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

28.02.2011 No 026-SK/2011-_______

CONFIRMATION OF RESPONSIBLE PERSONS

Pursuing Part 2 of Article 22 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 – Business Development Director, temporarily acting as a General Director, Vigmantas Kažukauskas and Director of Finance Department Nina Šilerienė approve that not audited financial statements of AB Grigiškės for the twelve months of 2010 year, 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 consolidated report for the twelve months of 2010 year shows fair business environment as well as description of the company's performance

ENCLOSURE: Grigiškės AB interim information for the twelve months of 2010 (41 page).

Business Development Director,
temporarily acting as a General Director — Vigmantas Kažukauskas

Director of Finance Department — Nina Šilerienė

GRIGIŠKĖS AB

Interim information for the twelve months of 2010

TABLE OF CONTENTS

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

Reports have been prepared for the twelve months of 2010.

2. AUDIT INFORMATION

The interim consolidated information of Grigiškės AB covering the twelve months of 2010 is not audited or checked-up by auditors.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

Grigiškės AB (further the Company or the Issuer) has seven subsidiaries: Klaipėdos kartonas AB, Baltwood UAB; Ekotara UAB; Naujieji Verkiai UAB, Mena Pak OAO, AGR Prekyba UAB and Klaipėda Recycling UAB.

Status	Issuer	Subsidiary	Subsidiary
Name	**Grigiškės** AB	**Klaipėdos kartonas** AB	**Baltwood** UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	60.000.000 LTL	45.333.330 LTL	9.950.000 LTL
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 45
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 58 98
E-mail	info@grigiskes.lt	info@kartonas.lt	info@baltwood.lt
Internet address	www.grigiskes.lt	www.kartonas.lt	www.baltwood.lt
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

Status	Subsidiary	Subsidiary	Subsidiary
Name	**Ekotara** UAB	**Naujieji Verkiai** UAB	**Mena Pak** OAO
Company's ID No.	302329061	300015674	00383260
Authorised capital	10.000 LTL	100.000 LTL	511.470 UAH
Address	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Koshevovo str. 6, Chernihiv region, Mena, Ukraine
Phone	+370 5 243 58 01	+370 5 243 59 33	+380 4644 21341
Fax	+370 5 243 58 02	+370 5 243 58 02	+380 4644 21084
E-mail	info@grigiskes.lt	info@grigiskes.lt	menapack@ukr.net
Internet address	www.ekotara.lt	-	www.menapack.com.ua
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	10 April, 2009	6 April, 2004	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary
Name	**AGR Prekyba** UAB	**Klaipėda Recycling** UAB
Company's ID No.	302416687	302529158
Authorised capital	10.000 LTL	10.000 Lt
Address	Konstitucijos av. 7 Vilnius	Nemuno str. 2, Klaipėda,
Phone	+370 5 243 5933	+370 46 395 601
Fax	+370 5 243 58 02	+370 46 395 600
E-mail	vikz@grigiskes.lt	info@kartonas.lt
Internet address	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010
Administrator of the register	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 Klaipėdos kartonas AB are as follows: manufacturing of the raw materials for production of corrugated board - Testliner and Fluting. Beside the main activity, Klaipėdos kartonas AB also produces paper honeycomb used in furniture industry.

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 Mena Pak OAO are as follows: manufacturing of corrugated board, packing from corrugated board.

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 2010.

Core business activities of Naujieji Verkiai UAB are as follows: building and development of real estate.

Core business activity of Klaipėda Recycling UAB is planned to be a waste-paper procurement. The company has not been operating in year 2010.

Core business activities of AGR Prekyba UAB are as follows: investment activities and corporate governance.

On the 16th of December 2010 Avesko AB was checked out of register of legal entities of Republic of Lithuania.

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 – 2009 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 2010 there were 2.665 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 2010.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 2010			31 December 2009		
	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	29.272.228	48,79	48,79
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
IRENA ONA MIŠEIKIENĖ	8.731.686	14,55	14,55	-	-	-

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 were listed on the secondary lists of NASDAQ OMX VILNIUS (ticker – GRG1L) till the 30th of June, 2010. Since the 1st of July, 2010 shares of Grigiškės, AB are listed in the main list of NASDAQ OMX VILNIUS, AB.

