

linas

**Interim consolidated report
for the six months of year
2007**

**August, 2007
Panevėžys**

CONFIRMATION OF RESPONSIBLE PERSONS

Guiding article 22 of securities law of Lithuanian Republic and the rules of preparation and presentation of additional information, we, Lilijana Puriene, director of "Linus" AB and Virginija Jukoniene, finance director of accounting services supplying company "Linus Nordic" UAB, confirming that, according to the information we have, the review of business and activity is indicated correctly in this six months interim report of year 2007 of "Linus" AB.

"Linus" AB director

August 31, 2007



Lilijana Pūrienė

"Linus Nordic" UAB finance director

August 31, 2007



Virginija Jukonienė

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1. Accounting period for which the report is prepared

January – June of year 2007

2. Main data about the issuer

Name of the issuer	AB "Linus" (hereinafter as "Company")
Authorized (joint-stock) capital	24 038 990 Lt
Address of the company	S.Kerbedzio str.23, LT-35114, Panevezys
Telephone	+370 45 506100
Fax	+370 45 506345
E-mail	linas@linas.lt
Web site	www.linas.lt
Legal – organizational form	Joint stock company
Registration data and place	1993 03 08 at the companies' register of Panevezys city
Re-registration date and place	September 9, 2004 at the juridical person register, registration certificate No.003429
Code of juridical person	147689083
Registration number of the company	AB 9329

3. Main activity

Main activity – production of textiles.

On June 30, 2007 the group of companies constituted AB "Linus" and its subsidiary company UAB "Linus Nordic". AB "Linus" managed financial property (shares and granted loans). The activity of textiles production is executed at subsidiary company UAB "Linus Nordic". High quality white, dyed, printed, striped, jacquard linen fabrics are produced for bedding, curtains, tablecloths, napkins, towels, garments in UAB "Linus Nordic".

4. Contracts with intermediaries of securities of public turnover

On December 4, 2003 the Issuer's service contract was signed with AB SEB Vilnius bank (company code 112021238, Gedimino avenue 12, Vilnius), represented by the department of Finance markets.

5. Authorized capital of the issuer

Authorized capital of AB "Linus" registered at companies register of Lithuanian Republic is 24 038 990 Lt.

The structure of AB "Linus" authorized capital according to the types of shares:

Type of shares	Number of shares	Nominal value (Lt)	Total nominal value	Part of authorized capital (%)
Ordinary registered shares	24 038 990	1	24 038 990	100,00
Total:	24 038 990	-	24 038 990	100,00

All shares of AB "Linās" are paid and no limitations of securities transfer are applied to them.

6. Information about own shares of the issuer

Company has not obtained own shares. Subsidiary company hasn't obtained the shares of the company also. The company and its subsidiary company did not buy and sell own shares during the accounting period.

7. Data about trading of securities of the issuer in controlled markets

Following AB "Linās" securities are included into the current trading list of Vilnius Stock Exchange (Vilnius Stock Exchange symbol - LNS1):

Type of shares	Number of shares (units)	Nominal value (Lt)	Total nominal value (Lt)	ISIN code of issuer
Ordinary registered shares	24 038 990	1	24 038 990	LT0000100661

8. Shareholders

Total number of shareholders of AB "Linās" on June 30, 2007 was 1300.

Shareholders, according to the data of June 30, 2007, who have or manage as proprietary more than 5% of company's authorized capital:

Name, surname of shareholder (company name, type, address, code of companies register)	Number of shares own by the shareholder as proprietary (units)	Tenable part of authorized capital	Part of votes presented by proprietary shares	Part of votes dependent for shareholder together with acting persons
Lionė Lenčiauskienė	4 834 244	20,11%	20,11%	20,11%
Ramūnas Lenčiauskas	4 892 111	20,35%	20,35%	37,64%
UAB „Nordic investicija“ company code 135442762 Savanoriu avenue 192, Kaunas	4 156 585	17,29%	17,29%	37,64%

Neither one shareholder of the company has rights of special control. The rights of all shareholders are the same, so the number of AB "Linax" shares which give the votes at General Meeting is 24 038 990.

