AKCINĖ BENDROVĖ GRIGIŠKĖS

Juridinių asmenų registras. Įmonės kodas 110012450. PVM mok. kodas LT100124515. Vilniaus g. 10, Grigiškės, LT-27101, Vilniaus m. sav.
Tel. +370 5 243 5801. Faks.+370 5 243 5802. El. p. info@grigiskes.lt. A/s Nr. LT57 7044 0600 0091 4946. AB SEB bankas. Banko kodas 70440

Lithuanian Securities Commission
Konstitucijos av. 23
LT-08105 Vilnius, Lithuania

06.04.2010 No 026-SK/2010-_______

CONFIRMATION OF RESPONSIBLE PERSONS

Pursuing Part 2 of Article 21 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commission for preparation and announcement of periodical and supplementary information, we, the undersigned – General Director Gintautas Pangonis and Head of Finance Division temporarily acting as a Director of Department of Finance Evaldas Burneika approve that the audited financial statements of Grigiškės AB for the year 2009, as made in compliance with applicable accounting standards, are true, correctly reflect issuer's and aggregate consolidated companies' assets, liabilities, financial standing, profit or loss, and also that the audited consolidated annual report for the year 2009 shows fair business environment as well as description of the company's performance.

ENCLOSURE: Audited consolidated financial report of Grigiškės AB for the year 2009, also audited consolidated annual report of Grigiškės AB for the year 2009 and the company's disclosure of compliance with the Governance Code of companies whose securities are traded on a regular market.

General Director | Gintautas Pangonis

Head of Finance Division temporarily acting as a Director of Department of Finance | Evaldas Burneika

AB „GRIGIŠKĖS“

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

CONTENTS

AB „GRIGIŠKĖS“

INFORMATION ON THE COMPANY

Company details

Code:	110012450
Register:	Register of Legal Entities
Address:	Vilniaus m. sav. Grigiškių m. Vilniaus g. 10
Telephone:	(+370-5)2435801
Fax:	(+370-5)2435802
VAT ID:	LT100124515

Board

Chairman:	Gintautas Pangonis
Members:	Nina Šilerienė
	Audris Vilčinskas
	Normantas Paliokas
	Vigmantas Kažukauskas

Management

General Director:	Gintautas Pangonis
Finance Director:	Nina Šilerienė

Auditor

Audit firm:	UAB "Tezaurus auditas"
Address:	Vilniaus m. sav. Vilniaus m. J. Jasinskio g. 4-17

UAB „Tezaurus auditas“

Code: 122740926
Register of Legal Entities
VAT ID: LT227409219
Jasinskio st. 4-17
LT01112 Vilnius, Lithuania
Tel.: +370 5 2497 044
Fax: +370 5 2498 109
www.tezaurus.lt

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AB „GRIGIŠKĖS“

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AB „GRIGIŠKĖS“ and its subsidiary and separate financial statements of AB „GRIGIŠKĖS“ which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

UAB „Tezaurus auditas“

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Basis for Modified Opinion

As was the case for the year ended 31 December 2008, the Group's and the Company's property, plant and equipment include assets which are accounted for using the historical cost adjusted for indexation, using indexation rates set by the Government of the Republic of Lithuania less subsequent depreciation and impairment loss. Indexed value less depreciation was 11 742 thousand Litas as at 31 December 2009 (13.050 thousand Litas as at 31 December 2008). In accordance with International Financial Reporting Standards as adopted by the European Union, property, plant and equipment must be measured either at fair value or at historical cost less subsequent depreciation and impairment losses. We have not been able to satisfy ourselves whether the assets referred to above are fairly stated in accordance with International Financial Reporting Standards as adopted by the European Union.

Modified Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of AB „GRIGIŠKĖS“ as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 14 to the financial statements. The Company and its subsidiary did not comply with some covenants involving maintenance of predetermined financial ratios.

Report on Other Legal and Regulatory Requirements

We have read the Annual Report for the year ended 31 December 2009 and have not identified any material inconsistencies between the financial information for the year 2009 included in the annual report and the financial statements for the year ended 31 December 2009.

UAB „Tezaurus auditas“
Audit firm's certificate No. 001211

Director Rimas Butkevičius
Auditor's certificate No. 000036

Auditor Arūnas Butkevičius
Auditor's certificate No. 000433

6 April 2010
Vilnius, Lithuania

AB „GRIGIŠKĖS“
Code: 110012450, Vilniaus m. sav. Grigiškių m. Vilniaus g. 10

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	Notes	Group		Company	
		2009 LTL	2008 LTL	2009 LTL	2008 LTL
ASSETS					
Non-current assets					
Tangible assets	6	93.109.976	104.095.502	84.286.223	93.977.574
Intangible assets	7	2.330.532	2.461.616	99.369	203.549
Investments in subsidiary	8	10.000	0	5.015.000	5.005.000
Other assets		43.091		43.091	
Total non-current assets		**95.493.599**	**106.557.118**	**89.443.683**	**99.186.123**
Current assets					
Inventories	9	10.620.079	14.826.904	8.988.447	12.558.106
Trade and other receivables	10	14.231.492	18.770.638	17.250.622	21.058.324
Other assets		576.301	408.583	530.891	383.625
Cash and cash equivalents	11	461.601	130.026	158.581	113.472
Total current assets		**25.889.473**	**34.136.151**	**26.928.541**	**34.113.527**
TOTAL ASSETS		**121.383.072**	**140.693.269**	**116.372.224**	**133.299.650**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	60.000.000	60.000.000	60.000.000	60.000.000
Legal reserve		3.995.665	3.995.665	3.995.665	3.995.665
Retained earnings		3.647.525	1.017.966	5.016.996	2.011.604
Total equity		**67.643.190**	**65.013.631**	**69.012.661**	**66.007.269**
Non-current liabilities					
Grants	13	461.938	318.641	461.938	318.641
Bank loans	14	11.964.440	15.397.963	11.964.440	15.397.963
Obligations under finance leases	15	10.681.454	12.593.549	10.589.013	12.247.115
Deferred tax liability	23	252.051	359.801	252.051	359.801
Total non-current liabilities		**23.359.883**	**28.669.954**	**23.267.442**	**28.323.520**
Current liabilities					
Bank loans	14	10.187.027	17.633.628	5.179.527	11.628.424
Obligations under finance leases	15	5.275.819	7.653.001	5.026.833	7.321.274
Factoring		0	4.212.348	0	3.704.821
Trade and other payables	16	14.917.153	17.510.707	13.885.761	16.314.342
Total current liabilities		**30.379.999**	**47.009.684**	**24.092.121**	**38.968.861**
Total liabilities		**53.739.882**	**75.679.638**	**47.359.563**	**67.292.381**
TOTAL EQUITY AND LIABILITIES:		**121.383.072**	**140.693.269**	**116.372.224**	**133.299.650**

The accompanying explanatory notes are an integral part of these financial statements
The financial statements were approved by the management on 6 April 2010 and signed on its behalf by:

Gintautas Pangonis
General Director

Nina Šilerienė
Finance Director

AB „GRIGIŠKĖS“
Code: 110012450, Vilniaus m. sav. Grigiškių m. Vilniaus g. 10

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Group		Company	
		2009 LTL	2008 LTL	2009 LTL	2008 LTL
Revenue	17	118.929.736	145.459.389	109.709.336	135.465.115
Cost of sales	17	(98.759.686)	(129.613.227)	(91.012.026)	(120.243.912)
Gross profit		**20.170.050**	**15.846.162**	**18.697.310**	**15.221.203**
Other operating income	18	2.527.642	2.271.215	2.629.615	2.449.997
Selling and distribution expenses	20	(8.249.000)	(7.731.123)	(7.719.074)	(7.315.339)
Administrative expenses	21	(9.050.776)	(11.197.021)	(8.074.719)	(9.907.260)
Other operating expenses	19	(245.389)	(392.709)	(245.389)	(379.792)
Profit from operating activities		**5.152.527**	**(1.203.476)**	**5.287.743**	**68.809**
Finance income	22	5.465	1.120	2.984	807
Finance expenses	22	(1.986.894)	(3.306.917)	(1.743.796)	(2.812.869)
Profit before income tax		**3.171.098**	**(4.509.273)**	**3.546.931**	**(2.743.253)**
Income tax expense	23	(541.539)	597.223	(541.539)	254.556
PROFIT FOR THE PERIOD		**2.629.559**	**(3.912.050)**	**3.005.392**	**(2.488.697)**
COMPREHENSIVE INCOME FOR THE PERIOD		**2.629.559**	**(3.912.050)**	**3.005.392**	**(2.488.697)**
Basic and diluted earnings per share	**24**	**0,04**	**(0,07)**	**0,05**	**(0,04)**

The accompanying explanatory notes are an integral part of these financial statements
The financial statements were approved by the management on 6 April 2010 and signed on its behalf by:

Gintautas Pangonis
General Director

Nina Šilerienė
Finance Director

AB „GRIGIŠKĖS“
Code: 110012450, Vilniaus m. sav. Grigiškių m. Vilniaus g. 10

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

Group	Share capital	Legal reserve	Retained earnings	TOTAL:
At 31 December 2007	**39.956.657**	**3.995.665**	**26.973.359**	**70.925.681**
Share capital increase	20.043.343		(20.043.343)	**0**
Dividends paid			(2.000.000)	**(2.000.000)**
Net profit			(3.912.050)	**(3.912.050)**
At 31 December 2008	**60.000.000**	**3.995.665**	**1.017.966**	**65.013.631**
Net profit			2.629.559	**2.629.559**
At 31 December 2009	**60.000.000**	**3.995.665**	**3.647.525**	**67.643.190**

Group	Share capital	Legal reserve	Retained earnings	TOTAL:
At 31 December 2007	**39.956.657**	**3.995.665**	**26.543.644**	**70.495.966**
Share capital increase	20.043.343		(20.043.343)	**0**
Dividends paid			(2.000.000)	**(2.000.000)**
Net profit			(2.488.697)	**(2.488.697)**
At 31 December 2008	**60.000.000**	**3.995.665**	**2.011.604**	**66.007.269**
Net profit			3.005.392	**3.005.392**
At 31 December 2009	**60.000.000**	**3.995.665**	**5.016.996**	**69.012.661**

The accompanying explanatory notes are an integral part of these financial statements
The financial statements were approved by the management on 10 April 2010 and signed on its behalf by:

Gintautas Pangonis
General Director

Nina Šilerienė
Finance Director

AB „GRIGIŠKĖS“
Code: 110012450, Vilniaus m. sav. Grigiškių m. Vilniaus g. 10

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009	**2008**	**2009**	**2008**
	LTL	**LTL**	**LTL**	**LTL**
OPERATING ACTIVITIES				
Profit before income tax	**3.171.098**	**(4.509.273)**	**3.546.931**	**(2.743.253)**
Adjustments for:				
Depreciation and amortisation	16.752.458	13.753.532	15.281.716	12.243.435
Interest income	(961)	(1.011)	(805)	(698)
Finance costs	1.922.076	3.208.924	1.704.028	2.719.336
Net foreign exchange loss	31.830	34.440	30.350	33.631
Profit on disposal of property, plant and equipment	(16.333)	(148.249)	(16.333)	(148.249)
Profit on disposal of emission rights	(1.511.636)	(1.028.934)	(1.511.636)	(1.028.934)
Provisions (reversal) for slow moving inventory, write-off to net realizable value and low value inventory	425.569	354.527	425.569	354.527
Property, plant and equipment impairment losses (reversal)	(329.426)	18.507	(329.426)	18.507
Provision for doubtful accounts receivable (reversal), write-off of bad accounts receivable	762.648	(832.566)	727.337	(821.116)
	21.207.323	**10.849.897**	**19.857.731**	**10.627.186**
Changes in operating assets and liabilities:				
(Increase) decrease in other assets	(167.718)	88.361	(147.266)	34.141
Decrease (increase) in trade and other receivables	4.413.770	4.126.699	3.717.637	3.241.205
(Increase) in inventories	4.649.344	1.035.982	4.012.178	(313.796)
Increase (decrease) in trade and other payables	(6.661.220)	(800.884)	(5.987.239)	(178.291)
	23.441.499	**15.300.055**	**21.453.041**	**13.410.445**
Interest paid	(1.928.065)	(3.211.722)	(1.710.018)	(2.722.134)
Income tax paid	(640.000)	(753.869)	(640.000)	(753.869)
Net cash from operating activities	**20.873.434**	**11.334.464**	**19.103.023**	**9.934.442**

Continued

	Group		Company	
	2009	**2008**	**2009**	**2008**
	LTL	**LTL**	**LTL**	**LTL**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(3.231.050)	(13.083.132)	(3.081.387)	(12.958.412)
Investments in subsidiaries	(53.091)		(53.091)	
Proceeds on disposal of property, plant and equipment	185.682	470.856	185.682	470.856
Proceeds on disposal of emission rights	1.511.636	1.028.934	1.511.636	1.028.934
Interest received	961	1.011	805	698
Net cash (used in) investing activities	**(1.585.862)**	**(11.582.331)**	**(1.436.355**	**(11.457.924)**
FINANCING ACTIVITIES				
Dividends paid		(2.000.000)		(2.000.000)
Repayments of borrowings	(10.880.124)	(5.200.419)	(9.882.420)	(4.252.212)
Proceeds from borrowings		11.738.687		11.738.687
Repayments of finance lease liabilities	(8.075.873)	(4.560.355)	(7.739.139)	(4.171.382)
Net cash from (used in) financing activities	**(18.955.997)**	**(22.087)**	**(17.621.559)**	**1.315.093**
Net (decrease)/increase in cash	**331.575**	**(269.954)**	**45.109**	**(208.389)**
CASH AND CASH EQUIVALENTS				
In the beginning of the year	**130.026**	**399.980**	**113.472**	**321.861**
In the ending of the year	**461.601**	**130.026**	**158.581**	**113.472**

The accompanying explanatory notes are an integral part of these financial statements
The financial statements were approved by the management on 10 April 2010 and signed on its behalf by:

Gintautas Pangonis
General Director

Nina Šilerienė
Finance Director

AB „GRIGIŠKĖS“
Code: 110012450, Vilniaus m. sav. Grigiškių m. Vilniaus g. 10

NOTES
FOR THE YEAR ENDED 31 DECEMBER 2009

1. General Information

Paper mill in Grigiškės was established in 1823.

AB Grigiškės was registered on 23 May 1991. Shares of the Company are traded on the NASDAQ OMX Vilnius.

The Group consisted of the Company and wholly owned subsidiaries listed in the table. The Company‘s, its subsidiaries, the addresses of their registered offices and principal activities are as follow:

Name	Country	Address	Principal activity
AB "Grigiškės"	Lithuania	Vilniaus m. sav. Grigiškių m. Vilniaus g. 10	Production of toilet paper, paper towels, fibreboard, corrugated cardboard and products from corrugated cardboard
UAB "Baltwood"	Lithuania	Vilniaus m. sav. Grigiškių m. Vilniaus g. 10	Wood processing: production of container wood, fuel granules and bonded furniture panels
UAB "Ekotara"	Lithuania	Vilniaus m. sav. Grigiškių m. Vilniaus g. 10	Manufacturing of corrugated board, packing from corrugated board. There were no operations in 2009.
UAB „Naujieji Verkiai“ (former name UAB "Grigiškių transporto centras")	Lithuania	Popieriaus g. 15, Vilniaus m., Vilniaus m. sav.	Building and development of real estate. There were no operations in 2009.