8.1. Key characteristics of the shares of the Company

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

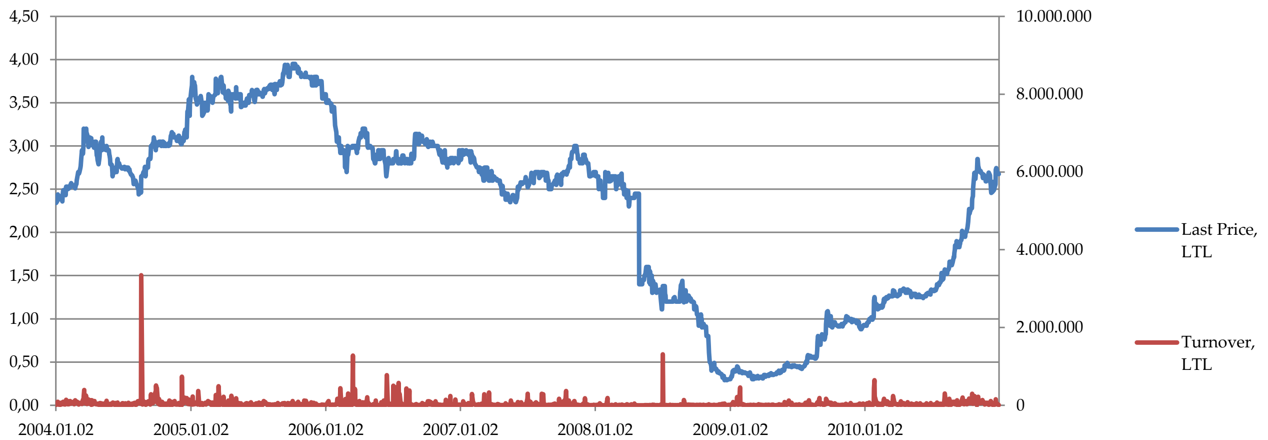
Type of shares	Securities ISIN code	Number of shares	Par value, LTL	Total par value, LTL
Registered ordinary shares	LT0000102030	60.000.000	1	60.000.000

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**
2010, I Q	1,33	0,92	1,27	643.163	0	14596,94	3.109.465	3.731.893
2010, II Q	1,35	1,24	1,34	98.746	0	25.194	1.017.209	1.319.328
2010, III Q	2,02	1,32	1,95	299.041	0	38.734	1.817.780	3.065.303
2010, IV Q	2,850	2,000	2,676	293.473	0	7.054	1.994.606	5.010.498
2010	**2,850**	**0,920**	**2,676**	**643.163**	**0**	**7.054**	**7.939.060**	**13.127.022**

8.2. figure. Share price and turnover 01.01.2004 – 31.12.2010.



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.

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**
31.03.2010	76.000.000
30.06.2010	80.400.000
30.09.2010	117.000.000
31.12.2010	**160.560.000**

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 year 2010 the number of the Group employees fluctuated naturally: in some companies the number of employees has decreased and in some has increased.

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

	2010	2009
Number of employees	940	585

The average number of the Group employees of the year 2010 is by 355 employees or 60,7 percent higher than the figure of the year 2009 is. The reason of that fact is the transaction performed on the 1st of March, 2010 when Grigiškės AB purchased 100 percent of shares of AGR Prekyba UAB. After the transaction was finished the employees of daughter companies Klaipėdos kartonas AB and Mena pak OAO also got a status of employees of Grigiškės AB Group.

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

	2010	2009
Number of employees	448	511

9.3. table. Number of employees of the Group, average salary and grouping of employees by education in 2010.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.742	45	162	463	58	10
Managers	4.995	87	22	4	-	-
Specialists	2.415	68	19	2	-	-
Total	**2.140**	**200**	**203**	**469**	**58**	**10**

9.4. 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**

9.5. table. Number of employees of the Company, average salary and grouping of employees by education in 2010.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	2.142	24	90	197	22	1
Managers	5.498	58	16	4	-	-
Specialists	3.014	27	7	2	-	-
Total	**2.681**	**109**	**113**	**203**	**22**	**1**

9.6. 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**

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. 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.

11.1. Members of the managing bodies

11.1. 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

11.2. 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
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

11.3. 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)

11.3. 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	13,0
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director General	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
	Remados statyba UAB	Director	Remados statyba UAB	100,0
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Mena Pak OAO	Member of the Supervisory council		
	Lucky loot 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 AB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,91
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara 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, %
	AGR Prekyba UAB	Director		
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		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		

11.4. 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. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigiškės AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2009 has not undergone any changes

13. REVIEW OF ACTYVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

January Grigiskes AB has received notification from Dailius Juozapas Mišeikis on the acquisition of voting rights. The threshold that was crossed - 10%, the reason for crossing the threshold - securities acquisition.

"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.
„KLAIPEDOS KARTONAS", AB has invested a lot into renovation of the equipment while economy was growing, so now it produces high quality cardboard paper products: testliner and fluting, that are the main materials used in production of corrugated board. Also in the year 2007, company has launched a new product - paper honeycomb, used in furniture industry. Company's turnover made LTL 110 mln. (EUR 31,9 mln.) in the year 2008 and LTL 123,3 mln. (EUR 35,7 mln.) in the year 2007.