The company is not informed about any internecine agreements of the shareholders regarding which the transfer of securities and/or voting rights could be limited.

9. Employees

According to the data of June 30, 2007 totally 1324 employees worked in AB "Linax" group of companies. During January - June of year 2007 the number of employees decreased by 76 and during the year by 227 employees. On June 30, 2006 the total number of employees was 1551 and at the end of the year - 1400.

Group of employees	Average listed number		Average salary, Lt	
	1st half of 2006	1st half of 2007	1st half of 2006	1st half of 2007
Heads of company	41	39	4791	4337
Specialists	161	127	1525	1597
Workers	1379	1193	832	934
Totally :	1581	1359	1005	1093

It is indicated in the collective agreement of AB "Linax" subsidiary company UAB "Linax Nordic":

1. To pay bonus to the employees who worked in the company 10, 15, 20, 25, 30, 35 (further each 5 years) if the financial situation is favourable.
2. To allocate additional social support (if the financial situation is favourable):
 - for the employees who have disable child up to 18 years and to pay one-off grant - 3 MLL (minimum living level);
 - when the employee of company dies - to pay grant of 6 MLL;
 - when nearest relatives (parents, children and spouses) die - to pay grant of 7

MLL;

- in other case - to pay grant. The value of tangible grant is decided both parties.
3. To give to the employees additional pay holiday:
 - up to 3 calendar days when the nearest relative dies (parents, husband, wife, child, brother, sister);
 - one calendar day for the wedding;
 - to pay an employee average job salary for the working days.
 4. Average job salary is paid for the employees for job time which is detained by health checking when health checking is compulsory. The employer pays all expenses related with health checking.

10. Bodies of the issuer

According to the Articles of Association of AB "Linās" management bodies of the company are:

- General Meeting of shareholders;
- the Board of AB "Linās"
- the director of AB "Linās"

Observers Council is not made in the company.

The competence of company's Board, the order of its election and cancellation do not differ from the order which is indicated by Lithuania Republic law of joint-stock companies.

The Board discusses and confirms:

- the strategy of company's activity;
- management structure of the company and posts of employees;
- posts where employees are hired according to competition order;
- regulations of company's branches and subsidiaries.

The Board elects and cancels head of the company, indicates his salary, other terms of the contract, confirms post regulations, motivates him and imposes penalties.

The Board indicates information which is reputed to be commercial (production) secret of the company.

The Board makes:

- decisions to become the company as founder or participant of other juridical persons;
- decisions to establish branches and subsidiaries of the company;
- decisions regarding long-term assets the balance value of which is more than 1/20 of company's authorized capital; investment, transfer, rent (calculated separately for each type of transaction);
- decisions regarding the long-term assets the balance value of which is more than 1/20 of company's authorized capital pledging and mortgage (total transactions sum is calculated);
- decisions regarding long-term assets the balance value of which is more than 1/20 of company's authorized capital, sponson or guarantee fulfillment;
- decisions to obtain long-term assets for the price which is higher than 1/20 of company's authorized capital;
- in the cases indicated by the law of companies restructure - decision to restructure the company;
- other decisions according to company's regulations or shareholders meeting, assigned for the Board competence.

The Board has to inform creditors with whom the company hasn't settled all the matters during the indicated period before making the decision to invest the funds or other property into other juridical person if total debt for those creditors is higher than 1/20 of company's authorized capital.

The Board analyses and evaluates the materials presented by company's manager about:

- implementation of the strategy of company's activity;
- activity organization of the company;
- finance state of the company;
- results of economic activity, estimates of incomes and expenses, accounting data of inventory and other changes of the asset;
- project of annual financial accounting of the company and the project of profit (looses) allocation and renders them to General Meeting of shareholders. The Board indicates calculating methods for deterioration of tangible asset and depreciation of intangible asset which are applied in the company.