The financial statements of UAB „Naujieji Verkiai“ and UAB „Ekotara“ are not consolidated in 2009 and 2008 as the companies did not trade during this period.

The Group and Company employed 566 and 475 people respectively as at 31 December 2009 (in 2008: 656 and 580 respectively).

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The Board has authorized the annual report for issue on 6 April 2010 and signed the financial statements on behalf of the Company.

Basis of measurement

The financial statements are presented in the national currency – Litas, which is the functional currency of the Group. They are prepared on the historical cost basis, as modified by the historic indexation of certain property, plant and equipment.

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs, as adopted by the European Union, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Judgments made by the management in the application of IFRSs, as adopted by the European Union, that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed in Note 4.

3. Significant accounting policies

The accounting policies of the Group and Company as set out below have been consistently applied and coincide with those used in the previous year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of AB Grigiškės and the entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business combinations are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

Investments in subsidiaries

A subsidiary is a company over which the parent company has control. Investments in subsidiaries are stated at cost less impairment losses recognized, where the investment's carrying amount in the parent company only financial statements exceeds its estimated recoverable amount.

Foreign currency

Translation of amounts in foreign currencies into the national currency

Transactions in foreign currencies are translated into Litas at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognized in the income statement.

The applicable rates used for the principal currencies as at 31 December 2009 were as follows:

	2009	**2008**
1 USD	2,4052 LTL	2,4507 LTL
1 EUR	3,4528 LTL	3,4528 LTL
1 GBP	3,8274 LTL	3,5517 LTL
10 PLN	8,3536 LTL	8,3326 LTL

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, trade payables and other liabilities.

Cash and cash equivalents comprise cash balances and call deposits. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial instruments are recognized on the day of the transaction. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Loans and receivables are non-derivative financial assets and are not quoted in an active market. They are included into current assets except for maturities greater than 12 months. Loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment losses, if any. Short-term receivables are not discounted.

Loans and borrowings and other financial liabilities, including trade payables are subsequently stated at amortized cost using the effective interest rate method basis. Short-term liabilities are not discounted.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at acquisition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. The Group did not hold any investments in this category during the period.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost as adjusted for the indexation of certain property, plant and equipment, less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress represents properly, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs

Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss in the period in which they are incurred.

Depreciation

Depreciation of property, plant and equipment, other than construction-in-progress, is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of property, plant and equipment are as follows;

	Estimated useful lives, years
Buildings and constructions	8 - 91
Machinery and equipment	2 - 50
Vehicles	3 - 20
Other equipment and other assets	2 - 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Intangible assets

Intangible assets are stated at acquisition cost less subsequent accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to write-off the cost of each asset over its estimated useful life. Useful lives of intangible assets:

	Estimated useful lives, years
Land lease right	90
Licenses, patents and etc.	2 - 3
Software	1 - 5
Other intangible assets	2 - 4

Emission rights

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase runs for the three-year period from 2005 to 2007; the second will run for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period. The scheme works on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme; this cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tones of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

Member States are required to allocate allowances to installations by 28 February each year according lo the NAP (a certain number of allowances are kept in reserve for new installations).

Member States must ensure that by 30 April of the following year at the latest, that the operator of each installation surrenders a number of allowances equal to the total emissions from that installation during the preceding calendar year.

When the Group has sufficient allowances to meet its obligations, the net approach is applied, the amount of the provision is equal to the costs of the assets and neither the asset nor the provision is presented on the statement of financial position.

In case the Group is 'short' of allowances, the liability is recognized on the statement of financial position being the best estimate of the expenditure (economic resources) required to settle the emission obligation.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant lease.

Inventories

Inventories, including work in progress, are valued at acquisition/production cost. In the future periods, inventories are valued at lower of net realizable value or acquisition/production cost. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The cost of inventories is determined based on FIFO (First-In, First-Out) principle.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Auxiliary materials and supplies are expensed at the time they are taken into use or booked to the cost of finished goods if used in production.

Impairment

A financial asset is impaired if there is objective evidence that certain event or events could have an adverse impact on asset-related cash flows in the future. Significant financial assets must be tested for impairment on an individual basis. The remaining financial assets are grouped according to their credit risk and the impairment for those groups is measured on a portfolio basis. An asset the impairment of which is tested on an individual basis and its impairment loss is continually recognized cannot be included in any group of assets that are tested for impairment on a portfolio basis.

The carrying amounts of the Group's non-financial assets other than inventories and deferred income tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses arc recognized in the statement of comprehensive income.

Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at the initial recognition of these financial assets). Receivables with short duration are not discounted.

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of receivables booked at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In case of certain changes in events or circumstances, on the basis of which the recoverable value of non-financial assets was calculated, indicating that carrying value on non-financial assets can be recoverable, impairment loss is reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Grants

Grants are recognized when they are received or when there is reasonable assurance that they will be received and the Group and Company have satisfied the conditions for receipt.

Grants related to assets

Grants related to assets include asset acquisition financing and non-monetary grants such as emission rights. Initially such grants are recorded at the fair value of the corresponding assets and subsequently credited to income statement over the useful lives of related non-current assets corresponding with the depreciation expense of the respective assets.

Grants related to income

Grants related to income are received as a reimbursement for the expenses already incurred and as a compensation for unearned revenue or expense yet to be incurred and are recognized in the income statement when the expenses to which they relate are incurred.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

Employee benefits

The Group does not have any defined contribution and benefit plans and has no share based payment schemes. Post employment obligations to retired employees on a pension are borne by the State.

Provisions

Provisions are recognized in the statement of financial position when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation arising from a past event.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services

Sales of services are recognized on performance of the services.
Interest income is recognized on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

Expenses

Operating lease payments

Payments made under operating lease are recognized in the income statement on a straight-line basis over the term of lease.

Finance lease payments

Minimum lease payments are apportioned between finance expenses and the reduction of the outstanding liability using the effective interest rate method. The finance expenses are distributed over the whole period of the finance lease, so as to produce a constant periodic interest rate on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest expenses on borrowings calculated using the effective interest rate method, interest income on funds invested and foreign exchange gains and losses.

Interest income is recognized in the income statement as accrued, using the effective interest rate method. The interest expenses component of finance lease payments is recognized in the income statement using the effective interest rate method.

Income tax

Income tax consists of current and deferred tax. Income tax is recognized in the income statement except to the extent it relates to the items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not calculated for temporary differences recorded at the moment of initial recognition of assets or liabilities when such differences affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting dale.

Deferred tax assets is recognized only to the extent it is probable that the future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Segment reporting

Segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary formal for segment reporting is based on business segments.

Earnings per share

The Group presents data of basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects off all dilutive potential ordinary shares. During the reporting period there were no dilutive potential ordinary shares issued by the Group.

Contingencies

Contingent liabilities are not recognized in the financial statements, except for contingent liabilities in business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits is probable.

Related parties

Related parties are defined as shareholders, employees, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the reporting entity, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

- The revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).

Standards and Interpretations adopted with no effect on financial statements

New standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2009, and have not been applied in preparing these financial statements:

- IFRS 1 First-time Adoption of IFRS. New amendments on cost of investment in a subsidiary, jointly-controlled entity or associate.
- Revised IFRS 2 Share-based Payment (effective from 1 January 2009). The revised IFRS 2 is not relevant to the Group's operations as the Group does not have any share-based compensation plans.
- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009).

- IFRS 8 Operating Segments (effective from 1 January 2009). According to this standard segment disclosure should be based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. This standard did not take an effect to Group as a result that Operating of the Group is not separated into the segments.
- Revised IAS 23 Borrowing Costs (effective from 1 January 2009). The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group has no borrowing costs.
- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). According to this standard the term minority interest has been replaced by non – controlling interest. The term is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. The revised IAS 27 is not relevant to the Group's operations
- Revised IAS 28 Investment in associates requires that upon the investor loses significant influence over an investee, the left part of investment is measured at fair value and recognized as profit or loss.. The revised IAS 28 is not relevant to the Group.
- IAS 32 Financial instruments: presentation. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets and financial liabilities. The revised IAS 32 is not relevant to the Group.
- IAS 39 Financial instruments: recognition and measurement related to hedge transactions accounting. The revised IAS 39 is not relevant to the Group.
- IFRIC improvements. Effective revisions: IAS 38 Intangible assets does not preclude recognizing a prepayments on advertising and promotional activities as an asset when payment for the delivery of goods or services has been made in advance of the delivery of goods or the rendering the services. IAS 40 Investment asset defines the recognition of property being constructed as investment asset. IAS 20 Accounting for government grants and disclosure of government assistance. This standard explains that benefit of government loans at nil or low interest rate should be accounted as grants. IAS 39 Financial instruments: recognition and promotional. The revision of this standard allows classifying other financial instruments from those who are measured at fair value and the changes are recognized at the statement of comprehensive income and financial asset that could be sold.
- IFRIC 13 Customer Loyalty Programs (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their commitments to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfilled their commitments. The Group does not expect the Interpretation to have any impact on the financial statements.
- IFRIC 14 IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements (hereinafter MFR) and their interactions (effective for annual periods beginning on or after 1 January 2008). The revised IFRIC 14 is not relevant to the Group.

Standards and Interpretations in issue not yet adopted

New standards, amendments to standards and interpretations are not yet adopted by the EU for the year ended 31 December 2009, and have not been applied in preparing these financial statements:

- IFRS 9 Financial instruments. The revised IFRS 9 is not relevant to the Group.
- Improvement of IFRS 2 , IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16 These improvements are not relevant to the Group.
- IAS 24 Related Party Disclosures. Improvement is not relevant to the Group.
- IFRIC 15 Agreements for the Construction of Real Estate. The revised standard explains if agreement for the construction of real estate should be accounted in accordance with IAS 11 or IAS 18. The improvement is not relevant to the group.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation. The improvement is not relevant to the Group.
- IFRIC 17 Distribution of Non-Cash Assets to Owners. The improvement is not relevant to the Group.
- IFRIC 18 Transfers of Assets from Customers. The improvement is not relevant to the Group.
- IFRIC 19 Extinguishing Liabilities with Equity Instruments. The improvement is not relevant to the Group.

4. Significant accounting estimates and judgments

Estimates and assumptions are continually reviewed and are based on historical experience and other factors, representing the current situation and reasonable expected future events.

The Group and the Company makes estimates and assumptions concerning future events, therefore accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Impairment losses on receivables

The Group reviews its receivables to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, national or local economic conditions that influence the group of the receivables.

The management evaluates probable cash flows from the debtors based on historical loss experience related to the debtors with a similar credit risk. Methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5. Financial risk management

The Group and Company has exposure to the following risks:

- credit risk.
- liquidity risk,

- market risk,
- operational risk,
- capital management risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these annual accounts. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group controls credit risk by using credit conditions and procedures of market analysis. The Group has no significant credit risk concentration because sales are distributed among different buyers.

The settlement period with suppliers is from 10 to 90 days, and credit terms of purchasers are from 15 to 40 days. Not permanent clients are required to pay in advance.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance for impairment includes only specific loss, related to individually significant trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December 2009 was:

	Carrying amount	
	Group	**Company**
Cash and cash equivalents	461.601	158.581
Trade and other receivables	14.231.492	17.250.622
Other assets	576.301	530.891
TOTAL:	**15.269.394**	**17.940.094**

The maximum exposure to credit risk for trade receivables al the reporting date by geographic region could be specified as follows:

	Carrying amount	
	Group	**Company**
Domestic	9.750.958	12.790.805
Other Europe country	3.725.022	3.725.022
Euro-zone countries	363.863	363.863
Other regions	101.048	101.048
United Kingdom	290.601	269.884
TOTAL:	**14.231.492**	**17.250.622**

The maximum exposure to credit risk for trade receivables at the reporting date by debtor could be specified as follows:

	Group		Company	
	Amount receivable (in LTL)	Share, %	Amount receivable (in LTL)	Share, %
Debtor 1	2.681.869	18,9%	2.681.869	15,5%
Debtor 2	903.368	6,3%	903.368	5,2%
Debtor 3	871.916	6,1%	681.805	4,0%
Debtor 4	636.960	4,5%	636.960	3,7%
Other debtors	9.137.379	64,2%	12.346.620	71,6%
TOTAL:	**14.231.492**	**100%**	**17.250.622**	**100%**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains overdraft facility.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest risk

The Group's borrowings are subject to variable interest rates related to EURIBOR and VILIBOR. As at 31 December 2009, the Group did not use financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

Currency risk

The functional currency of the Group is Litas (LTL). The Group faces foreign currency risk on purchases and borrowings that are denominated in currencies other than Litas and EUR. The risk related to transactions in EUR is considered to be insignificant as the Lithuanian Litas is pegged to EUR at a fixed rate. The Group does not have any material exposure to other foreign currencies as at 31 December 2008 and 31 December 2009.

The Company's foreign currency exchange risk has been concentrated in the below provided items of the statement of financial position:

Group	USD	EUR	LTL	Other
Receivables	0	4.577.061	9.654.431	0
Cash and cash equivalents	0	373.408	88.193	0
Borrowings	0	22.474.164	15.634.576	0
Payables		2.173.012	12.744.141	
TOTAL:	**0**	**29.597.645**	**38.121.341**	**0**

Company	USD	EUR	LTL	Other
Receivables	0	4.459.814	12.790.808	0
Cash and cash equivalents	0	145.028	13.553	
Borrowings	0	20.075.237	12.684.576	0
Payables	0	2.173.012	11.712.749	0
TOTAL:	**0**	**26.853.091**	**37.201.686**	**0**

The currency exchange risk was not considered in respect of income and expenses because most items are related to the functional currency - LTL.

Below are the significant currency exchange rates applied during the period (in respect of functional currency):

	Group	Company
EUR	3,4528	3,4528

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and proposes the level of dividends to ordinary shareholders based on the Group's financial results and strategic plans.

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models as appropriate.

Carrying amount of trade amounts receivable, amounts payable and short-term credit lines is close to their fair value. The fair value of the long-term debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current loans, borrowings and other payables with variable interest rates approximates their carrying amounts.