After the obtaining of „KLAIPEDOS KARTONAS“, AB, the Group of „GRIGISKES“, AB will obtain the full cycle business starting with production of the cardboard paper and finishing with production of the products made of corrugated board. The Group will be also augmented by OAO „MENA PAK“, subsidiary of „KLAIPEDOS KARTONAS“, AB, that operates in Ukraine and produces packaging from corrugated board.

February 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.

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 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.

The Ordinary General Shareholders Meeting of Grigiskes AB, code 110012450, Vilniaus g. 10, Grigiškės, LT-27101, Vilniaus m. sav., is convened by initiative and the decision of the Board.
The Date of the Meeting - the 27th of April, 2010, Tuesday. Time - 11 a.m., place - Vilniaus g. 10 (the company's administration building), Grigiškės, Vilniaus m. sav., Lithuania. Registration of shareholders starts at 10.30 a.m.
The Board confirmed the following agenda for the Ordinary General Meeting of Shareholders:
1) Company's annual report 2009.
2) Company's auditor's report 2009.
3) Approval of the financial statements of the year 2009.
4) Net Profit appropriation of the year 2009.
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 06 04 2010 approved the audited Company's annual report, heard the auditor's opinion on the company's activities of the year 2009, evaluated positive and decided to supply to the General Meeting general ballot paper (voting bulletin), projects of annual financial statement and profit appropriation for approval and to tender to the General Meeting to elect an audit company ERNST & YOUNG BALTIC, UAB for the financial year 2010 and 2011 audit and fix a sum payable for the audit services not more than 56350 LTL (plus VAT) for a single financial year.

The Board meeting on 27 April 2010 approved a revised budget for the year 2010. It is planned that the Group which consists of Grigiskes AB, daughter enterprise Baltwood UAB and indirectly controlled daughter enterprise Klaipedos kartonas AB in the year 2010 will reach a turnover of LTL 230 mln. (EUR 66.6 mln.), which is LTL 111.1 mln. (EUR 32.2 mln.) or 93% over the turnover of 2009. The Group's profit before taxes will reach LTL 7.6 mln. (EUR 2.2 mln.) and will be LTL 4.4 mln. (EUR 1.27 mln.) or 2.4-fold higher than it was reached on the year 2009.

The Group's planned results for the year 2010 are corrected after the activity plans of the new Group's members were evaluated. On the 18th of December 2009 proclaimed forecasted financial indicators for the year 2010 of Company Grigiskes AB remain unchanged.

The General Meeting of shareholders of Grigiskes AB was held on 27-04-2010. The meeting heard the annual report for the year 2009 and the Auditor's report for the year 2009 and made following resolutions:

- to approve the Company's financial statements for the year 2009;
- to approve the appropriation of Company's profit (loss) for the year 2009: for dividends to distribute LTL 0,02 (0,006 EUR) per ordinary registered share and to pay in total LTL 1 200 000 (374.544 EUR) of dividends and to appropriate LTL 150.269 (43.521 EUR) to the legal reserves;
- to elect an audit company ERNST & YOUNG BALTIC, UAB for the financial year 2010 and 2011 audit and to fix a sum payable for the audit services not more than 56.350 LTL (16.320 EUR) (plus VAT) for a single financial year.

June On June 17, 2010 Grigiškės AB submitted an application for admission of its securities to the Main list.

Over the five months of year 2010 turnover of the Group which consists of Grigiškės AB and subsidiaries Klaipėdos kartonas AB, Baltwood UAB and Mena Pak OAO outmeasured LTL 81.9 mln. (EUR 23.7 mln.). Comparing with the same period of 2009 the sales increased in LTL 33.5 mln. (EUR 9.7 mln.) or 69 %.

Over the five months of year 2010 turnover of Grigiškės AB outmeasured LTL 48.6 mln. (EUR 14.0 mln.). Comparing with the same period of 2009 the sales increased in LTL 3.2 mln. (EUR 0.9 mln.) or 7 %.

The main reasons of rising turnover are reviving foreign markets and purchased subsidiaries on March 1, 2010.

July Grigiskes AB has received notification from Irena Ona Mišeikienė on the acquisition of voting rights. The threshold that was crossed - 10%, the reason for crossing the threshold - securities acquisition by inheritance.

Klaipėdos kartonas AB the subsidiary of Grigiškės AB has established a subsidiary company Klaipėda Recycling UAB. It is planned that this new company will run a business of waste-paper procurement.

