volume of exports during 6 months of 2019 was 71,4 % of the total product sales.

Linus AB group of companies sold linen textile goods and services for 6.651 thousand Eur during the 6 months of 2019. Comparing to the 6 months of 2018 the volume of sales increased by 219 thousand Eur or 3.3 %.

Main activity results of the Group of 6 months of year 2019 in comparison with the same period of year 2018 were influenced by:

- lack of flax fibers in the market and rising prices - increased cost of sales;
- 10.8% decrease in sales of sewn items - a decrease in the profit of the subsidiary

AB "Linus" 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. 35 % 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 three months of 2019 the Group received 31 thousand Eur profit before taxation, the result of the same period of 2018 was 106 thousand Eur profit.

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, 2023. 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 September 30, 2019. 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.

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.

### 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 2 "Changes of 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 3 and 4. 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 5 "Selling expenses, general and administration expenses").

3.5. The information on the cost and revenues of other activity of the Group (Table 6 "Other activity").

3.6. Financial and investment activity of the Group, revenues and costs shown by material items in table 7 "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 8 "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 was no important event after the last day of interim financial period.

Table 1

CHANGES OF LONG-TERM INTANGIBLE ASSETS

EUR

Indicators	Assets arising from development	Goodwill	Software	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Advance payments	Total
<b>Residual value at the end of previous financial year</b>			50.707				50.707
<b>a) Procurement cost price of fixed intangible assets</b>							
<b>At the end of previous financial year</b>			100.854				100.854
<b>Changes of financial year</b>							
· Procurement of assets							
· Written-off property because of the accounting evaluation change (-)							
· Assets, transferred to other individuals and discarded (-)							
· Transcription from one article to another +/-(-)							
<b>At the end of interim accounting period</b>			100.854				100.854
<b>b) Amortization</b>							
<b>At the end of previous financial year</b>			50.147				50.147
<b>Changes of financial year</b>			4.058				4.058
· Written-off property because of the accounting evaluation change (-)							
· Financial year amortization			4.058				4.058
· Restorational records (-)							
· Assets, transferred to other individuals and discarded (-)							
· Transcription from one article to another +/-(-)							
<b>At the end of interim accounting period</b>			54.205				54.205
<b>c) Residual value at the end of interim accounting period (a) - (b)</b>			46.649				46.649

Table 2

CHANGES OF LONG-TERM TANGIBLE ASSETS

EUR

Indicators	Land	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Investment property	Advance payments and tangible assets under construction (production)	Total
<b>Residual value at the end of previous financial year</b>		1.381.002	336.644	32.013	16.810	373.901		2.140.370
<b>a) Procurement of cost price fixed tangible assets</b>								
<b>At the end of previous financial year</b>		1.585.638	1.322.629	172.223	56.491	415.901		3.552.882
<b>Changes of financial year</b>			1.133	38.555				39.688
· Procurement of assets			1.133	38.555				39.688
· Written-off property because of the accounting evaluation change (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription to short-time assets +/-(-)								
· Transcription from one article to another +/-(-)								
<b>At the end of interim accounting period</b>		1.585.638	1.323.762	210.778	56.491	415.901		3.592.570
<b>b) Revaluation</b>								
<b>At the end of previous financial year</b>								0
<b>Changes of financial year</b>								
· Increase (decrease) of value +/-(-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
<b>At the end of interim accounting period</b>								
<b>c) Depreciation (-)</b>								
<b>At the end of previous financial year</b>		204.636	985.985	140.210	39.681			1.370.512
<b>Changes of financial year</b>		53.428	36.698	9.064	2.939			102.129
· Written-off property because of the accounting evaluation change (-)								
· Depreciation of financial year		53.428	36.698	9.064	2.939			102.129
· Restorational records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
<b>At the end of interim accounting period</b>		258.064	1.022.683	149.274	42.620			1.472.641
<b>d) Decrease of value</b>								
<b>At the end of previous financial year</b>						42.000		42.000
<b>Changes of financial year</b>								
· Decrease of value of financial year								
· Restoration records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
<b>At the end of interim accounting period</b>						42.000		42.000
<b>e) Residual value at the end of interim accounting period (a) + (b) - (c) - (d)</b>		1.327.574	301.079	61.504	13.871	373.901		2.077.929