6. Property, plant and equipment

Group	Buildings and constructions	Machinery and equipment	Vehicles	Other assets	Construction in progress and prepayments	TOTAL:
Modified cost						
1 January 2008	35.737.017	86.909.630	6.692.848	2.908.083	29.598.569	**161.846.147**
Additions	95.683	351.010	884.370	823.360	23.290.327	**25.444.750**
Disposals	(21.732)	(2.362.182)	(725.296)	(222.296)	(6.000)	**(3.337.506)**
Reclassifications	5.067.941	43.223.327	(994.821)	6.205	(47.302.652)	**0**
31 December 2008	**40.878.909**	**128.121.785**	**5.857.101**	**3.515.352**	**5.580.244**	**183.953.391**
Comprising:						
At cost	15.548.708	111.295.192	5.563.930	3.237.840	5.580.244	**141.225.914**
At modified cost	25.330.201	16.826.593	293.171	277.512		**42.727.477**
31 December 2008	**40.878.909**	**128.121.785**	**5.857.101**	**3.515.352**	**5.580.244**	**183.953.391**
1 January 2009	40.878.909	128.121.785	5.857.101	3.515.352	5.580.244	**183.953.391**
Additions	29.394	239.737	49.165	40.667	6.020.609	**6.379.572**
Disposals	(14.142)	(6.883.924)	(733.566)	(149.274)	0	**(7.780.906)**
Transfers	0	11.345.620	0	0	(11.345.620)	**0**
31 December 2009	**40.894.161**	**132.823.218**	**5.172.700**	**3.406.745**	**255.233**	**182.552.057**
Comprising:						
At cost	15.563.960	121.281.230	4.894.578	3.142.166	255.233	**145.137.167**
At modified cost	25.330.201	11.541.988	278.122	264.579	0	**21.415.473**
31 January 2009	**40.894.161**	**132.823.218**	**5.172.700**	**3.406.745**	**255.233**	**166.552.640**
Accumulated depreciation and impairment						
1 January 2008	14.869.802	48.417.376	3.854.142	2.104.109	0	**69.245.429**
Depreciation	943.620	11.156.289	1.036.807	464.705	0	**13.601.421**
Impairment loss/(reversal	0	15.677	0	2.830	0	**18.507**
Disposals	(20.193)	(2.117.701)	(647.888)	(221.686)	0	**(3.007.468)**
Reclassifications	0	917.246	(923.424)	6.178	0	**0**
31 December 2008	**15.793.229**	**58.388.887**	**3.319.637**	**2.356.136**	**0**	**79.857.889**
Comprising:						
At cost	2.430.670	42.642.380	3.026.483	2.081.302	0	**50.180.835**
At modified cost	13.362.559	15.746.507	293.154	274.834	0	**29.677.054**
31 December 2008	**15.793.229**	**58.388.887**	**3.319.637**	**2.356.136**	**0**	**79.857.889**
1 January 2009	15.793.229	58.388.887	3.319.637	2.356.136	0	**79.857.889**
Depreciation	1.081.287	14.283.320	800.623	455.342	0	**16.620.572**
Impairment loss/(reversal	(6.250)	(277.654)	(39.335)	(6.187)	0	**(329.426)**
Disposals	(14.140)	(5.939.400)	(607.169)	(146.245)	0	**(6.706.954)**
31 December 2009	**16.854.126**	**66.455.153**	**3.473.756**	**2.659.046**	**0**	**89.442.081**
Comprising:						
At cost	3.039.602	55.139.524	3.195.650	2.394.690		**63.769.466**
At modified cost	13.814.524	11.315.629	278.106	264.356		**25.672.615**
31 December 2009	**16.854.126**	**66.455.153**	**3.473.756**	**2.659.046**	**0**	**89.442.081**
Carrying amount 31 December 2008	**25.085.680**	**69.732.898**	**2.537.464**	**1.159.216**	**5.580.244**	**104.095.502**
Carrying amount 31 December 2009	**24.040.035**	**66.368.065**	**1.698.944**	**747.699**	**255.233**	**93.109.976**

All of the Group's property, plant and equipment are held for its own use.

Depreciation expenses have been charged in cost of finished goods, in cost of sales, in selling costs and in administrative expenses.

As at 31 December 2009, the part of the Group's property, plant and equipment with a carrying value of 23.215.846 Litas (31 December 2008 - 22.546.424 Litas) is pledged as a security for repayment of the loans granted by banks (Note 14).

As at 31 December 2009, the Group's property, plant and equipment with a carrying value of 20.735.626 Litas (31 December 2008 - 22.183.785 Litas) were acquired under finance lease.

As at 31 December 2009, the impairment of the Group's property, plant and equipment amounted to 129.771 Litas (31 December 2008 – 459.196 Litas).

As at 31 December 2009, the acquisition cost of the fully depreciated property, plant and equipment (constructions, equipment and other assets) still in use of the Group was 27.382.395 Litas (31 December 2008 - 14.814.829 Litas).

As at 31 December 2009, the Group's constructions in progress include unfinished projects:

Group	**Carrying amount (In LTL)**	**Estimated expenses to completion (In LTL)**	**Estimated date of completion**
Modernization of heat production for wider use of renewable resources	124.191	17.725.000	2011
Other projects	131.042	480.000	04/2010
TOTAL:	**255.233**	**18.205.000**	

Company	Buildings and constructions	Machinery and equipment	Vehicles	Other assets	Construction in progress and prepayments	TOTAL:
Modified cost						
1 January 2008	33.781.150	74.811.342	5.442.826	2.752.873	29.598.569	**146.386.760**
Additions	95.683	328.912	691.753	810.955	23.290.327	**25.217.630**
Disposals	(21.732)	(2.362.182)	(725.296)	(222.296)	(6.000)	**(3.337.506)**
Reclassifications	5.067.941	43.223.327	(994.821)	6.205	(47.302.652)	**0**
31 December 2008	**38.923.042**	**116.001.399**	**4.414.462**	**3.347.737**	**5.580.244**	**168.266.884**
Comprising:						
At cost	13.592.841	99.174.806	4.121.291	3.070.225	5.580.244	**125.539.407**
At modified cost	25.330.201	16.826.593	293.171	277.512		**42.727.477**
31 December 2008	**38.923.042**	**116.001.399**	**4.414.462**	**3.347.737**	**5.580.244**	**168.266.884**
1 January 2009	38.923.042	116.001.399	4.414.462	3.347.737	5.580.244	**168.266.884**
Additions	0	170.957	0	38.343	6.020.609	**6.229.909**
Disposals	(14.142)	(6.883.924)	(733.566)	(149.274)	0	**(7.780.906)**
Transfers	0	11.345.620	0	0	(11.345.620)	**0**
31 December 2009	**38.908.900**	**120.634.052**	**3.680.896**	**3.236.806**	**255.233**	**166.715.887**
Comprising:						
At cost	13.578.699	109.092.064	3.402.774	2.972.227	255.233	**129.300.997**
At modified cost	25.330.201	11.541.988	278.122	264.579		**37.414.890**
31 January 2009	**38.908.900**	**120.634.052**	**3.680.896**	**3.236.806**	**255.233**	**166.715.887**
Accumulated depreciation and impairment						
1 January 2008	14.659.176	45.359.104	3.126.850	2.014.773	0	**65.159.903**
Depreciation	890.995	9.917.372	867.744	442.257	0	**12.118.368**
Impairment loss/ (reversal)		15.677		2.830	0	**18.507**
Disposals	(20.193)	(2.117.701)	(647.888)	(221.686)	0	**(3.007.468)**
Reclassifications	0	917.246	(923.424)	6.178	0	**0**
31 December 2008	**15.529.978**	**54.091.698**	**2.423.282**	**2.244.352**	**0**	**74.289.310**
Comprising:						
At cost	2.167.419	38.345.191	2.130.128	1.969.518		**44.612.256**
At modified cost	13.362.559	15.746.507	293.154	274.834		**29.677.054**
31 December 2008	**15.529.978**	**54.091.698**	**2.423.282**	**2.244.352**	**0**	**74.289.310**
1 January 2009	15.529.978	54.091.698	2.423.282	2.244.352	0	**74.289.310**
Depreciation	1.028.617	13.036.886	677.648	433.583	0	**15.176.734**
Impairment loss/ (reversal)	(6.250)	(277.654)	(39.335)	(6.187)	0	**(329.426)**
Disposals	(14.140)	(5.939.400)	(607.169)	(146.245)	0	**(6.706.954)**
31 December 2009	**16.538.205**	**60.911.530**	**2.454.426**	**2.525.503**	**0**	**82.429.664**
Comprising:						
At cost	2.723.681	49.595.901	2.176.320	2.261.147	0	**56.757.049**
At modified cost	13.814.524	11.315.629	278.106	264.356	0	**25.672.615**
31 December 2009	**16.538.205**	**60.911.530**	**2.454.426**	**2.525.503**	**0**	**82.429.664**
Carrying amount 31 December 2008	**23.393.064**	**61.909.701**	**1.991.180**	**1.103.385**	**5.580.244**	**93.977.574**
Carrying amount 31 December 2009	**22.370.695**	**59.722.522**	**1.226.470**	**711.303**	**255.233**	**84.286.223**

All of the Company's property, plant and equipment are held for its own use.

Depreciation expenses have been charged in cost of finished goods, in cost of sales, in selling costs and in administrative expenses.

As at 31 December 2009, the part of the Company's property, plant and equipment with a carrying value of 15.717.190 Litas (31 December 2008 - 14.008.119 Litas) is pledged as a security for repayment of the loans granted by banks (Note 14).

As at 31 December 2009, the Company's property, plant and equipment with a carrying value of 19.938.202 Litas (31 December 2008 - 20.747.172 Litas) were acquired under finance lease.

As at 31 December 2009, the impairment of the Company's property, plant and equipment amounted to 129.771 Litas (31 December 2008 - 459.196 Litas).

As at 31 December 2009, the acquisition cost of the fully depreciated property, plant and equipment (constructions, equipment and other assets) still in use of the Company was 26.685.716 Litas (31 December 2008- 14.168.908 Litas).

As at 31 December 2009, the Company's constructions in progress include unfinished projects.

Company	**Carrying amount (In LTL)**	**Estimated expenses to completion (In LTL)**	**Estimated date of completion**
Modernization of heat production for wider use of renewable resources	124.191	17.725.000	2011
Other projects	131.042	480.000	04/2010
TOTAL:	**255.233**	**18.205.000**	

7. Intangible assets

Group	Land lease right	Licenses, patents	Software	Other assets and prepayments	TOTAL:
Cost					
1 January 2008	2.400.000	56.238	668.525	17.694	**3.142.457**
Additions	0	0	0	125.320	**125.320**
Disposals	0	0	0	(6.161)	**(6.161)**
Transfers	0	0	125.320	(125.320)	**0**
31 December 2008	**2.400.000**	**56.238**	**793.845**	**11.533**	**3.261.616**
1 January 2009	2.400.000	56.238	793.845	11.533	**3.261.616**
Additions	0	0	802	0	**802**
31 December 2009	**2.400.000**	**56.238**	**794.647**	**11.533**	**3.262.418**
Accumulated amortization					
1 January 2008	115.556	29.837	490.966	16.779	**653.138**
Amortization	26.666	10.369	115.075	1	**152.111**
Disposals	0	0	0	(5.249)	**(5.249)**
31 December 2008	**142.222**	**40.206**	**606.041**	**11.531**	**800.000**
1 January 2009	142.222	40.206	606.041	11.531	**800.000**
Amortization	26.667	9.066	96.153	0	**131.886**
31 December 2009	**168.889**	**49.272**	**702.194**	**11.531**	**931.886**
Carrying amount 31 December 2008	**2.257.778**	**16.032**	**187.804**	**2**	**2.461.616**
Carrying amount 31 December 2009	**2.231.111**	**6.966**	**92.453**	**2**	**2.330.532**

Amortization expenses have been included in administrative expenses.

As at 31 December 2009, the acquisition cost of the fully depreciated intangible assets still in use of the Group was 703.528 Litas (31 December 2008 - 137.755 Litas).

As at 31 December 2009, the Group's land lease rights with a carrying value of 2.231.111 Litas (31 December 2008 - 2.257.778 Litas) are pledged as a security for repayment of the loan granted by banks (Note 14).

Company	Land lease right	Licenses, patents	Software	Other assets and prepayments	TOTAL:
Cost					
1 January 2008	56.238	653.140	12.406	0	**721.784**
Additions	0	0	0	125.320	**125.320**
Disposals	0	0	(6.161)	0	**(6.161)**
Transfers	0	125.320	0	(125.320)	**0**
31 December 2008	**56.238**	**778.460**	**6.245**	**0**	**840.943**
1 January 2009	56.238	778.460	6.245	0	**840.943**
Additions	0	802	0	0	**802**
31 December 2009	**56.238**	**779.262**	**6.245**	**0**	**841.745**
Accumulated amortization					
1 January 2008	29.837	476.246	11.493	0	**517.576**
Amortization	10.369	114.698	0	0	**125.067**
Disposals	0	0	(5.249)	0	**(5.249)**
31 December 2008	**40.206**	**590.944**	**6.244**	**0**	**637.394**
1 January 2009	40.206	590.944	6.244	0	**637.394**
Amortization	9.066	95.916	0	0	**104.982**
31 December 2009	**49.272**	**686.860**	**6.244**	**0**	**742.376**
Carrying amount 31 December 2008	**16.032**	**187.516**	**1**	**0**	**203.549**
Carrying amount 31 December 2009	**6.966**	**92.402**	**1**	**0**	**99.369**

Amortisation expenses have been included in administrative expenses.

As at 31 December 2009, the acquisition cost of fully depreciated intangible assets still in use by the Company amounted to 683.567 Litas (31 December 2008 - 117.794 Litas).

8. Investments in subsidiaries

	2009		2008	
	In LTL	% of ownership	In LTL	% of ownership
UAB "Baltwood"	5.005.000	100	5.005.000	100
UAB "Naujieji Verkiai"	0	100	0	100
UAB "Ekotara"	10.000	100	0	100
TOTAL:	**5.015.000**		**5.005.000**	

At 13 February 2009 the Board of the Company decided to establish a wholly owned subsidiary UAB “Ekotara” with share capital of 10 000 Litas. The share capital is divided into 10 000 ordinary shares with nominal value of 1 Litas each.

9. Inventories

	Group		Company	
	2009	2008	2009	2008
Materials	3.810.541	3.920.928	3.627.898	3.826.432
Work in progress	3.235.730	4.394.147	1.963.139	2.866.955
Finished goods	4.507.780	7.004.843	4.331.382	6.357.733
Goods in transit	6.664	22.053	6.664	22.053
	11.560.715	**15.341.971**	**9.929.083**	**13.073.173**
Less: write-down to net realizable value	(940.636)	(515.067)	(940.636)	(515.067)
TOTAL:	**10.620.079**	**14.826.904**	**8.988.447**	**12.558.106**

As at 31 December 2009, the cost of inventories has been reduced to the net realisable value by 940.636 Litas (as at 31 December 2008: 515.067 Litas). The write-down of inventories to the net realizable value is recognised in administrative expenses.

As at 31 December 2009, the Group's and the Company's inventory with carrying amounts of 14.000.000 Litas and 12.000.000 Litas respectively were pledged as a collateral for the bank loan (as at 3 1 December 2008 - 9.000.000 Litas and 7.000.000 Litas respectively) (Note 14). At January 2010 the collateral value of inventories in the Group and the Company were reduced to 10.000.000 and 8.000.000 Litas respectively.

10. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
Trades receivable	14.958.381	17.009.290	17.924.692	19.457.219
Other receivable	158.584	1.884.173	155.544	1.703.382
	15.116.965	**18.893.463**	**18.080.236**	**21.160.601**
Less: impairment of doubtful amounts receivable	(885.473)	(122.825)	(829.614)	(102.277)
Total amounts receivable within one year:	**14.231.492**	**18.770.638**	**17.250.622**	**21.058.324**

The carrying amount of the Group's and the Company's trade and other receivables approximates their fair value.

The movement for the year in the allowance for doubtful amounts receivable consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
In the beginning of the year	**122.825**	**955.391**	**102.277**	**923.393**
Increase of impairment	762.648	84.792	727.337	69.244
Reversal related to regained debts	0	(917.358)	0	(890.360)
In the end of the year	**885.473**	**122.825**	**829.614**	**102.277**

11. Cash and cash equivalents

	Group		Company	
	2009	**2008**	**2009**	**2008**
Cash at bank	447.564	100.628	146.725	86.486
Cash on hand	14.037	29.398	11.856	26.986
TOTAL:	**461.601**	**130.026**	**158.581**	**113.472**
Pledged as collateral:	459.420	26.305	158.581	12.163

12. Share capital and reserves

As at 31 December 2009 and 2008, the share capital issued consisted of 60.000.000 ordinary shares with the net value of 1 Litas each. As at 31 December 2009 and 2008, all shares were fully paid. Each share carries a right to vote at shareholders' meetings, to receive dividends when declared and a right to residual assets.

As at 31 December 2009 and 2008, shareholders of the Company were as follows:

	2009		2008	
	Number of shares	**Proportion of ownership, %**	**Number of shares**	**Proportion of ownership, %**
Lithuanian legal entities	32.556.857	54,26	35.147.796	58,58
Lithuanian individuals	21.323.555	35,54	18.438.861	30,73
Foreign legal entities	6.064.376	10,11	6.312.651	10,52
Foreign individuals	55.212	0,09	100.692	0,17
TOTAL:	**60.000.000**	**100**	**60.000.000**	**100**

Main shareholders:

	Number of shares	**Proportion of ownership, %**	**Number of shares**	**Proportion of ownership, %**
UAB "Ginvildos investicija"	29.272.228	48,79	28.775.979	47,96
Rosemount Holdings LLC	5.639.967	9,40	5.639.967	9,40
Mišeikis Dailius Juozapas	5.997.932	10,00	4.672.432	7,79
TOTAL:	**40.910.127**	**68,19**	**39.088.378**	**65,15**

The Company has one class of ordinary shares which carry no right to fixed income.

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of 5 percent of the net profit are required until the legal reserve reaches 10 per cent of the statutory capital. The appropriation is restricted to reduction of the accumulated deficit.

13. Grants

	Grants related to assets	Grants related to expenses	TOTAL:
1 January 2008	341.401	0	**341.401**
Received during the year	0	27.945	**27.945**
Used during the year	(22.760)	(27.945)	**(50.705)**
31 December 2008	**318.641**	**0**	**318.641**
1 January 2009	318.641	0	**318.641**
Received during the year	204.736		**204.736**
Used during the year	(61.438)		**(61.438)**
31 December 2009	**461.938**	**0**	**461.938**

14. Borrowings

	Group		Company	
	2009	**2008**	**2009**	**2008**
The borrowings are repayable as follows:				
Within one year	10.187.027	17.633.628	5.179.527	11.628.424
In the second year	2.997.139	4.683.524	2.997.139	4.683.524
In the third to fifth years inclusive	8.967.301	10.714.439	8.967.301	10.714.439
	22.151.467	**33.031.591**	**17.143.967**	**27.026.387**
Less: amount due for settlement within one year	(10.187.027)	(17.633.628)	(5.179.527)	(11.628.424)
Amount due for settlement after one year	**11.964.440**	**15.397.963**	**11.964.440**	**15.397.963**
Analysis of borrowings by currency:				
LTL	14.667.602	20.260.938	11.717.602	9.255.230
EUR	7.483.865	12.770.653	5.426.365	17.771.157
TOTAL:	**22.151.467**	**33.031.591**	**17.143.967**	**27.026.387**

According to the requirements of the loan agreement, UAB “Baltwood” (the subsidiary) is required to comply with certain covenants. The subsidiary is in default with certain covenants noted in the loan agreement for the years ended 31 December 2009 and 2008. Therefore, the loan of 5.007.500 Litas is accounted for as a current loan on demand. In case the bank will not claim the loan to be repaid fully before the maturity date set in the agreement, the future loan repayments would be as follows:

	In LTL
2010	1.148.208
2011	3.859.292
TOTAL:	**5.007.500**

Covenants calculated by reference to the audited financial statements of UAB “Baltwood” for the year ended 31 December 2009, are as follows:

	Required	**Actual**
EBITDA to financial liabilities	<3,8	4,1

Terms and debt repayment schedule

The Group and the Company face risk due to possible interest rate fluctuation. Interest rate is fixed for periods from 1 day to 12 months.

Group	**Currency**	**Nominal interest rate base**	**Year of maturity**	**Carrying amount**
Overdraft	LTL	VILIBOR	2010	268.422
Secured bank loan	LTL	VILIBOR	2010-2013	11.449.180
Secured bank loan	EUR	LIBOR	2010-2014	5.426.365
Secured bank loan	LTL	VILIBOR	2010-2011	2.950.000
Secured bank loan	EUR	LIBOR	2010-2011	2.057.500
TOTAL:				**22.151.467**

Company	**Currency**	**Nominal interest rate base**	**Year of maturity**	**Carrying amount**
Overdraft	LTL	VILIBOR	2010	268.422
Secured bank loan	LTL	VILIBOR	2010-2013	11.449.180
Secured bank loan	EUR	LIBOR	2010-2014	5.426.365
TOTAL:				**17.143.967**

15. Finance lease liabilities

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
Lease payments payable within one year	5.747.324	8.752.166	5.481.722	8.371.614
Lease payments payable between one and five years	11.250.095	13.845.481	11.152.669	13.451.795
Total payable:	**16.997.419**	**22.597.647**	**16.634.391**	**21.823.409**
Interest payable	(1.040.146)	(2.351.097)	(1.018.545)	(2.255.020)
Present value of lease payments:	**15.957.273**	**20.246.550**	**15.615.846**	**19.568.389**
Short term lease liabilities	5.275.819	7.653.001	5.026.833	7.321.274
Long term lease liabilities	10.681.454	12.593.549	10.589.013	12.247.115
Present value of lease payments:	**15.957.273**	**20.246.550**	**15.615.846**	**19.568.389**

The fair value of the Group's and the Company's lease liabilities approximate their carrying amount. The Group's and the Company's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 6).

16. Trade and other payables

	Group 2009	Group 2008	Company 2009	Company 2008
Trade payables	12.292.638	13.590.037	11.535.391	12.829.579
Taxes, salaries and social insurance	1.889.972	2.722.379	1.696.895	2.621.071
Advances received	146.506	239.309	111.622	131.201
Other payables	588.037	958.982	541.853	732.491
TOTAL:	**14.917.153**	**17.510.707**	**13.885.761**	**16.314.342**

17. Business and geographical segments

Business segments

A business segment is a distinguishable component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

For management purposes, the Group is currently organized into three operating divisions - paper, hardboard and wood processing. These divisions are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented below:

Group 2009	**Paper**	**Hardboard**	**Wood processing**	**Unallocated**	**TOTAL:**
Sales	63.308.750	36.756.327	10.863.223	8.001.436	**118.929.736**
Cost of sales	(48.863.974)	(35.055.006)	(9.643.183)	(5.197.523)	**(98.759.686)**
Gross profit	**14.444.776**	**1.701.321**	**1.220.040**	**2.803.913**	**20.170.050**
Depreciation and amortization	8.010.468	4.487.878	1.470.741	2.783.371	**16.752.458**
Segment property, plant and equipment	42.049.297	15.970.456	11.054.916	26.365.839	**95.440.508**
Segment capital expenditure	636.490	604.627	149.662	4.989.594	**6.380.373**

Group 2008	**Paper**	**Hardboard**	**Wood processing**	**Unallocated**	**TOTAL:**
Sales	63.463.304	62.090.442	12.981.172	6.924.471	**145.459.389**
Cost of sales	(53.996.987)	(56.817.898)	(11.172.714)	(7.625.628)	**(129.613.227)**
Gross profit	**9.466.317**	**5.272.544**	**1.808.458**	**(701.157)**	**15.846.162**
Depreciation and amortization	6.133.872	3.387.045	1.510.097	2.722.518	**13.753.532**
Segment property, plant and equipment	51.553.137	19.852.257	12.375.995	22.775.729	**106.557.118**
Segment capital expenditure	14.193.597	2.451.249	227.120	8.698.104	**25.570.070**

Company 2009	**Paper**	**Hardboard**	**Unallocated**	**TOTAL:**
Sales	63.779.643	36.764.929	9.164.764	**109.709.336**
Cost of sales	(49.413.427)	(35.063.523)	(6.535.076)	**(91.012.026)**
Gross profit	**14.366.216**	**1.701.406**	**2.629.688**	**18.697.310**
Depreciation and amortization	8.010.468	4.487.878	2.783.370	**15.281.716**
Segment property, plant and equipment	42.049.297	15.970.456	26.365.839	**84.385.592**
Segment capital expenditure	636.490	604.627	4.989.594	**6.230.711**

Company 2008	**Paper**	**Hardboard**	**Unallocated**	**TOTAL:**
Sales	63.466.947	62.109.349	9.888.819	**135.465.115**
Cost of sales	(53.996.989)	(56.817.866)	(9.429.057)	**(120.243.912)**
Gross profit	**9.469.958**	**5.291.483**	**459.762**	**15.221.203**
Depreciation and amortization	6.133.872	3.387.045	2.722.518	**12.243.435**
Segment property, plant and equipment	51.553.137	19.852.257	22.775.729	**94.181.123**
Segment capital expenditure	14.193.597	2.451.249	8.698.104	**25.342.950**

Geographical segments

A geographical segment is a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of components operating in other economic environments. The Group's reportable geographic segments for the year ended 31 December are as follows:

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
Domestic market	**66.651.112**	**87.636.046**	**60.169.283**	**79.041.082**
Foreign market				
Latvia	10.261.059	8.652.515	9.126.176	8.582.569
Poland	7.634.539	14.373.403	7.536.625	14.359.773
Sweden	7.351.612	10.191.963	7.351.612	10.188.510
Denmark	6.754.498	2.008.449	6.576.238	1.479.009
Estonia	4.594.331	7.621.430	4.594.331	7.621.430
The Netherlands	3.149.024	2.603.773	3.149.024	2.583.799
Slovakia	2.936.754	1.170.394	2.936.754	1.170.394
Finland	1.832.893	2.340.836	1.832.893	2.340.836
Great Britain	1.451.464	541.369	1.430.747	533.932
Norway	1.340.322	1.169.807	1.340.322	1.168.446
Czech Republic	1.280.158	3.872.116	1.214.340	3.270.714
Germany	656.879	553.851	555.526	524.738
Belarus	563.732	1.058.032	563.732	1.058.032
Italy	512.879			
Hungary	440.864	120.080	124.263	50.512
France	12.679	46.194	0	
USA	0	116.709	0	116.709
Other countries	1.504.937	1.382.422	1.207.470	1.374.630
Foreign market, total	**52.278.624**	**57.823.343**	**49.540.053**	**56.424.033**
TOTAL:	**118.929.736**	**145.459.389**	**109.709.336**	**135.465.115**

18. Other operating income

	Group		Company	
	2009	2008	2009	2008
Gain from sale of emission rights	1.511.636	1.028.934	1.511.636	1.028.934
Rental income	596.783	681.166	647.959	838.165
Income from sale of scrap	294.189	360.109	291.632	348.460
Insurance compensations	27.622	0	22.590	0
Gain from disposal of property, plant and equipment	16.333	148.249	16.333	148.249
Write-off of accounts payables	2.808	322	2.808	322
Other income	78.271	52.435	136.657	85.867
TOTAL:	**2.527.642**	**2.271.215**	**2.629.615**	**2.449.997**

19. Other operating expenses

	Group		Company	
	2009	2008	2009	2008
Rental expenses	169.898	317.049	169.898	317.049
Insurance expenses	0	21.216	0	8.302
Other expenses	75.491	54.444	75.491	54.441
TOTAL:	**245.389**	**392.709**	**245.389**	**379.792**

20. Selling and distribution expenses

	Group		Company	
	2009	2008	2009	2008
Transportation expenses	3.313.760	3.153.620	3.010.182	2.905.359
Salaries and related taxes	2.150.399	2.098.390	1.996.322	1.995.415
Mediation, research and marketing expenses	1.105.018	464.757	1.105.018	464.757
Repairs and maintenance	480.172	647.062	464.586	598.145
Own transport expenses	320.226	320.557	285.404	320.557
Advertisement expenses	176.874	430.326	170.486	428.886
Sales credit insurance expenses	145.538	81.373	145.538	81.373
Depreciation	108.327	72.497	101.619	65.789
Representation expenses	79.107	54.456	79.107	54.456
Business trip expenses	57.373	67.194	57.373	67.194
Communication expenses	39.696	51.963	39.696	51.963
New product development expenses	39.201	70.756	39.201	70.756
Harbour services expenses	30.337	11.692	30.337	11.692
Other sales expenses	202.972	206.480	194.205	198.997
TOTAL:	**8.249.000**	**7.731.123**	**7.719.074**	**7.315.339**

21. Administrative expenses

	Group		Company	
	2009	2008	2009	2008
Salaries and related expenses	3.758.518	4.423.555	3.296.352	3.887.385
Depreciation and amortization	791.652	580.287	634.890	242.378
Provision for doubtful accounts receivable (reversal), write-off of bad debts	762.648	(832.567)	727.337	(821.116)
Taxes	745.655	1.004.856	682.497	920.894
Redundancy pay and related taxes	456.758	525.458	456.758	525.458
Repairs and maintenance	452.415	861.739	450.940	860.453
Allowance (reversal) for slow moving inventory	425.569	354.527	425.569	354.527
Transport expenses	373.888	598.590	309.982	517.791
Security expenses	354.693	568.024	374.693	568.024
Insurance expenses	232.181	213.199	172.765	160.728
Bank charges	151.570	189.762	138.003	159.633
Consulting services	111.650	259.119	111.650	259.119
Professional services	106.980	130.745	106.980	107.745
Communication costs	67.443	117.644	67.443	117.644
Expenses under social program	60.891	639.342	60.811	638.245
Advertisement and representation expenses	52.689	273.804	46.247	273.804
Business trip expenses	44.034	67.457	44.034	67.457
Restitution in case of disablement	37.926	42.483	37.926	42.483
Write-off or property, plant and equipment	36.515	6.226	36.515	6.226
Staff recruitment expenses	36.348	139.069	36.348	139.069
Employee training expenses	25.240	198.280	25.240	198.280
Membership and admission fees	12.752	12.514	12.752	12.514
Write-off or property, plant and equipment	515	1.208.598	265	1.208.598
Recoverable training expenses	0	(27.945)	0	(27.945)
Vacation reserve	(157.568)	(862.172)	(157.568)	(862.172)
Property, plant and equipment impairment losses (reversal)	(329.426)	18.507	(329.426)	18.507
Other administrative expenses	439.240	485.920	305.716	331.531
TOTAL:	**9.050.776**	**11.197.021**	**8.074.719**	**9.907.260**