August The Board meeting on 5 August 2010 approved a corrected budget for the year 2010.
It is planned that Grigiskes AB sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 16,8 mln. (EUR 4,9 mln.) than it was in 2009. The company will earn a profit before taxes of LTL 1,6 mln. (EUR 0,5 mln.) which will be LTL 1.9 mln. (EUR 0,55 mln.) or 54% lower than it was in 2009.
Planed profit before taxes for the year 2010 is corrected after the expected financial results of the six months of the year 2010 and the trends of raw materials prices were re-evaluated.
On the 27th of April 2010 proclaimed forecasted financial indicators for the year 2010 of Grigiskes AB Group remain unchanged. It was planned that the Group which consists of Grigiskes AB, daughter enterprises Baltwood UAB, Klaipedos kartonas AB and Mena Pak OAO in the year 2010 will reach a turnover of LTL 230 mln. (EUR 66,6 mln.), which is LTL 111,1 mln. (EUR 32,2 mln.) or 93% over the turnover of 2009. The Group's profit before taxes will reach LTL 7,6 mln. (EUR 2,2 mln.) and will be LTL 4,4 mln. (EUR 1,27 mln.) or 2,4-fold higher than it was reached on the year 2009.

Grigiškės, AB has signed a contract with an audit company Ernst & Young Baltic, UAB for the Company's and Group's annual financial statements audit for years 2010 and 2011. A sum payable for the audit services - 56.350 LTL (16.320 EUR) (plus VAT) for a single financial year.

On the 25th of August AVESKO, UAB, a member of GRIGIŠKĖS, AB has been reformed into a joint-stock company with a name AVESKO, AB. In order to more transparent management of subsidiaries of GRIGIŠKĖS, AB in the future it is planned to reorganize by the merger Klaipėdos kartonas, AB and not operating AVESKO, AB.

September Grigiskes AB was present at forum of investors “Vilnius Invest 2010” held by NASDAQ OMX Vilnius AB. Here, in this event, Company's activities, results of the activities, plans and prospect of the Company were presented by general director Gintautas Pangonis.

November The extraordinary meeting of shareholders of KLAIPĖDOS KARTONAS AB the subsidiary of GRIGIŠKĖS AB was held on 15-11-2010. The Meeting made the resolution to reorganize KLAIPĖDOS KARTONAS AB and AVESKO AB according to the part 3 of Article 2.97 of the Civil Code of the Republic of Lithuania by the way of connecting AVESKO AB to KLAIPĖDOS KARTONAS AB. After the reorganization the company AVESKO AB will end and the company KLAIPĖDOS KARTONAS AB will continue the activities and will assume all the rights (including property) and obligations of AVSEKO AB.

December Over the eleven months of 2010 the turnover of Grigiskes AB Group, which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO, outmeasured LTL 224,4 mln. (EUR 65,0 mln.) and reached 97,6% of proclaimed forecasted turnover for 2010.

Over the eleven months of 2010 the turnover of Grigiskes AB outmeasured LTL 117,6 mln. (EUR 34,1 mln.) and reached 93,0% of proclaimed forecasted turnover for 2010.

On the 5th of August 2010 proclaimed forecasted financial indicators for the year 2010 of Grigiskes AB and the Group remain unchanged.

On the 16th of December 2010 Avesko AB was checked out of register of legal entities of Republic of Lithuania. The Group of Grigiskes AB consists of: Grigiskes AB, Baltwood UAB, Klaipedos kartonas AB, Ekotara UAB, Naujieji Verkiai UAB, Mena Pak OAO, AGR Prekyba UAB and Klaipeda Recycling UAB.

The Board meeting on 21st of December 2010 approved an ambitious budget for the year 2011.

It is planned that The Group which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAOin the year 2011 will reach a turnover of LTL 300 mln. (EUR 86.9 Mio), which is LTL 70 Mio (EUR 20.3 Mio) or 30% over the expected turnover of 2010. The Group profit before taxes will reach LTL 12 Mio (EUR 3.5 Mio) and will be LTL 4.4 Mio (EUR 1.3 Mio) or 58% higher than it is expected for the year 2010.

It is also planned that Grigiskes AB sales in 2011 will increase to LTL 145 Mio (EUR 42 Mio) and will be higher by LTL 18.5 Mio (EUR 5.4 Mio) than it is expected for the year 2010. The company will earn a profit before taxes of LTL 4.8 Mio (EUR 1.4 Mio) which will be LTL 3.2 Mio (EUR 0.9 Mio) higher than it is expected for the year 2010.

In planning the activities for the year 2011 company has evaluated the trends of 2010 and signs of development of the economy. For the next year the Group will focus on the sales in export markets of the hygienic paper products, litliner, fluting and packaging made of corrugated board.

13.2. Newest events in the Issuer's activities

December, 2010 On the 18th of February 2011 Grigiskes AB signed a proactive reliability maintenance service agreement with the company SKF Lietuva UAB. The aim of the agreement is to improve the reliability and efficiency of existing production assets. This contract will last over a period of one year and is part of the company's strategy to improve their market position.