The Board of AB "Linus" (June 30, 2007)

RAMUNAS LENCIAUSKAS – chairman of the Board. Higher education at KTU university. Speciality – economic and management of machine production. Engineer – economist. Since 1995 10 16 – head (president) of AB "Linus", since 1996 02 19 – general director of AB "Linus", since 1997 03 14 – president of AB "Linus", since 1998 04 24 – temporary expert for business and finance strategy management of AB "Linus", since 2003 03 04 – 2005 10 01 advisor for business and finance strategy management. Since 2007 01 10 – advisor for business and finance strategy management. He has 84 313 units of preferred registered shares of AB "Linus". He has 0.35% of capital and votes in the total capital of issuer. The chairman of the Board of UAB "Linus Nordic". Since 2005 10 01 – 2007 01 09 – advisor for business and finance strategy management of UAB "Linus Nordic". Since 2004 06 17 – head (president) of UAB "Lino investicinis forndas", in 2005 the company was renamed into UAB "Nordic investicija". Since 2006 10 01 president's advisor for business and finance strategy management of UAB "Nordic investicija". The chairman of the Board and shareholder of UAB "Nordic investicija". He has 100% of capital and votes in the authorized capital. The shareholder of UAB "Pons Possibilitatis Prosperae". The part of capital and votes in authorized capital – 50%. The director and shareholder of UAB "Tryliktas aukstas". The part of capital and votes in the authorized capital – 50%.

VIKTORAS MAJAUSKAS – member of company's Board. Member of the Board of UAB "Linus Nordic". He doesn't participate in issuer's capital. Since 2007 02 26 – advisor for general questions of AB "Linus". President of UAB "Nordic investicija". The shareholder of UAB "Klasikiniai projektai". The part of capital and votes in the authorized capital is 49%.

VAIDAS ZARNAUSKAS – member of company's Board. He doesn't participate in the issuer's capital. Director of UAB "Verslo investiciju sistemas". Engineer expert of UAB "Simplit". Do not participate in the management and capital of other companies.

All members of the Board were elected for four years cadence in the shareholder's meeting on May 24, 2007.

ADMINISTRATION (June 30, 2007)

LILIJANA PURIENE – head – director of company's administration. Highest education at KTU university. Speciality – job organization and normalization. Engineer economist. Since 1995 03 01 – deputy of chief financier (accountant) of AB "Linās". Since 1995 07 04 – chief financier (accountant) of AB "Linās". Since 2000 12 01 – 2005 10 01 – finance director of AB "Linās". Since 2005 10 05 – general director of AB "Linās". Since 2006 05 10 – director of AB "Linās". She doesn't have shares of the company. Since 2005 10 01 – finance director of UAB "Linās Nordic". Since 2007 03 09 – temporary general director of UAB "Linās Nordic". Since 2007 06 20 – general director.

Members of management bodies of AB "Linās" are not and were not judged for the crimes for property, order of working, finances.

Information about total sums and average values paid from the profit for one person whom the company paid during accounting period as salaries, bonuses and other pay-offs:

Indicators	January – June, 2007 salaries (Lt)	Bonuses of 2006 (Lt)	Other pay-offs from the profit (Lt)	Totally (Lt)
For one member of Board in average*	6538	-	-	6538
Totally for all members of Board*	19615	-	-	19615
For one member of administration in average**	5880	-	-	5880
Totally for all members of administration**	5880	-	-	5880

* - the Board of members consists of 3 members.

** - the director of the company was the member of company's administration.

11. Information about the activity results of the issuer

The main incomes of group of companies for 1st half of year 2007 were received from production activity of textile items. AB "Linās" group of companies has sold linen textile items and presented services for 32.016 thousand Lt during 1st half of year 2007. Sales incomes increased in 2.639 thousand Lt or 9.0% in comparison with the 1st half of year 2006.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) was 1.3 mln. Lt for six months of 2007 (EBITDA for six months of year 2006 was negative -2.1 mln. Lt).

The margin of EBITDA increased from -7.3% (1st half of 2006) up to 4.2%.

The Group earned 580 thousand LT profit before taxation during January-June of 2007. The result of the same period of year 2006 was 3.314 thousand losses.

Subsidiary company of AB "Linās" has earned 121 thousand LT profit before taxation during 1st half of year 2007.

More information about company's results of activity and finances for six months of year 2007 is presented in the report of intermediate consolidated financial accountability of AB "Linās" for six months of year 2007.