22. Financial income and expenses

	Group		Company	
	2009	2008	2009	2008
Interest income	961	1.011	805	698
Other finance income	4.504	109	2.179	109
Total finance income	**5.465**	**1.120**	**2.984**	**807**
Interest on loans and leases	(1.922.076)	(3.208.924)	(1.704.028)	(2.719.336)
Net foreign exchange losses	(31.830)	(34.440)	(30.350)	(33.631)
Other finance expenses	(32.988)	(63.553)	(9.418)	(59.902)
Total finance expenses	**(1.986.894)**	**(3.306.917)**	**(1.743.796)**	**(2.812.869)**
Finance income and expenses, net	**(1.981.429)**	**(3.305.797)**	**(1.740.812)**	**(2.812.062)**

23. Income Tax

Income tax expense (benefit)

	Group		Company	
	2009	2008	2009	2008
Current tax	651.046	0	651.046	0
Correction of current tax for previous periods	(1.757)	(83.542)	(1.757)	(83.542)
Deferred tax benefit	(107.750)	(513.681)	(107.750)	(171.014)
Income tax expense (benefit)	**541.539**	**(597.223)**	**541.539**	**(254.556)**

A reconciliation of the effective rate of tax with theoretical amount calculated using statutory tax rate

	Group		Company	
	2009	2008	2009	2008
Profit before tax	**3.171.098**	**(4.509.273)**	**3.546.931**	**(2.743.253)**
Tax at the statutory income taxes rate of 20% (2008 - 15%)	634.220	(676.391)	709.386	(411.488)
Tax effect of non-allowable deductions	417.082	496.197	391.453	488.629
Tax effect of income adjustment		472		472
Tax effect of non-taxable income	(29.592)	(14.521)	(26.685)	(9.553)
Tax effect of temporary differences between recognition of expenses in financial and tax reporting	(98.644)	(282.504)	(98.644)	(275.915)
Tax effect of charity	(26.250)		(26.250)	
Tax effect of carry forward losses	(298.213)		(298.213)	
Current year tax loss	52.445	476.747		207.854
Correction of current tax for previous periods	(1.757)	(83.542)	(1.757)	(83.542)
Change in deferred tax	(23.732)	(603.632)	(23.732)	(260.965)
Tax effect of change in tax rate	(84.018)	89.951	(84.018)	89.951
Income tax expense (benefit)	**541.539**	**(597.223)**	**541.539**	**(254.556)**

Current tax asset and liabilities

	Group		Company	
	2009	2008	2009	2008
Income tax receivable as at 1 January	**1.332.593**	**495.182**	**1.332.593**	**495.182**
Income tax for the period	(651.046)	83.542	(651.046)	83.542
Recovered	(817.727)		(817.727)	
Paid	160.000	753.869	160.000	753.869
Adjustments	2.045		2.045	
Income tax receivable as at 31 December	**25.865**	**1.332.593**	**25.865**	**1.332.593**

Deferred tax asset and liabilities

	Group		Company	
	2009	**2008**	**2009**	**2008**
Intangible assets (land lease)	(334.667)	(451.556)	0	0
Tangible assets (investment allowance)	(366.096)	(553.236)	(366.096)	(553.236)
Tangible assets (repairs)	(60.901)	(83.704)	(60.901)	(83.704)
Receivables	8.379	4.110	0	0
Labour related liabilities	195.858	21.658	174.947	0
Tax losses	854.996	1.364.688	0	277.139
Impairment	(549.619)	(661.762)	0	0
TOTAL:	**(252.051)**	**(359.801)**	**(252.051)**	**(359.801)**

Changes in temporary differences

Group	**31/12/2007**	**Recognized in income**	**31/12/2008**	**Recognized in income**	**31/12/2009**
Intangible assets (land lease)	(2.284.447)	26.667	(2.257.780)	26.667	(2.231.113)
Tangible assets (investment allowance)	(3.106.328)	340.147	(2.766.180)	325.537	(2.440.643)
Tangible assets (repairs)	(431.029)	12.511	(418.518)	12.511	(406.007)
Receivables		20.548	20.548	35.311	55.859
Labour related liabilities		108.292	108.292	1.197.425	1.305.717
Tax losses	3.645.127	3.178.314	6.823.441	(1.123.468)	5.699.973
Other	(1.417)	1.417		0	
Impairment	(3.645.127)	336.317	(3.308.810)	(355.313)	(3.664.123)
TOTAL:	**(5.823.220)**	**4.024.213**	**(1.799.007)**	**118.670**	**(1.680.337)**
Deferred tax	**(873.483)**	**513.682**	**(359.801)**	**107.750**	**(252.051)**
Change in deferred tax attributable to:					
Change in temporary differences		603.632		23.733	
Change in tax rate		(89.950)		84.017	

Company	**31/12/2007**	**Recognized in income**	**31/12/2008**	**Recognized in income**	**31/12/2009**
Tangible assets (investment allowance)	(3.106.328)	340.147	(2.766.180)	325.537	(2.440.643)
Tangible assets (repairs)	(431.029)	12.511	(418.518)	12.511	(406.007)
Labour related liabilities				1.166.304	1.166.304
Tax losses		1.385.693	1.385.693	(1.385.693)	
Other	(1.417)	1.417			
TOTAL:	**(3.538.773)**	**1.739.768**	**(1.799.005)**	**118.659**	**(1.680.346)**
Deferred tax	**(530.816)**	**171.015**	**(359.801)**	**107.750**	**(252.051)**
Change in deferred tax attributable to:					
Change in temporary differences		260.965		23.733	
Change in tax rate		(89.950)		84.017	

24. Earnings per share

The General Meeting of Shareholders decided to increase authorized share capital by a capitalization issue on 25 April 2008. The Company issued 20.043.343 ordinary shares at par value of 1 Litas from its reserves. Average number of ordinary shares was adjusted to reflect capitalization issue.

	Group		Company	
	2009	**2008**	**2009**	**2008**
Net profit for the current year, LTL	2.629.559	(3.912.050)	3.005.392	(2.488.697)
Average number of ordinary shares	60.000.000	60.000.000	60.000.000	60.000.000
Earnings per share	**0,04**	**(0,07)**	**0,05**	**(0,04)**

The Company had no dilutive shares outstanding during 2009 and 2008 or as at 31 December 2009 and 2008.

25. Commitments and Contingencies

Litigation and claims

As at 31 December 2009 and 2008, the Group and the Company were not involved in any legal proceedings, which in the opinion of the management would have a material impact on the financial statements.

Commitments

The Company intends to enter into surety agreement with bank for securing fulfilment of obligations of its subsidiary that originated from loan agreements. The surety shall be valid until these covenants will be met by the Company and by its subsidiary:

- Yearly EBITDA – at least 2.700.000 Litas.
- Debt-Service Coverage ration – at least 1,3.
- Net financial debts to EBITDA ratio – no more than 1,5.
- Value of collateral is sufficient to secure credit repayment and valuation is not more than 6 month old.

On 23 March the Company confirmed its intentions to provide financial support to its subsidiary at least until a meeting of shareholders for the financial year 2010 is called up.

26. Related party transactions

Group 2009	Sale of goods and services	Purchase of goods and services	Amounts receivable	Amounts payable
UAB „Ginvildos investicija‟	329	161.276	0	11.754
UAB „Didma‟	362.453	190.581	129.985	0
UAB „Remada‟	873	0	5.228	0
UAB "Ekotara"	0	0	9.842	0
UAB „Naras‟	53.260	0	0	0
TOTAL:	**416.915**	**351.857**	**145.055**	**11.754**

Group 2008	Sale of goods and services	Purchase of goods and services	Amounts receivable	Amounts payable
UAB „Ginvildos investicija‟	2.632	146.000	0	11.037
UAB „Didma‟	410.813	532.624	157.133	0
UAB „Remada‟	8.688	0	4.189	0
UAB „Naras‟	68.238	13.305	9.656	0
TOTAL:	**490.371**	**691.929**	**170.978**	**11.037**

Company 2009	Sale of goods and services	Purchase of goods and services	Amounts receivable	Amounts payable
UAB „Baltwood‟	1.782.502	1.411.285	4.187.969	0
UAB „Ginvildos investicija‟	329	154.850	0	11.754
UAB „Didma‟	3.274	173.781	237	0
UAB „Remada‟	873	0	5.228	0
UAB „Naras‟	53.260	0	9.842	0
UAB "Naujieji Verkiai"	0	9.500	0	3.500
TOTAL:	**1.840.238**	**1.749.416**	**4.203.276**	**15.254**

Company 2008	Sale of goods and services	Purchase of goods and services	Amounts receivable	Amounts payable
UAB „Baltwood‟	2.986.899	1.803.399	4.056.200	0
UAB „Ginvildos investicija‟	2.632	146.000	0	11.037
UAB „Didma‟	125.584	505.602	23.481	0
UAB „Remada‟	8.688	0	4.189	0
UAB „Naras‟	68.238	13.305	9.656	0
TOTAL:	**3.192.041**	**2.468.306**	**4.093.526**	**11.037**

UAB Ginvildos Investicija is the main shareholder of AB Grigiškės. UAB Didma, UAB Remada and UAB Naras are related to the Group management. All transactions with related parties were concluded on an arm's length basis. UAB Baltwood and UAB Naujieji Verkiai are subsidiaries of The Company.

For the year ended 31 December, the remuneration of the Group's management was as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Management remuneration	1.055.237	1.003.404	947.020	884.627
Average number of managers	8	8	7	7

27. Off-balance sheet items

Information on emission rights

Emission allowances that were granted to the Company are reflected in the permission to emit greenhouse gasses. Emission rights are granted free of charge and are recognized as intangible assets at zero value.

The Company received 256.626 units of emission rights for the period 2008-2012. In addition 10.150 were received from a reserve, making a total of 266.766 rights. The number of rights is equally apportioned for each year. Accordingly, 53.356 were attributed to 2009.

Emission rights	**Quantity**
31 December 2007	**673**
Unused emission rights returned	(673)
Emission rights allocated	53.356
Emission rights used	(45.973)
Sale of emission right	(20.000)
31 December 2008	**(12.617)**
Emission rights allocated	53.356
Emission rights used	(33.356)
Sale of emission right	(38.000)
31 December 2009	**(30.617)**

The shortage of emission rights as at 31 December 2009 was covered from the rights received in 2010 before reporting to the regional environment protection department. There was no liability recognized in the statement of financial position arising from shortage of rights because it is not expected to incur expenses for the acquisition of required emission rights.

28. Subsequent events

GRIGIŠKĖS AB and HANNER AB have signed a memorandum of finishing of the shares’ selling-purchasing transaction. By this transaction, HANNER AB has sold and GRIGIŠKĖS AB has purchased 100 % of shares of AGR Prekyba UAB. The AGR Prekyba UAB owns 100 % of shares of AVESKO UAB. The latter owns 96,18 % shares of KLAIPĖDOS KARTONAS AB. The objective of this transaction is to expand the business of corrugated board and products made of corrugated board of GRIGIŠKĖS AB.

AB „GRIGIŠKĖS“
Code: 110012450, Vilniaus m. sav. Grigiškių m. Vilniaus g. 10

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

GRIGIŠKĖS AB

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR 2009

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1. REPORTING PERIOD FOR WHICH THIS FINANCIAL STATEMENTS HAVE BEEN PREPARED

Annual report has been prepared for the year 2009.

2. AUDIT INFORMATION

The annual consolidated report of Grigiškės AB covering the twelve months of 2009 is audited.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

Grigiškės AB (further the Company or the Issuer) has three subsidiaries: Baltwood UAB; Ekotara UAB; Naujieji Verkiai UAB.

Status	Issuer	Subsidiary	Subsidiary	Subsidiary
Name	Public Limited Liability Company **„Grigiškės“**	Private Limited Liability Company **„Baltwood“**	Private Limited Liability Company **„Ekotara“**	Private Limited Liability Company **„Naujieji Verkiai“**
Company's ID number	110012450	126199731	302329061	300015674
Authorised capital	60.000.000 Lt	9.950.000 Lt	10.000 Lt	100.000 Lt
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius
Phone	(8~5) 243 58 01	(8~5) 243 59 45	(8~5) 243 58 01	(8~5) 243 59 33
Fax	(8~5) 243 58 02	(8~5) 243 58 98	(8~5) 243 58 02	(8~5) 243 58 02
E-mail	info@grigiskes.lt	info@baltwood.lt	info@grigiskes.lt	info@grigiskes.lt
Internet address	www.grigiskes.lt	www.baltwood.lt	www.ekotara.lt	-
Legal form	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	10 April, 2003	10 April, 2009	6 April, 2004
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

Core business activities of Grigiškės AB are as follows: manufacturing of toilet paper, paper towels and paper napkins, medical cellulose wadding, corrugated board, products from corrugated board, self-coloured and painted hardboard.

Core business activities of Baltwood UAB are as follows: wood processing, manufacturing of container wood, fuel granules and bonded furniture panel.

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, packing from corrugated board. The company has not been operating in year 2009.

Core business activities of Naujieji Verkiai UAB are as follows: building and development of real estate. The company has not been operating in year 2009. Note: the company's name and core business activities have been changed on 09.11.2009. The former name of the company is Grigiškių transporto centras UAB. The former business activities are sale and repair services of motor vehicles. The company has not been operating since year 2006.

5. CONTRACTS WITH INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES AND CREDIT INSTITUTIONS

The Company has signed a contract with Finasta AB (financial brokerage company) (Maironio str. 11, Vilnius, tel. (8~5) 203 2233, fax: (8~5) 203 2244, info@finasta.lt) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2008 financial years.

The Company has signed a contract with Orion Securities UAB (financial brokerage company) (A.Tumėno str. 4, Vilnius, tel. (8~5) 231 3833, fax: (8~5) 231 3840, info@orion.lt) for making the market for the shares of Grigiškės AB.

The Company has no signed contracts with financial brokerage companies and credit institutions for providing investment services for the Company.

6. AUTHORISED CAPITAL OF THE ISSUER

6.1. The authorized capital registered at the Register of Legal Persons

6.1.1. Table. Structure of the authorized capital

Type of shares	Number of shares.	Par value, LTL	Total par value, LTL	Interest in the authorised capital, %
Ordinary registered shares	60.000.000	1	60.000.000	100,00

All shares of the Issuer are fully paid up.