Mr. Pangonis, General Director of Grigiskes AB, stated that with the experience of SKF, a global service provider in the pulp and paper industry with high quality standards, it will be possible to reduce cost and improve output. The tissue market is still growing fast and the demand for high quality tissue is increasing. Also the market for packaging material and wood products is demanding more and more quality and a great sense of flexibility.

To support the contract, Grigiskes AB also invested in an extensive computerized maintenance management system, to help structuring all maintenance activities and keep an eye on the cost. Because of experience from all over the world, SKF is in a unique position to help the company with the implementation.

With these activities, Grigiskes AB continues to fulfill the ambition to modernize the company in order to become an important player in the market.

13.3. Offices and branches

Company has Country sales representatives operating in Latvia, Estonia and Poland. No new offices or branches are planned to open in 2011.

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2009. There are no material changes in financial risk management during the twelve months of year 2010.

13.5. Suppliers

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

Supplier's country	2010	2009
	%	%
Lithuania	78	75
Estonia	9	8
Poland	4	4
Latvia	2	2
Germany	1	2
Belarus	1	0
Austria	1	1
Other countries	4	8
TOTAL	**100**	**100**

Main suppliers of energy resources are Lithuanian companies.

13.6. Sales and markets

13.6.1. table. Company's countries of sales

Country	2010		2009	
	thousand litas	%	thousand litas	%
United Kingdom	3.936	3,0%	1.431	1,3%
Belarus	979	0,8%	564	0,5%
Chez Republic	3.585	2,8%	1.214	1,1%
Denmark	10.251	7,9%	6.576	6,0%
Estonia	6.459	5,0%	4.594	4,2%
Latvia	12.939	10,0%	9.126	8,3%
Poland	13.407	10,3%	7.537	6,9%
Lithuania	54.505	42,0%	60.169	54,8%
Norway	1.275	1,0%	1.340	1,2%
The Netherlands	3.397	2,6%	3.149	2,9%
Slovakia	3.964	3,1%	2.937	2,7%
Finland	2.672	2,1%	1.833	1,7%
Sweden	8.859	6,8%	7.352	6,7%
Hungary	134	0,1%	124	0,1%
Germany	2.254	1,7%	556	0,5%
Other countries	1.126	0,9%	1.207	1,1%
Total	**129.742**	**100,0%**	**109.709**	**100,0%**

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

It is planned that The Group which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO in the year 2011 will reach a turnover of LTL 300 mln. (EUR 86.9 Mio), which is LTL 70 Mio (EUR 20.3 Mio) or 30% over the expected turnover of 2010. The

Group profit before taxes will reach LTL 12 Mio (EUR 3.5 Mio) and will be LTL 4.4 Mio (EUR 1.3 Mio) or 58% higher than it is expected for the year 2010.

It is also planned that Grigiskes AB sales in 2011 will increase to LTL 145 Mio (EUR 42 Mio) and will be higher by LTL 18.5 Mio (EUR 5.4 Mio) than it is expected for the year 2010. The company will earn a profit before taxes of LTL 4.8 Mio (EUR 1.4 Mio) which will be LTL 3.2 Mio (EUR 0.9 Mio) higher than it is expected for the year 2010.

In planning the activities for the year 2011 company has evaluated the trends of 2010 and signs of development of the economy. For the next year the Group will focus on the sales in export markets of the hygienic paper products, litliner, fluting and packaging made of corrugated board.

13.8. Financial indicators

Financial ratios	2008 audited		2009 audited		2010 unaudited	
	Group	Company	Group	Company	Group	Company
EBITDA	12.550.059	12.312.244	21.904.985	20.569.459	32.366.859	16.232.141
EBITDA profitability	8,6%	9,1%	18,4%	18,7%	13,0%	12,5%
Gross margin	10,9%	11,2%	17,0%	17,0%	11,7%	10,9%
Operating margin	-0,8%	0,1%	4,3%	4,8%	4,8%	1,8%
Net margin	-2,7%	-1,8%	2,2%	2,7%	3,2%	1,0%
ROE, %	-5,8%	-3,6%	4,0%	4,5%	10,7%	1,8%
ROA, %	-2,9%	-2,0%	2,0%	2,4%	4,6%	1,0%
Current ratio	0,73	0,88	0,85	1,12	0,82	1,03
Quick ratio	0,41	0,55	0,50	0,74	0,53	0,78
Cash to current liabilities	0,003	0,003	0,015	0,007	0,023	0,009
P/E	-4,60	-7,23	21,22	18,57	19,93	119,01
Earnings per share	-0,07	-0,04	0,04	0,05	0,13	0,02
Debt to equity ration	1,16	1,01	0,79	0,68	1,68	0,71
Debt to total assets ratio	0,54	0,50	0,44	0,40	0,60	0,39

There is more information about Company's activity and financial results in the financial report below.