Table 3

INFORMATION ABOUT SEGMENTS OF TEXTILE PRODUCTS PRODUCTION BUSINESS

EUR

Indicators	Segments (production, goods, types of activity)										All enterprises	
	Fabrics		Sewn products		Yarns		Production services					
	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018
Income	4.614.971	3.711.663	1.841.060	2.502.607	13.115	22.739	182.115	195.117	6.651.261	6.432.126		
Cost price	3.819.037	2.867.652	1.626.374	2.155.404	12.458	23.790	107.419	115.345	5.565.288	5.162.191		
<b>Gross profit (losses)</b>	<b>795.934</b>	<b>844.011</b>	<b>214.686</b>	<b>347.203</b>	<b>657</b>	<b>-1.051</b>	<b>74.696</b>	<b>79.772</b>	<b>1.085.973</b>	<b>1.269.935</b>		
Selling expenses, general and administrative expenses									<b>1.077.559</b>	<b>1.051.815</b>		
<b>Profit (losses) on main activity</b>	<b>795.934</b>	<b>844.011</b>	<b>214.686</b>	<b>347.203</b>	<b>657</b>	<b>-1.051</b>	<b>74.696</b>	<b>79.772</b>	<b>8.414</b>	<b>218.120</b>		

Table 4

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS OF TEXTILE ITEMS PRODUCTION

EUR

Indicators	Segments (regions)										All enterprises	
	Scandinavian countries		European countries		USA		Lithuania		Other countries			
	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018	I <sup>st</sup> half of 2019	I <sup>st</sup> half of 2018
Income	1.163.880	1.037.198	2.633.097	3.084.794	208.968	200.961	1.900.222	1.378.714	745.094	730.459	6.651.261	6.432.126
Cost price	907.459	797.006	2.248.990	2.559.225	159.252	148.371	1.614.817	1.063.189	634.770	594.400	5.565.288	5.162.191
<b>Gross profit (losses)</b>	<b>256.421</b>	<b>240.192</b>	<b>384.107</b>	<b>525.569</b>	<b>49.716</b>	<b>52.590</b>	<b>285.405</b>	<b>315.525</b>	<b>110.324</b>	<b>136.059</b>	<b>1.085.973</b>	<b>1.269.935</b>
Selling expenses, general and administrative expenses											<b>1.077.559</b>	<b>1.051.815</b>
<b>Profit (losses) on main activity</b>	<b>256.421</b>	<b>240.192</b>	<b>384.107</b>	<b>525.569</b>	<b>49.716</b>	<b>52.590</b>	<b>285.405</b>	<b>315.525</b>	<b>110.324</b>	<b>136.059</b>	<b>8.414</b>	<b>218.120</b>