6.2. Information on the prospective increase of the authorized capital by converting issued debt securities or derivative securities into shares

The issuer has not issued any debt securities or derivative securities to be converted into shares.

6.3. Rights and obligations conferred by the shares

The shareholders have the following property and non-property rights:

1) to receive a part of the Company's profit - dividend;
2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
6) to receive a part of assets of the Company in liquidation;
7) to bequeath all or a part of the shares to the ownership of the other people;
8) to transfer all or part of the shares to ownership of other people;
9) to attend the general meetings of shareholders;

10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of 1 (one) litas gives its holder one vote at the general meeting);
11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On the 31st of December 2009 there were 2.488 shareholders of Grigiškės AB.

7.2. Main shareholders owning in excess of 5 per cent of the authorised capital of the Issuer

7.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 31st of December 2009.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 2009			31 December 2008		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „Ginvildos investicija“ Turniškių g. 10a-2, Vilnius 125436533	29.272.228	48,79	48,79	28.775.979	47,96	47,96
Rosemount Holding LLC 3533 Fairview Industrial Drive SE, Salem, OR 97302, United States of America	5.639.967	9,40	9,40	5.639.967	9,40	9,40
Dailius Juozapas Mišeikis	5.997.932	10,00	10,00	4.672.432	7,79	7,79

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. Agreements between/among the shareholders

The Issuer is not aware of any agreements between/among the shareholders likely to result in the restriction of securities transfer and (or) voting rights.

8. INFORMATION ON TRADING WITH ISSUER'S SECURITIES ON THE REGULATED MARKETS

Registered ordinary shares of Grigiškės AB are listed on the secondary lists of NASDAQ OMX VILNIUS (ticker – GRG1L).

8.1. Key characteristics of the shares of the Company

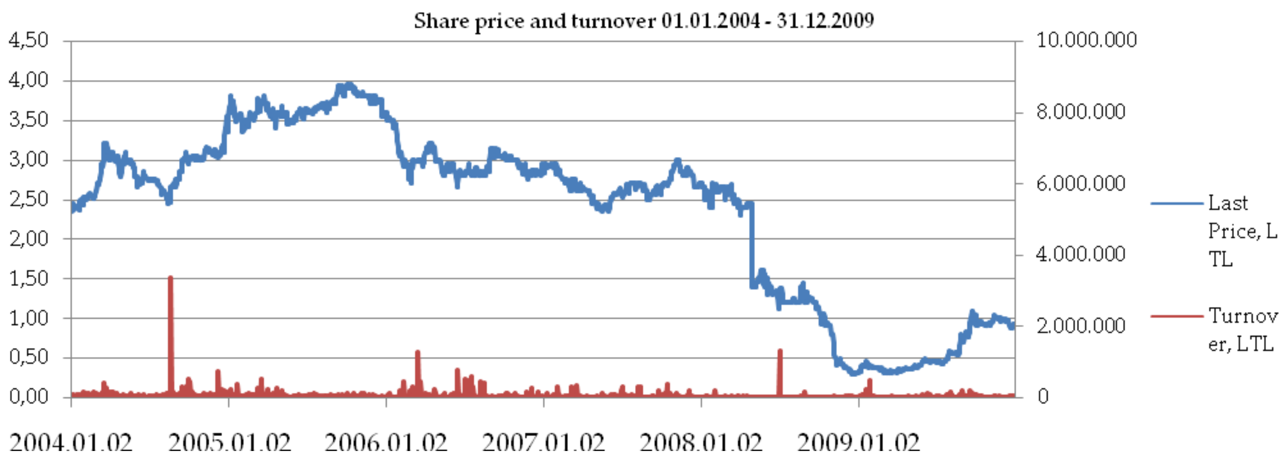
8.1. table. Key characteristics of the shares of the Company

Type of shares	Securities ISIN code	Number of shares	Par value, LTL	Total par value, LTL
Registered ordinary shares	LT0000102030	60.000.000	1	60.000.000

8.2. Share trading information

8.2. table. Share trading information

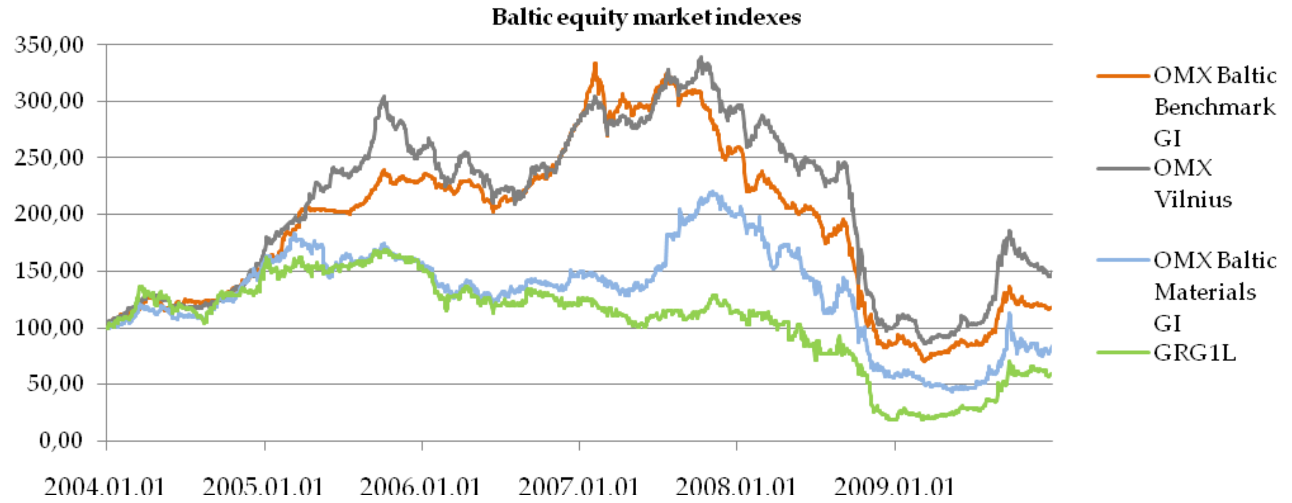
Reported period	Price, LTL			Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Max.	Min.	Last session	Units	LTL
2008, I Q	2,70	2,40	2,48	183.621	0	0	167.207	431.407
2008, II Q	2,45	1,11	1,11	45.478	0	5.910	96.273	174.179
2008, III Q	1,44	1,11	1,14	1.311.782	0	4.812	1.325.360	1.700.485
2008, IV Q	1,14	0,29	0,30	42.459	0	6.593	884.565	378.011
2008	**2,70**	**0,29**	**0,30**	**1.311.782**	**0**	**6.593**	**2.473.405**	**2.684.081**
2009, I Q	0,45	0,30	0,31	458.897	0	0	4.465.664	1.751.743
2009, II Q	0,49	0,33	0,45	122.162	0	20.205	2.033.965	873.993
2009, III Q	1,09	0,42	1,02	185.607	0	22.208	2.889.167	2.017.305
2009, IV Q	1,03	0,88	0,93	62.921	364	5.460	863.978	817.846
2009	**1,09**	**0,30**	**0,93**	**458.897**	**0**	**5.460**	**10.252.774**	**5.460.887**



7.2.1. Fig. Share price and turnover 1 January 2004 – 31 December 2009

Grigiškės AB share price declined in May 2008 because of the annual general meeting decision to increase authorised capital to 60.000.000 LTL (registered in May 2008). Annual general meeting decided to issue 20.043.343 ordinary registered shares of the nominal value of 1 (one) litas and to give the newly issued ordinary registered shares of the nominal value of 1 (one) litas to the shareholders for free.

Shares of Grigiškės AB are included in calculations of OMX Vilnius and OMX Baltic Benchmark (raw material market as per GCIS classification) indexes.



8.2.2. pav. Baltic equity market indexes 01.01. 2004 - 12.31. 2009.

8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	**107.882.974**
31.03.2008	99.092.509
30.06.2008	66.600.000
30.09.2008	68.400.000
31.12.2008	**18.000.000**
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
31.12.2009	**55.800.000**

8.4. Issuer's share trading on other stock exchanges and regulated markets

The Company's shares are not traded on other stock exchanges and regulated markets.

8.5. Own shares buy out

The Company has not bought out own shares.

8.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

8.7. Official takeover bid

Official takeover bid for the Company's shares has not been declared. The Company also has not declared official takeover bid for shares of other companies.

9. EMPLOYEES

During the first half of 2009 the number of the Group employees decreased gradually due to natural fluctuation: relocation, retirement, etc. In the first half of 2009 the significant decrease of volume of production orders caused by complicated economic situation also was one of the reasons for number of employees to decrease. Demand of new employees also decreased because of the optimization of manufacturing units work and also due to in 2008 successfully introduced progressive technologies that capacitated to reach large volume of production with fewer employees.

9.1. table. Average number of listed employees of the Group

	2009	2008
Number of employees	585	694

9.2. table. Average number of listed employees of the Company

	2009	2008
Number of employees	511	602

9.3. table. Number of employees of the Group, average salary and grouping of employees by education in 2009.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.785	29	86	287	69	3
Managers	5.239	43	9	-	-	-
Specialists	2.857	60	17	-	-	-
Total	**2.302**	**132**	**111**	**276**	**63**	**3**

9.4. table. Number of employees of the Group, average salary and grouping of employees by education in 2008.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	2.049	13	86	358	83	5
Managers	4.901	45	10	-	-	-
Specialists	2.886	73	18	3	-	-
Total	**2.384**	**131**	**114**	**361**	**83**	**5**

9.5. table. Number of employees of the Company, average salary and grouping of employees by education in 2009.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.872	29	83	226	54	3
Managers	5.186	42	9	-	-	-
Specialists	2.993	50	15	-	-	-
Total	**2.389**	**121**	**107**	**226**	**54**	**3**

9.6. table. Number of employees of the Company, average salary and grouping of employees by education in 2008.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary

Workpeople	2.093	13	84	293	75	5
Managers	4.809	44	10	-	-	-
Specialists	2.966	60	15	3	-	-
Total	2.463	117	109	296	75	5

10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

The Articles of Association of the Issuer are amended in the procedure prescribed by legal acts of the Republic of Lithuania.

11. SIGNIFICANT AGREEMENTS

The issuer has not made any significant agreements in which one of parties would be the Company and which will be effective, will change or break if Company's control changes.

The issuer and its managing bodies have not made any agreements which foreseen compensations for resigned persons from managing bodies and employees or they be laid off without any reason or their job finishes if Grigiškes AB control changes.

12. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

The Company has the general meeting of shareholders, the sole-person managing body – the head of the Company (director general), the collegial managing body − supervisory council and the collegial managing body – the board.

The supervisory council is comprised of 5 members. The members to the supervisory council are elected by the general meeting of shareholders for a period of 4 years. The supervisory council elects and revokes the members of the board. The board of the Company consists of 5 members.

The board of the Company elects and revokes the head of the Company, fixes his salary, approves his job description, awards bonuses to and imposes penalties on the head of the Company.

12.1. Members of the managing bodies

12.1. table. Members of the supervisory council, board and administration, and their capital share and votes

Full names	**Positions**	**Capital share and votes, %**
SUPERVISORY COUNCIL		
Norimantas Stankevičius	Chairman	-
Algimantas Goberis	Member	-
Valdas Urbonas	Member	-
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
BOARD		
Gintautas Pangonis	Chairman	0,22
Nina Šilerienė	Member	0,07
Audris Vilčinskas	Member	-
Normantas Paliokas	Member	-
Vigmantas Kažukauskas	Member	0,91
ADMINISTRATION		
Gintautas Pangonis	Director General	0,22
Nina Šilerienė	Director of Finance Department	0,07
Vigmantas Kažukauskas	Director for Business Development	0,91

12.2. Information of the Chairman of the Board, Head of Administration and Director of Finance Department

Gintautas Pangonis – Chairman of the Board, director general. Education – university degree. Profession – multichannel telecommunication engineer. Workplaces during the last 10 years:

Employers	Positions
Lietuvos telekomas AB (current name TEO LT AB)	Director general, chairman of the board
Lietuvos telekomas AB (current name TEO LT AB)	Executive vice president
Bitė GSM UAB (current name Bite Lietuva UAB)	Director general, chairman of the board
Grigiškės AB	Director general, chairman of the board

Nina Šilerienė – Director of Finance Department. Education – university degree. Profession – economist for accounting, control and analysis of economic activities. Workplaces during the last 10 years:

Employers	Positions
Lietuvos Telekomas AB (current name TEO LT AB)	Chief Finance Manager
Grigiškės AB	Director of Finance Department, member of the board

12.3. Information on the participation in the activities of other enterprises, agencies and organisations (name of the enterprise, agency or organisation and position thereat, capital interest and votes in excess of 5 per cent)

12.3. table. Participation of the members of the supervisory council, board and administration in the activities of other enterprises, agencies and organisations

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Director	Didma UAB	51,00
			Naras UAB	62,48
			Ginvildos investicija UAB	21,0
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
	Grigiškės UAB	Member of the board		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,91
	Grigiškės AB	Member of the board		
	Naujieji verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Member of the board		
Audris Vilčinskas	Lavista UAB	Director	Lavista UAB	100,0
	Grigiškės AB	Member of the board		
Nina Šilerienė	Grigiškės AB	Director of Finance Department	Grigiškės AB	0,07
	Grigiškės AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		

12.4. Data on the commencement and expiration of the tenure of each managing body

The Supervisory Council of Grigiškės AB was elected on the 11th of December 2007 for a 4 years' period (ending in 2011). The Board of the Company was elected on the 11th of December 2007 for a 4 years' period (ending in 2011).

12.5. Information about payments and loans to the members of the managing bodies

12.5. Table. Information on the salaries, tantiemmes and other payments from profit paid by the Issuer within the reported period.

	Salaries LTL	Tantiemme LTL	Dividends LTL	Other payments LTL
Totally for all members of the supervisory council	-	-	-	-
In average per one member of the supervisory council	-	-	-	-
Totally for all members of the board	-	-	-	-
In average per one member of the board	-	-	-	-
Totally for all members of the administration	439.131	-	-	-
In average per one member of the administration	146.377	-	-	-

The members of the Supervisory Council, Board and Administration of the Issuer, have not received salaries, tantiemmes and other payments during reported period from profit of companies where the share of the Issuer in the authorised capital exceeds 20 per cent.

12.6. Loans, guarantees and warranties granted to the members of the Issuer managing bodies to secure fulfilment of their obligations

None.

13. REVIEW OF ACTYVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

January The Board meeting on 9 January 2009 approved a budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 150 mln. (EUR 43.4 mln.). Comparing with the forecasted results of the year 2008 the sales in 2009 will increase by LTL 4 mln. (EUR 1.2 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 0,3 mln. (EUR 0.1 mln.).

The Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD planned results for year 2009 were calculated in pursuance of sales maintaining on the level of year 2008. Prices of raw material were forecasted according to the recent price trends. Also we believe, that price of the natural gas which has a significant impact on the Group's results will not exceed the price level what was reached in autumn 2008. According to that we believe that plan for year 2009 and planned results adopted by the Grigiškės AB Board meeting are real and achievable.