13.9. Related party transactions

All transactions with related persons were carried out at market prices
AB „Klaipėdos kartonas“ – subsidiary of Grigiškės AB.
Baltwood UAB – subsidiary of Grigiškės AB.
OAO „Mena Pak“ – AB „Grigiškės“ subsidiary.
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 – subsidiary of the group not subject to consolidation.
Klaipėda Recycling UAB – subsidiary of the group not subject to consolidation.

13.9.1. table. Group's transactions with related persons during twelve months of 2010. Balances of amounts receivable/payable in relation thereto on the 31st of December 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	380	139.075		23.056
Didma UAB	2.548	313.427		
Remada UAB				
Naras UAB	55.205		10.047	
Ekotara UAB				
Naujieji Verkiai UAB	3.086		897	
Klaipėdos kartonas AB				
Mena Pak OAO				
Total	**61.219**	**452.502**	**10.944**	**23.056**

13.9.2. table. Company's transactions with related persons during twelve months of 2010. Balances of amounts receivable/payable in relation thereto on the 31st of December 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	2.429.075	2.573.362	3.841.528	
Ginvildos Investicija UAB	380	139.075		23.056
Didma UAB	2.548	313.427		
Remada UAB				
Naras UAB	55.205		10.047	
Ekotara UAB				
Naujieji Verkiai UAB	3.086		897	
Klaipėdos kartonas AB	332.284	7.133.263	127.374	2.602.799
Total	**2.822.578**	**10.159.127**	**3.979.846**	**2.625.855**

14. FINANCIAL INFORMATION

14.1. Balance sheet

LTL

	Notes	The Group		The Company	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
ASSETS					
Non-current assets:					
Property, plant and equipment	14.7.	172.024.605	93.109.976	101.593.281	84.286.223
Intangible assets	14.8.	2.479.061	2.330.532	129.213	99.369
Investments in associated companies		-	-	-	-
Investments in subsidiaries	14.9.	20.000	10.000	5.358.923	5.015.000
Loans granted		5.500	-	5.500	-
Other accounts receivables		36.347	43.091	-	43.091
TOTAL NON CURRENT ASSETS		**174.565.513**	**95.493.599**	**107.086.917**	**89.443.683**
CURRENT ASSETS:					
Cash and cash equivalents	14.11	1.578.010	461.601	361.192	158.581
Loans granted		105.500	-	10.105.500	-
Trade and other accounts receivables	14.10	32.828.874	14.231.492	20.836.457	17.250.622
Inventories	14.12	19.490.329	10.620.079	9.960.609	8.988.447
Other assets		1.582.190	576.301	482.562	530.891
TOTAL CURRENT ASSETS		**55.584.903**	**25.889.473**	**41.746.320**	**26.928.541**
TOTAL ASSETS		**230.150.416**	**121.383.072**	**148.833.237**	**116.372.224**
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	14.13	60.000.000	60.000.000	60.000.000	60.000.000
Legal reserve		4.145.934	3.995.665	4.145.934	3.995.665
Retained earnings		17.441.433	3.647.525	18.063.480	5.016.996
Rate of exchange influence		-	-	-	-
Non controlling interest		1.360.989	-	-	-
TOTAL EQUITY		**82.948.356**	**67.643.190**	**82.209.414**	**69.012.661**
GRANTS		**7.976.467**	**461.938**	**7.976.467**	**461.938**
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	14.14	63.098.889	11.964.440	11.147.580	11.964.440
Obligations under finance leases		7.156.941	10.681.454	6.813.065	10.589.013
Deferred tax liability		1.169.743	252.051	151.192	252.051
Other accounts payable		-	-	-	-
TOTAL NON-CURRENT LIABILITIES		**71.425.573**	**22.897.945**	**18.111.837**	**22.805.504**
CURRENT LIABILITIES:					
Bank loans and mortgages	14.14	22.724.791	10.187.027	11.789.141	5.179.527
Obligations under finance leases		4.242.460	5.275.819	3.787.762	5.026.833
Delay for unused emission rights		-	-	-	-
Factoring		-	-	-	-
Received prepayment		-	-	-	-
Trade and other accounts payable	14.15	40.832.769	14.917.153	24.958.616	13.885.761
TOTAL CURRENT LIABILITIES		**67.800.020**	**30.379.999**	**40.535.519**	**24.092.121**
TOTAL EQUITY AND LIABILITIES		**230.150.416**	**121.383.072**	**148.833.237**	**116.372.224**