Table 5

**SELLING EXPENSES, GENERAL AND ADMINISTRATIVE  
EXPENSES**

EUR

<b>Run No.</b>	<b>Indicators</b>	<b>Ist half of 2019</b>	<b>Ist half of 2018</b>
<b>1</b>	<b>Selling expenses</b>	<b>387.622</b>	<b>342.057</b>
1.1	Expenses on commissions	114.545	113.358
1.2	Expenses on transporting of sold production	33.791	14.458
1.3	Expenses on production advertising and fair	73.446	81.370
1.4	Expenses on sales number employees wage and other with employees related relations	138.562	109.256
1.5	Evaluate of customers creditworthiness and insurance costs of marketable credits	12.349	10.557
1.6	Other sales expenses	14.929	13.058
<b>2</b>	<b>General and administrative expenses</b>	<b>689.937</b>	<b>709.758</b>
2.1	Expenses related with employees wage and other with employees related relations	346.497	311.747
2.2	Training costs of administration employees	4.542	4.520
2.3	Rent, exploitation and repairing expenses	160.520	240.358
2.4	Expenses of security services	16.291	16.291
2.5	Expenses of deterioration and amortization of non-current asset	50.502	39.316
2.6	Expenses of info technologies	17.746	16.793
2.7	Connection expenses	5.354	6.205
2.8	Expenses of bank services	10.223	10.368
2.9	Legal services expenses	19.478	3.187
2.10	Expenses of support provided	11.672	2.442
2.11	Expenses of social guarantees, stated in collective agreement	1.014	3.234
2.12	Representation expenses	5.614	5.490
2.13	Expenses of activity tax	4.308	7.012
2.14	Low-value assets acquisition expenses	1.199	4.072
2.15	Expenses of impairment of assets	1.582	171
2.16	Various other general and administrative expenses	33.395	38.552
<b>3</b>	<b>TOTAL SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>1.077.559</b>	<b>1.051.815</b>

Table 6

OTHER ACTIVITY

EUR

Run.No.	Indicators	Ist half of 2019	Ist half of 2018
<b>1.</b>	<b>INCOME OF OTHER ACTIVITY - TOTAL</b> Specification of significant amount:	<b>507.744</b>	<b>553.545</b>
1.1.	Income of various storages selling	67.510	29.721
1.2.	Income of rent	101.597	104.396
1.3.	Income for accounting and administration services	29.400	22.800
1.4.	Income for thermal heating supply	306.915	396.311
1.5.	Various other non-typical activity income	2.322	317
<b>2.</b>	<b>EXPENSES OF OTHER ACTIVITY - TOTAL</b> Specification of significant amount:	<b>414.516</b>	<b>442.163</b>
2.1.	Net cost of sold various storages	51.998	16.275
2.2.	Net cost of rent	55.377	43.547
2.3.	Costs for accounting and administration services	29.013	47.579
2.4.	Costs for thermal heating supply	278.113	334.619
2.5.	Various other non-typical activity expenses	15	143
<b>3.</b>	<b>RESULTS OF OTHER ACTIVITY (1-2)</b>	<b>93.228</b>	<b>111.382</b>

Table 7

FINANCIAL AND INVESTMENT ACTIVITY

EUR

Run.No.	Indicators	Ist half of 2019	Ist half of 2018
<b>1.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL</b> Specification of significant amount:	<b>24.735</b>	<b>28.948</b>
1.1.	Incomes of other long-term investments and loans	17.662	17.662
1.1.1.	Income of other interests	17.662	17.662
1.1.2.	Income of bank interests		
1.2.	Incomes of other interest or similar incomes	7.073	11.286
1.2.1.	Fines and penalties for the drawn debts		946
1.2.2.	Positive result of changes of currency exchange	7.073	10.340
<b>2.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL</b> Specification of significant amount:	<b>14.145</b>	<b>21.424</b>
2.1.	Costs of interest and other similar costs	14.145	21.424
2.1.1.	Expenses of interest	9.513	11.628
2.1.2.	Fines and delay fees		456
2.1.3.	Negative result of changes of currency exchange	4.632	9.449
2.1.4.	Expenses of other financial-investment activity		(109)
<b>3.</b>	<b>FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)</b>	<b>10.590</b>	<b>7.524</b>

Table 8

EARNINGS (LOSS) PER SHARE

Run. No.	Indicators	GROUP	
		Ist half of 2019	Ist half of 2018
1.	Weighted average number of ordinary shares	24.038.990	24.038.990
2.	Net profit (loss), in EUR	108.974	337.026
3.	<b>Basic and diluted earnings (loss) per share, in EUR</b>	<b>0,005</b>	<b>0,014</b>