February On 3 February 2009 „Grigiskes“, AB has signed a contract with an audit company "Tezaurus auditas", UAB to carry out an audit of JSC Grigiškės financial statements and consolidated financial statements for year ended on 31 December 2008.

The Board meeting on 13 February 2009 decided to establish a subsidiary company that will produce and realize corrugated carton and products made from it.

March Management Board of Joint-stock company "GRIGIŠKĖS" passed the following decision on the 17th of March, 2009: the General Meeting will take place on the 21st of April 2009 at 11 a.m. at the company's administration building (Vilniaus str. 10, Grigiškės, Vilnius city municipality).
Accounting day is 14th April 2009.
On the agenda:

1. 1) Company's annual report 2008.
2. 2) Company's auditor's report 2008.
3. 3) Approval of the financial statements for the year 2008.
4. 4) Net Profit appropriation for the year 2008.
5. 5) Selection of the firm of auditors and fixing of the conditions of the remuneration for the audit services.

April The Management Board meeting on 10 04 2009 approved the audited Company's annual report, heard the auditor's opinion on the company's activities year 2008, evaluated positive and decided to supply for approval the projects of annual financial statement and profit appropriation for Annual General Meeting.

The Grigiškės AB General Meeting was held on 21 04 2009. Resolutions of the meeting:

1. Stated, that the annual report for the year 2008 was heard;
2. Stated, that the Auditor's report for the year 2008 was heard;
3. Decides to approve the Company's financial statements for the year 2008;
4. Decides to approve the appropriation of Company's profit (loss) for the year 2008.

5. Decides to recall an audit company "KPMG Baltics", UAB elected for the financial year 2007-2008 by General Meeting on 20th of April 2007.
6. Decides to confirm the decision of the Board by which an audit company „Tezaurus auditas", UAB (code 122740926) was elected for the financial year 2008 and a sum payable for the audit services 37 500 LTL (plus VAT) was fixed.
7. Decides to elect an audit company "Tezaurus auditas", UAB (code 122740926) for the financial year 2009 and fixes a sum payable for the audit services 33 750 LTL (plus VAT).

June JSC Grigiskes has allotted a tender to receive a Cohesion fund grant for the heat generation equipment modernize project value of which is 19.1 million Litas. With the EU grant Company plans to obtain a 15 MW wood fuel steam boiler. It is supposed that the new steam boiler will produce 83 thousand MWh of heat energy per year. The objectives of the project are to provide energy more defensively and to reduce business risks. Following the recommendations of Ministry of Economy JSC Grigiskes received the approbation from National Control Commission for Prices and Energy for the project.

On 25 June 2009 „Grigiskes", AB has signed a contract with an audit company "Tezaurus auditas", UAB to carry out an audit of JSC Grigiškės financial statements and consolidated financial statements for year will be ended on 31 December 2009. A sum payable for the audit services - 33750 litas excluding VAT.

The Board meeting on 25 June 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 112.8 mln. (EUR 32.7 mln.), comparing with the 2008 year the sales will decline by LTL 32.7 mln. (EUR 9.5 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 0.8 mln. (EUR 0.23 mln.).
Planed results for the year 2009 are corrected after not audited financial results of the thirst quarter of the year 2009, the trends of Group sales and the reduction of consumption in Lithuanian and foreign markets were evaluated.

July AB "Grigiškės" is going to implement the Project „The modernisation of the heat sector through the greater use of renewable energy resources" in order to increase competitiveness of production and the use of waste of the manufacturing process for the production of energy. During the implementation of the Project the new steam-boiler with the heating power of 15-18 MW using bio fuel is intended to be installed. The heat produced by the new steam-boiler will replace the heat produced by the existing natural gas steam-boilers. It is planned that the new bio fuel steam-boiler will produce about 55 percent of heat (in the form of steam) needed for the technological processes in the company.
In 2008 AB „Grigiškės" had provided Lithuanian Business support Agency with an application in order to receive financial assistance for the implementation of the Project. The support of up to 9 445 284 litas from the European Structural Funds and the budget of Lithuanian Republic for the implementation of the Project was granted by the order No. 4-346 of the minister of economy of the Republic of Lithuania enacted on the 10th of July, 2009. The total value of the Project is about 19.1 million Lt.

Over the six months this year the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 58.0 million (EUR 16.8

million) which is by LTL 19.1 million or 24.7 % less comparing with the same period of 2008, when the Group's turnover outmeasured LTL 77,1 million (EUR 22.3 million). Over the six months of 2009 the Group earned not audited profit before taxes of LTL 0.84 million (EUR 0.24 million). Over the same period of 2008 the Group reached a loss of LTL 0.13 million (EUR 0.04 million).
It is planed, that Group's turnover in 2009 will be lower by 22.5 % than in 2008 because of economic conditions in the Group's sales markets.

AB Grigiškės signed a market making agreement with FMĮ Orion Securities, UAB for making the market for the shares of AB Grigiškės. Market making activity is intended to increase the liquidity of shares, which has fallen recently due to global financial and economic crisis as well as general negative sentiment in NASDAQ OMX Vilnius Stock Exchange. Market making facilitates trading of the shares and indicates that the company cares about the interests of small investors. Market making activity will start on the 3rd of August, 2009.

August On the 31st of August 2009 AB "Grigiškės", ministry of economy of the Republic of Lithuania and Lithuanian Business support Agency has signed the agreement on budgeting the financial support to the project „The modernisation of the heat sector through the greater use of renewable energy resources". The aims of the project are to increase competitiveness of production and the usage of waste of the manufacturing process for the production of energy. During the implementation of the Project the new steam-boiler with the heating power of 15-18 MW using bio fuel is intended to be installed. The heat produced by the new steam-boiler will replace the heat produced by the existing natural gas steam-boilers. It is planned that the new bio fuel steam-boiler will produce about 55 percent of heat (in the form of steam) needed for the technological processes in the company. The total value of the Project is 19.1 million Lt, of which 9.4 million Lt is the support of European Structural Funds and the budget of the Republic of Lithuania.

October The Board meeting on 7 October 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 115.6 mln. (EUR 33.5 mln.), comparing with the 2008 year the sales will decline by LTL 29.9 mln. (EUR 8.7 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 2.5 mln. (EUR 0.72 mln.).
Planed results for the year 2009 are corrected after not audited financial results of the thirst half of the year 2009, expected results of the third quarter of the year 2009 and the trends of Group sales were evaluated.

November Over the nine months of this year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD reached a turnover of LTL 86.6 mln. (EUR 25.1 mln.), comparing with the same period of 2008 the sales decreased in 22.7 %. The Group earned a profit before taxes of LTL 1.7 mln. (EUR 0.5 mln.). Compared with the nine months of 2008 the Group reached a loss of LTL 2.8 mln. (EUR 0.8 mln.) before taxes.
In 2009 the Group plans to reach a turnover of LTL 115.6 mln. (EUR 33.5 mln.) and to earn a profit before taxes of LTL 3.3 mln. (EUR 0.96 mln.).
Planed results for the year 2009 are corrected after not audited financial results of the nine months of the year 2009, expected results of the fourth quarter of the year 2009 and the trends of Group sales were evaluated.

December The Board meeting on 18 December 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 118,8 mln. (EUR 34,4 mln.), and to earn a profit before taxes of LTL 3,3 mln. (EUR 0,96 mln.).

It is planned that JSC Grigiškes will reach a turnover of LTL 109.3 mln. (EUR 31.6 mln.) and will earn a profit before taxes of LTL 3,6 mln. (EUR 1,0 mln.).

Planned results for the year 2009 are corrected after not audited financial results of the eleven months of the year 2009, expected results of the December of the year 2009 and the trends of Group sales were evaluated.

It is planned that The Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD in the year 2010 will reach a turnover of LTL 140,3 mln. (EUR 40,6 mln.), which is LTL 21,5 mln. (EUR 6,2 mln.) or 18% over the expected turnover of 2009. The Group profit before taxes will reach LTL 5.5 mln. (EUR 1,6 mln.) and will be LTL 2.2 mln. (EUR 0,6 mln.) or 68% higher than it is expected for the year 2009.

It is also planned that JSC Grigiskes sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 17,2 mln. (EUR 5,0 mln.) than it is expected for the year 2009. The company will earn a profit before taxes of LTL 5,0 mln. (EUR 1,4 mln.) which will be LTL 1.4 mln. (EUR 0,4 mln.) or 38% higher than it is expected for the year 2009.

In planning the activities for the year 2010 company was focused on the sales of the hygienic paper products. Increase in sales for the year 2010 will be achieved by paying a special attention not only to Lithuanian but and to foreign markets, especially – Scandinavia and neighbouring countries.

13.2. Newest events in the Issuer's activities

January, 2010 "GRIGISKES", AB and "HANNER", AB have signed a selling-purchasing agreement on obtaining of 100% shares of „AGR Prekyba", UAB. After the terms of the agreement are fulfilled and the authorization from the Competition Council of the Republic of Lithuania is received, „ GRIGISKES", AB will obtain „AGR Prekyba", UAB, that owns 100% shares of „AVESKO", UAB. „AVESKO", UAB owns 96,18% shares of „KLAIPEDOS KARTONAS", AB.

The objective of this transaction is to expand the business of corrugated board and products made of corrugated board of "GRIGISKES", AB.

February, 2010 Carrying out the project "The modernisation of the heat sector through the greater use of renewable energy resources" (No.VP3-3.4-ŪM-02-K-01-006) "Grigiskes", AB and „Enerstena", UAB signed a contract for design and equipment supply, on the 10th of February, 2010. Under this contract „Enerstena", UAB undertook obligations to finish all designing and construction work of „Järnforsen Energi System AB" Swedish company made wood fuel 17,5 MWh steam boiler on its own risks, forces, means and materials until the 31st of March, 2011. Value of the contract is LTL 17,6 mln. (EUR 5,1 mln.). The support of up to LTL 9,4 mln. (EUR 2,7 mln.) from the Cohesion Fund of the European Union and the budget of Lithuanian Republic for the implementation of the Project was granted.

February, 2010 In 2009 the Group which consists of Grigiskes AB and daughter enterprise Baltwood UAB and fulfilled the objectives set and achieved a profit growth forecast. The Group reached a turnover of LTL 118,9 mln. (EUR 34,4 mln.) and earned a profit of LTL 3,3 mln. (EUR 0,96 mln.) before taxes.

JSC Grigiskes reached a turnover of LTL 109,7 mln. (EUR 31,8 mln.) and earned a profit of LTL 3,7 mln. (EUR 1,1 mln.) before taxes.

In complicated year 2009 the successful operation results of the Group were reached due to special attention payed to a sanitary and domestic paper production and marketing.
The past year has been extremely useful in cooperation with Scandinavian partners. Grigiskes AB won the major Danish company contest of toilet paper and paper towels produce. We are glad that today the "Grite" products can be bought not only in the Baltic countries but also in Sweden, Poland, Germany, Belarus and Russia.

February, 2010 On the 25th of February 2010 "GRIGISKES" AB received the authorization of the Competition Council of the Republic of Lithuania to pursue concentration by acquisition 100 % of the shares of "AGR prekyba" UAB, which holds 100 % of the shares of "AVESKO" UAB, which owns 96,18 % of the shares of "KLAIPĖDOS KARTONAS" AB.
"GRIGIŠKĖS" AB shall acquire 100 % of shares of "AGR Prekyba" UAB after the terms of the share purchase - sale agreement signed between "GRIGIŠKĖS" AB and "Hanner" AB are fulfilled and a memorandum of the transaction completion is signed.
March, 2010 On the 1st of March 2010, GRIGIŠKĖS AB and HANNER AB have signed a memorandum of finishing of the shares' selling-purchasing transaction. By this transaction, HANNER AB has sold and GRIGIŠKĖS AB has purchased 100 % of shares of AGR Prekyba UAB. The AGR Prekyba UAB owns 100 % of shares of AVESKO UAB. The latter owns 96,18 % shares of KLAIPĖDOS KARTONAS AB.
The objective of this transaction is to expand the business of corrugated board and products made of corrugated board of GRIGIŠKĖS AB.

13.3. Offices and branches

Since 2006 the Company had an office in Latvia with one operating Country sales representative. The office was closed in 2009. This fact shall not have any influence on Company's sale results in Latvia market, because Company still has a Country sales representative operating in Latvia. Company also has two Country sales representatives operating in Estonia and Poland.
No new offices or branches are planned to open in 2010.

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2009.

Economic risk factors

Fibre Hardboard production. After successful growth in construction and furniture market for several years, 2008 and the first half of 2009 showed a decrease in demand. But, in the second half of 2009 there were small signs of growth of fibre hardboard products demand. These signs allow us to expect some rise in sale prices level in 2010.
Paper production. Fluctuation of exchange rates had a significant influence on exports of our production in 2008 and 2009. The risk of exchange rates is present in 2010 as well. Billing currency of Grigiškės AB is mostly Euros.
In 2010 we plan sale rise in all Company's sale markets, but because of consumption habitude changes and willing to stay competitive we can't plan a significant sale prices rise in closest future.
In 2010 economic risk might be affected by unstable prices of raw material.

Corrugated cardboard and related products. It is planed that the rise of prices of Corrugated cardboard and related products will be caused by staple prices rise and growing consumption.

Social risk factors

Salaries are paid in terms set in collective agreement.

Technical – technological risk factors

On purpose to improve technical production equipment Company's equipment and buildings are streamlined, new equipment is acquired and processes are automated.
Company introduced quality control system and was operating under LST EN ISO 9001:2001 standard requirements before the year 2008. After the successful recertification in May 2008 the validity period of quality certificate was prolonged unit 2011. In April 2009 the quality control system was audited. Since then Company is operating under LST EN ISO 9001:2008 standard requirements.

Ecological risk factors

For used natural resources (water) and for environment pollution (air pollution caused by steam shop, technological equipment and mobile pollution sources, water pollution caused by rain outflows) Company pays taxes. Polluted water is cleaned in mechanical way and pumped to Vilnius city biological cleaning complex.

13.5. Suppliers

13.5.1 table. Countries of suppliers' of main raw materials and materials for the Company

Supplier's country	2009	2008
	%	%
Lithuania	75	73
Sweden	1	1
Poland	4	5
Estonia	8	8
Latvia	2	2
Finland	0	1
Austria	1	6
Other countries	9	4
TOTAL	**100**	**100**

Main suppliers of energy resources are Lithuanian companies.

13.6. Sales and markets

In 2009 Grigiškės AB developed its production and sales of the products in three major directions:

- Paper production: necessities for consumer market (toilet paper, paper towels, paper napkins) and products for business (toilet paper, paper towels). Sales of paper production rose by 7,5 per cent in 2009, as compared to 2008.
- Fibre hardboard. Sales of these products fell by 40,8 per cent compared to 2008. The fall can be attributed to negative economic setting.
- Corrugated cardboard and related production. Sales of these products fell by 11,5 per cent.