14.2. Income (loss) statement

LTL

	notes	The Group				The Company			
		January – December 2010	January – December 2009	October–December 2010	October–December 2009	January – December 2010	January – December 2009	October–December 2010	October–December 2009
Sales		249.714.941	118.929.736	79.658.540	32.304.541	129.742.468	109.709.336	38.911.069	29.793.771
Cost of sales		220.555.558	98.759.686	69.711.582	26.310.490	115.663.202	91.012.026	34.237.860	24.357.384
Gross profit		**29.159.383**	**20.170.050**	**9.946.958**	**5.994.051**	**14.079.266**	**18.697.310**	**4.673.209**	**5.436.387**
Other operating income	14.15.	4.428.277	2.527.642	359.316	1.773.231	4.330.109	2.629.615	320.594	1.767.910
Selling and distribution expenses		10.710.954	8.249.000	3.320.370	2.356.730	9.025.765	7.719.074	2.476.923	2.195.316
Administrative expenses		10.679.479	9.050.776	3.989.493	3.615.493	6.834.008	8.074.719	2.488.328	3.307.158
Other operating expenses	14.16.	306.955	245.389	(396.060)	35.502	150.924	245.389	(450.552)	35.502
Profit from operations		**11.890.272**	**5.152.527**	**3.392.471**	**1.759.557**	**2.398.678**	**5.287.743**	**479.104**	**1.666.321**
Interest income		497	961	99	167	115.523	805	115.385	107
Interest costs		2.486.959	1.922.076	714.738	253.662	859.236	1.704.028	231.351	218.866
Net positive (negative) impact of exchange rate changes		176.022	(31.830)	(28.683)	(9.486)	(38.007)	(30.350)	(12.840)	(8.368)
Other finance income		48.022	4.504	37.931	2.385	2.383	2.179	0	60
Other finance expenses		37.970	32.988	16.171	1.173	5.013	9.418	1.214	423
Profit before income tax		**9.589.884**	**3.171.098**	**2.670.909**	**1.497.788**	**1.614.328**	**3.546.931**	**349.084**	**1.438.831**
Income tax expense		1.532.351	541.539	421.447	147.811	265.169	541.539	100.833	147.811
NET PROFIT		**8.057.533**	**2.629.559**	**2.249.462**	**1.349.977**	**1.349.159**	**3.005.392**	**248.251**	**1.291.020**
Group's interest		7.748.450	2.629.559	2.293.807	1.349.977	1.349.159	3.005.392	248.251	1.291.020
Non controlling interest		309.083	0	(44.345)	0	0	0	0	0
Basic and diluted earnings per share		0,134	0,044	0,037	0,022	0,022	0,050	0,004	0,022

14.3. Statement of changes in owner's equity

LTL

The Group	Notes	Share capital	Legal reserve	Other reserves	Non controlling interest	Rate of exchange influence	Retained earnings	Total
31 December 2008		**60.000.000**	**3.995.665**	**0**	**0**	**0**	**1.017.966**	**65.013.631**
Transfer to legal reserve								0
Dividends paid								0
Net profit							2.629.559	2.629.559
31 December 2009		**60.000.000**	**3.995.665**				**3.647.525**	**67.643.190**
Transfer to legal reserve			**150.269**				(150.269)	
Dividends paid							(2.265.805)	(2.265.805)
Business combination							(4.498.356)	(4.498.356)
Minority interest					1.360.989			1.360.989
Revaluation of fixed assets							13.047.594	13.047.594
Rate of exchange influence							(87.706)	(87.706)
Net profit							7.748.450	7.748.450
31 December 2010		**60.000.000**	**4.145.934**		**1.360.989**		**17.441.433**	**82.948.356**

LTL

The Company	Notes	Share capital	Legal reserve	Other reserves	Non controlling interest	Rate of exchange influence	Retained earnings	Total
31 December 2008		**60.000.000**	**3.995.665**				**2.011.604**	**66.007.269**
Transfer to legal reserve								0
Dividends paid								0
Net profit							3.005.392	3.005.392
31 December 2009		**60.000.000**	**3.995.665**				**5.016.996**	**69.012.661**
Transfer to legal reserve			**150.269**				(150.269)	
Dividends paid							(1.200.000)	(1.200.000)
Revaluation of fixed assets							13.047.594	13.047.594
Net profit							1.349.159	1.349.159
31 December 2010		**60.000.000**	**4.145.934**				**18.063.480**	**82.209.414**