Risk factors related to issuer's activity

Economical:

1. Increased supply of textile items from Asia countries and Russia and the dumping.
2. The passing of demand cycle of linen products market to the phase of usage decrease.
3. Seasonally: lower demand in summer and winter.
4. Price increase of energetic resources.
5. The lack of qualified employees.
6. Price increase of work force, increase of minimum month salary.
7. Not decreasing load of taxes.

Political:

1. Constant improvement of juridical base, replacement of standard documents which regulate taxing and financial accounting.
2. Passive Lithuanian policy in regard to foreign investments and local exporters.
3. Migration of work force.

Ecological:

AB "Linās" got TIPK (integrated prevention and control of pollution) permit No.1 - 1/002 in 2004.

The requirements of GPGB (the best available production methods) are applied. Since December 29, 2005 the permit is renewed for AB "Linās" subsidiary company UAB "Linās Nordic". The permit came into force on January 1, 2006. On 2006 03 09 the requisition regarding the permit to throw greenhouse gas was renewed. Also the plan for 2006-2007 for CO2 emission monitoring was renewed.

The debt of AB "Linās" group of companies to the banks was 3.012 thousand Lt on June 30, 2007.

On June 2006 AB "Linās" granted the loan of 12 mln. Lt to the subsidiary company UAB "Linās Nordic" and subsidiary company refunded the loan of 11.7 mln. for the bank. Totally AB "Linās" has granted the loans of 18.8 mln. Lt for the subsidiary company at the end of 2006. The sum of loans made 16 mln. Lt at the end of 1st half of year 2007.

12. References and additional explanations about presented data in the intermediate financial report

All financial data presented in this intermediate report are calculated according to International financial accounting standards and are not audited.

13. Activity plans and prognoses of the issuer

Consolidated strategic goals for year 2007 of AB "Linās" group of companies:

- sales incomes 69.1 mln. (20 mln EUR),
- profit before taxation 1,6 mln Lt (0,5 mln. EUR).

Predictive export of production – 93%.

It is planned to allocate 3,4 mln. Lt (1 mln. EUR) for technological equipment obtaining and renovation.

14. Data about publicly announced information

During January – June of year 2007 the company announced following notices about stock (material) events:

- 2007 01 25 – dates of activity results announcement of AB "Linās" during year 2007.
- 2007 02 15 – preliminary activity results of AB "Linās" group of companies of year 2006.
- 2007 02 15 – activity prognoses of AB "Linās" group of companies for year 2007.
- 2007 02 15 – regarding losses refund of subsidiary company UAB "Linās Nordic".
- 2007 03 09 – regarding the change of director of subsidiary company.
- 2007 03 26 – regarding convocation of Annual General Meeting.
- 2007 04 16 – regarding the project of decisions of Annual General Meeting.
- 2007 04 16 – change of AB "Linās" member of the Board.
- 2007 04 25 – financial results of the 1st quarter of year 2007 of AB "Linās" group of companies.
- 2007 04 25 – regarding the difference of preliminary and audited losses of the group of companies of year 2006.
- 2007 04 27 – regarding not occurred Annual General Meeting of AB "Linās".
- 2007 04 27 – regarding the convocation of repeated General Meeting.
- 2007 05 22 – announcement about loss/gain of block of shares.
- 2007 05 25 – decisions of repeated Annual General Meeting.
- 2007 05 31 – financial accountability of 1st quarter of year 2007 of AB "Linās" group of companies.

It is possible to get to know all the information about publicly announced stock (material) events which took place during 1st half of 2007 in the web page of AB "Linās" www.linās.lt

All stock (material) events related with the activity of AB "Linās" and information about time, place of General meeting and all other notices for shareholders and other persons are announced in the daily paper "Lietuvos rytas" according to the order indicated by Lithuanian Republic laws.

15. Change order of issuer's regulations

Lithuanian Republic law of joint stock companies indicates that the change of regulations is the exceptional right of General Meeting. When taking the decision regarding the change of regulations it is needed to have the majority of 2/3 qualified votes of General Meeting.

16. Information about pursuance of management code of companies

AB "Linās" essentially is pursuing to recommended attribution of management code of listed companies confirmed by Vilnius Stock Exchange on August, 2006.