13.6.1. table. Group's sold produce

Produce	2009		2008	
	thousand litas	%	thousand litas	%
Hardboard	36.294,0	30,5	62.090,4	42,7
Paper and paper products	63.771,0	53,6	63.463,3	43,6
Wood processing	10.863,2	9,1	12.981,2	8,9
Other sales	8.001,5	6,8	6.924,5	4,8
TOTAL	**118.929,7**	**100**	**145.459,4**	**100**

13.6.2. table. Company's sold produce

Produce	2009		2008	
	thousand litas	%	thousand litas	%
Hardboard	36.764,9	33,5	62.109,3	45,8
Paper and paper products	63.779,6	58,1	63.467,0	46,9
Other sales	9.164,8	8,4	9.888,8	7,3
TOTAL	**109.709,3**	**100**	**135.465,1**	**100**

13.6.3. table. Company's countries of sales

Country	2009		2008	
	thousand litas	%	thousand litas	%
United Kingdom	1.431	1,3	534	0,4
Belarus	564	0,5	1.058	0,8
Czech Republic	1.214	1,1	3.271	2,4
Denmark	6.576	6	1.479	1,1
Estonia	4.594	4,2	7.621	5,6
Latvia	9.126	8,3	8.583	6,3
Poland	7.537	6,9	14.360	10,6
Lithuania	60.169	54,8	79.041	58,3
The Netherlands	3.149	2,9	2.584	1,9
Norway	1.340	1,2	1.168	0,9
Slovakia	2.937	2,7	1.170	0,9
Finland	1.833	1,7	2.341	1,7
Sweden	7.352	6,7	10.189	7,5
Germany	556	0,5	525	0,4
Other countries	1.331	1,2	1.541	1,2
Total	**109.709**	**100**	**135.465**	**100**

13.7. Strategy of the activity and plans for the close future

It is planned that the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD in the year 2010 will reach a turnover of LTL 140,3 mln. (EUR 40,6 mln.), which is LTL 21,5 mln. (EUR 6,2 mln.) or 18% over the expected turnover of 2009. The Group profit before taxes will reach LTL 5.5 mln. (EUR 1,6 mln.) and will be LTL 2.2 mln. (EUR 0,6 mln.) or 68% higher than it is expected for the year 2009.

It is also planned that JSC Grigiskes sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 17,2 mln. (EUR 5,0 mln.) than it is expected for the year 2009. The company will earn a profit before taxes of LTL 5,0 mln. (EUR 1,4 mln.) which will be LTL 1.4 mln. (EUR 0,4 mln.) or 38% higher than it is expected for the year 2009.

In planning the activities for the year 2010 company was focused on the sales of the hygienic paper products. Increase in sales for the year 2010 will be achieved by paying a special attention not only to Lithuanian but and to foreign markets, especially – Scandinavia and neighbouring countries.

13.8. Financial indicators

Financial ratios	2007		2008		2009	
	Group	Company	Group	Company	Group	Company
EBITDA	19.828.555	18.180.039	12.550.059	12.312.244	21.904.985	20.569.459
EBITDA profitability	13,8%	13,6%	8,6%	9,1%	18,4%	18,7%
Gross margin	18,8%	18,9%	10,9%	11,2%	17,0%	17,0%

Financial ratios	2007		2008		2009	
	Group	Company	Group	Company	Group	Company
Operating margin	6,0%	6,3%	-0,8%	0,1%	4,3%	4,8%
Net margin	3,6%	4,1%	-2,7%	-1,8%	2,2%	2,7%
ROE, %	7,4%	8,0%	-5,8%	-3,6%	4%	4,5%
ROA, %	4,0%	4,8%	-2,9%	-2,0%	2,0%	2,4%
Current ratio	0,84	1,01	0,73	0,88	0,85	1,12
Quick ratio	0,47	0,64	0,41	0,55	0,50	0,74
Cash to current liabilities	0,009	0,009	0,003	0,003	0,015	0,007
P/E	21,036	19,558	-4,601	-7,233	21,220	18,567
Earnings per share	0,09	0,09	-0,07	-0,04	0,04	0,05
Debt to equity ration	0,86	0,71	1,16	1,01	0,79	0,68
Debt to total assets ratio	0,46	0,41	0,54	0,50	0,44	0,40

13.9. Patents, licenses and research

The Company and the Group have no patents and licenses.

13.10. Environment protection

Emission rights movement for the year 2009

The Group/The Company	Amount Pcs.
31 December 2008	(12.617)
Emission rights allocated	53.356
Emission rights used	(33.356)
Sale of emission rights	(38.000)
31 December 2009	**(30.617)**

More information about environment protection is provided under ecological risk factors.

14. RELATED PARTY TRANSACTIONS

All transactions with related persons were carried out at market prices
Baltwood UAB – subsidiary of Grigiškės AB.
Ginvildos Investicija UAB – major shareholders of Grigiškės AB.
Didma UAB, Remada UAB and Naras UAB – companies related to the managing officers of the group.
Ekotara UAB – subsidiary of the group not subject to consolidation.
Naujieji Verkiai UAB (the former name of the company is Grigiškių transporto centras UAB) – subsidiary of the group not subject to consolidation.

14.1. table. Group's transactions with related persons in 2009. Balances of amounts receivable/payable in relation thereto on the 31st of December 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	329	161.276		11.754
Didma UAB	362.453	190.581	129.985	
Remada UAB	873		5.228	
Naras UAB	53.260		9.842	
Ekotara UAB				
Naujieji Verkiai UAB				
Total	**416.915**	**351.857**	**145.055**	**11.754**

14.2. table. Company's transactions with related persons in 2009. Balances of amounts receivable/payable in relation thereto on the 31st of December 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	1.782.502	1.411.285	4.187.969	
Ginvildos Investicija UAB	329	154.850		11.754
Didma UAB	3.274	173.781	237	
Remada UAB	873		5.228	
Naras UAB	53.260		9.842	
Ekotara UAB				
Naujieji Verkiai UAB		9.500		3.500
Total	**1.840.238**	**1.749.416**	**4.203.276**	**15.254**

15. COURT AND ARBITRATION PROCEEDINGS

During the twelve months of 2009 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.

16. INFORMATION ON COMPLIANCE WITH GOVERNANCE CODE

The public company Grigiškės, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company fully complies with this recommendation. Plans and forecasted result of the Company are published on an annual basis.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	All supreme managing bodies of the Company are focused on the implementation of the main objectives and tasks of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The one-person managing body – the head of the Company, the collegial managing body – the management board and the supervisory body – the council of observers (supervisory board) cooperate in view of seeking the best benefit for the Company and it shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company fully complies with these recommendations.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Company fully complies with this recommendation, as its bodies consist of the single-person managing body (the head of the Company), the collegial managing body (the management board) and the supervisory body (the council of observers).
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The management board is responsible for strategic management of the Company and parries out other essential managerial functions in the Company. The council of observers (supervisory board) is responsible for the efficient supervision of the managing bodies of the Company.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Not applicable	Both the council of observers (supervisory board) and the management board are formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the	Yes	The collegial supervisory body, as elected by the general meeting of shareholders, is formed and operates in the procedure laid down in guidelines III and IV; guidelines III and IV also apply to the management board, insofar this does not contradict the essence and purpose of the mentioned body.

essence and purpose of this body.		
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	The management board of Company consists of 5 members. The council of observers (supervisory board) also consists of 5 members. This is set forth in the Articles of Association of the Company. The Articles of Association shall be approved by the supreme managing body of the Company, i.e., the general meeting of shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	In accordance with the Articles of Association of AB Grigiškės, the council of observers shall be elected by the general meeting of shareholders for the maximum period of 4 years. This is the maximum period permitted by the legislation of the Republic of Lithuania. The general meeting of shareholders is entitled to revoke all or individual members of the council of observers before expiration of their tenure.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairperson of the council of observers, as formed in the Company, has not been the head of the Company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The collegial body elected by the general meeting of shareholders is elected in compliance with the procedure prescribed by the legislation of the Republic of Lithuania and does not contradict it. Concurrently, the interests of small shareholders, disinterested and unbiased supervision of the managing bodies are ensered.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Latest 10 days before the general meeting of shareholders the Company shall publish proposed draft resolutions. Where the election of the members to the collegial body is included in the agenda of the meeting, the Company shall disclose the foremost information about the nominees to the members. Information about the members of the council of observers and the management board is disclosed by the Company in its periodical reports. Accordingly, there is enough time for the shareholders to decide on which nominee they will vote.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	The Company complies with the provisions laid down in this recommendation: before a member is appointed to the council of observers, the proposed candidate is announced and his/her suitability to hold this position is presented for the shareholders present at the nominating meeting. The shareholders are free to ask questions. Every shareholder votes to express his/her opinion as to whether or not he/she is satisfied with the competence of the nominated member to the council of observers. Information about the members to the council of observers is disclosed by the Company in its periodical reports.

3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	The members to the collegial body of the Company, as formed by the general meeting of shareholders, are elected taking into consideration the structure and types of activities of the Company; the members have versatile knowledge, opinions and experience necessary for the proper performance of their tasks.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	New members elected to the collegial bodies of the Company are made familiar with the Company, its organization, activity specifics, etc.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	Independency of the members of the council of observers has not been evaluated in the Company so far; the Company has not discussed the contents of the concept of "sufficiency" of independent members.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);	Yes	According to the criteria laid down in paragraph 3.7, there is an independent member in the council of observers of the Company.

5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	The Company has not defined the concept of independency.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	The Company has not applied so far the practice of evaluation and announcement of independency of the members of the council of observers.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	The Company has not applied so far the practice of evaluation and announcement of independency of the members of the council of observers.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general	No	Members of the collegial bodies are not remunerated for their work from the funds of the Company.

shareholders' meeting should approve the amount of such remuneration.		
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The council of observers regularly makes recommendations to the managing bodies of the Company and monitors their activities.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	To the best knowledge of the Company, all members of the council of observers act in a good will in respect of the Company, comply with the interests of the Company (not those of third parties) and take efforts to maintain independency in decision making.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	Members of the collegial body properly perform the functions delegated to them: actively participate at the sitting of the collegial body and devote sufficient time for the performance of their duties as the members of the collegial body.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The collegial body treat all shareholders in a fair and unbiased manner. There have been no conflicts of interests so far.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	In accordance with the Articles of Association, transactions of the Company shall be considered and approved by the management board: • decisions to invest, transfer or lease the tangible long-term assets the book value whereof exceeds 1/20 of the statutory capital of the company (calculated individually for every tape of transaction); • decisions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the statutory capital of the company (calculated for the total amount of transactions); • decisions to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds 1/20 of the statutory capital of the company; • decisions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the statutory capital of the company.

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The collegial body is independent in making decision important for the activities and strategy of the Company. Also, there are no restrictions for the collegial body to receive information of the Company's employees.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	No committees have been formed in the Company so far. Conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	No	No committees have been formed in the Company so far.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees	No	No committees have been formed in the Company so far.

should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	No	No committees have been formed in the Company so far.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	No	No committees have been formed in the Company so far.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	No	No nomination committee has been formed in the Company so far.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and	No	No remuneration committee has been formed in the Company so far.

executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and	Yes	Supervisory board performs the functions of the Audit Committee.

its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.		

4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	Such practice has not been applied in the Company.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company fully complies with these recommendations.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	Sittings of the collegial bodies of the Company are held at such intervals as are necessary to ensure uninterrupted tackling of essential issues relating to the management of the Company.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the	Yes	Members of the collegial bodies are notified on the sitting in advance (before three days) by sending them the agenda and materials of the sitting by e-mail, so that they'd have enough time to properly prepare for consideration of the issues to be addressed at the sitting and share in useful discussions leading to adoption of proper resolutions.

collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.		
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	In order to coordinate operations of the collegial bodies of the Company and to ensure efficient decision-making process, chairpersons of the collegial supervisory and managing bodies of the Company agree upon the dates and agendas of future sittings, closely cooperate in tackling other issues relating to the management of the Company.
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company is comprised of 60.000.000 ordinary shares. The par value of one share is LTL 1. All shareholders of the Company enjoy equal rights.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company fully complies with this recommendation.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Major decisions are made by the Management Board. No support of the general meeting of shareholders is required.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	Procedures of convocation and holding the general meetings of shareholders of AB Grigiškės create the shareholders equal opportunities to attend the meetings and do not violate their rights and interests. Notices of convocation of the general meeting are published in the Lietuvos Rytas daily, as it is stipulated in the Articles of Association of the Company. The place, date, time and agenda of the meeting shall be specified in the notice. In addition, information is also published on the website of the Company: www.grigiskes.lt.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The Company fully complies with this recommendation.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of AB Grigiškės may exercise their right to attend the general meeting of shareholders personally or through a proxy, provided such a person is properly authorized or is a party to a voting right cession agreement made in the statutory procedure; also, the shareholders of

		the Company may vote by filling in common ballot-papers as it is stipulated in the Company Law.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The Company does not comply with the provisions of this recommendation, because there have been no such request on the part of the shareholders.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Company fully complies with these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	The Company fully complies with these recommendations.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	The Company fully complies with these recommendations.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The Company fully complies with these recommendations.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	Such practice has not been applied in the Company so far.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	Such practice has not been applied in the Company so far.
8.3. Remuneration statement should leastwise include the	No	Such practice has not been applied in the Company so far.

following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	Such practice has not been applied in the Company so far.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.	No	Such practice has not been applied in the Company so far.

8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the	No	The remuneration policy of disclosure practice has not been applied in the Company so far.

remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.		
8.13. Shares should not vest for at least three years after their award.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	No	Such practice has not been applied in the Company so far.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	No	Such practice has not been applied in the Company so far.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights	No	Such practice has not been applied in the Company so far.

are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.		
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	No	Such practice has not been applied in the Company so far.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	No	Such practice has not been applied in the Company so far.
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy.	Yes	The Company complies with this recommendation.

This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.		
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	The Company complies with this recommendation.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	No	Such practice has not been applied in the Company so far.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	The Company complies with this recommendation.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The Company publishes information through the information system of the Vilnius Stock Exchange in Lithuanian and English simultaneously, of possible. The Stock Exchange places the received information on its home page and trade system, thus ensuring simultaneous placement of information to all readers. In addition, the Company, if possible, publishes its information prior to or after trade sessions of the Vilnius Stock Exchange and provides information for all markets where securities of the Company are traded simultaneously. The Company does not publish in commentaries, interviews or otherwise any information likely to affect the price of its emitted securities until such information is announced through the information system of the Stock Exchange. The mentioned information is also placed on the website of the Company: www.grigiskes.lt.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Essential events, press releases, activity reports and other information important for the shareholders are published on the website of the Company in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company fully complies with this recommendation.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and	Yes	The Company complies with this recommendation,

interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements		except for audited of interim financial statement.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	An audit company is proposed to the general meeting of shareholders by the council of observers.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	Audit company has not rendered other services for the Company.