14.4. Cash flow statement

LTL

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
OPERATING ACTIVITIES				
Profit before income tax	9.589.884	3.171.098	1.614.328	3.546.931
Adjustments for:				
Depreciation and amortization	20.476.587	16.752.458	13.833.463	15.281.716
Release of negative goodwill to income				
Share of loss of associates				
Interest income	(497)	(961)	(115.523)	(805)
Interest expenses	2.384.716	1.922.076	859.236	1.704.028
Net foreign exchange loss (gain)	(176.022)	31.830	38.007	30.350
Profit on disposal of fixed assets	(83.392)	(16.333)	(84.536)	(16.333)
Profit on disposal of emission rights	(2.503.450)	(1.511.636)	(2.503.450)	(1.511.636)
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(79.967)	425.569	(79.967)	425.569
Impairment of fixed assets (reversal)	(173.594)	(329.426)	(29.996)	(329.426)
Decrease of investment into daughter enterprise (increase)				
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	(1.691)	762.648	(1.691)	727.337
TOTAL	**29.432.574**	**21.207.323**	**13.529.871**	**19.857.731**
Changes in current assets and liabilities:				
(Increase) decrease in other assets	(1.005.889)	(167.718)	48.329	(147.266)
(Increase) decrease in prepayments				
Decrease (increase) in trade and other accounts receivables	(18.567.923)	4.413.770	(3.556.376)	3.717.637
Decrease (increase) in inventories	(9.168.642)	4.649.344	(1.270.554)	4.012.178
Increase (decrease) in trade and other accounts payable	34.217.527	(6.661.220)	18.718.451	(5.987.239)
TOTAL	**5.475.073**	**2.234.176**	**13.939.850**	**1.595.310**
Interest paid	(2.379.278)	(1.928.065)	(853.798)	(1.710.018)
Income tax paid	(1.162.181)	(640.000)	(162.181)	(640.000)
NET cash from operating activities	**31.366.188**	**20.873.434**	**26.453.742**	**19.103.023**
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(19.614.246)	(3.231.050)	(18.025.932)	(3.081.387)
Acquisition of noncurrent assets and intangible assets of subsidiaries	(65.616.406)			
Investments in subsidiaries	(10.000)	(53.091)	(300.832)	(53.091)
Proceeds on disposal noncurrent assets	107.020	185.682	117.924	185.682
Proceeds on disposal of emission rights	2.503.450	1.511.636	2.503.450	1.511.636
Interest received	497	961	115.523	805
Prestige	(69.464)			
Repayment of loans granted	(111.000)		(10.111.000)	
Non controlling interest	1.360.989			
Business combination	(87.706)			
Rate of exchange influence	(4.498.356)			
Proceeds from long-term receivables	6.744			
Net cash (used in) investing activities	**(86.028.478)**	**(1.585.862)**	**(25.700.867)**	**(1.436.355)**

Continuation of Cash flow statement

	The Group		The Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
FINANCING ACTIVITIES				
Dividends paid	(2.265.805)		(1.200.000)	
Repayments of loans and mortgages	(21.386.309)	(10.880.124)	(4.627.975)	(9.882.420)
Proceeds from loans and mortgages	85.058.522		10.420.729	
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(5.627.709)	(8.075.873)	(5.143.018)	(7.739.139)
Net cash (used in) financing activities	**55.778.699**	**(18.955.997)**	**(550.264)**	**(17.621.559)**
Net (decrease)/increase in cash	**1.116.409**	**331.575**	**202.611**	**45.109**
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	**461.601**	**130.026**	**158.581**	**113.472**
CASH AND CASH EQUIVALENTS END OF THE PERIOD	**1.578.010**	**461.601**	**361.192**	**158.581**

On 2010 Grigiškės AB issued a long term loan to a subsidiary AGR Prekyba UAB.

14.5. 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.

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 judgements

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.

14.6. 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. 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

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.

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.

Noncurrent assets

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:

Buildings and constructions	8 – 91	years
Machinery and equipment	2 – 50	years
Vehicles	3 – 20	years
Other equipment and other assets	2 – 20	years

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:

Land lease rights	90	years
Licenses, patents and etc.	2 – 3	years
Software	1 – 5	years
Other intangible assets	2 – 4	years

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 to 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.

Sales 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 date.

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).
- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009).
- 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.

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.
- 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 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 adopted with no effect on financial statements

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.

14.7. Noncurrent assets

On the 31st of December 2010 Group's noncurrent assets consisted of the following, LTL

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2009	40.894.161	132.823.218	5.172.700	3.406.745	255.233	182.552.057
Acquisition of assets of subsidiaries	54.211.140	56.502.298	2.486.419	20.582.314	2.675.104	136.457.275
Revaluation	13.047.594					13.047.594
Additions	271.236	1.430.968	660.523	496.412	17.835.853	20.694.992
Disposals	16.780	1.361.860	382.881	1.162.831		2.924.352
Transfers	(117.266)	3.635.949	16.574	117.266	(3.652.523)	
31 December 2010	**108.290.085**	**193.030.573**	**7.953.335**	**23.439.906**	**17.113.667**	**349.827.566**
Accumulated depreciation and impairment						
31 December 2009	16.854.126	66.455.153	3.473.756	2.659.046		89.442.081
Acquisition of assets of subsidiaries	19.806.443	36.497.804	1.794.078	12.769.395	(1.501)	70.866.219
Depreciation	1.827.003	16.509.565	816.878	1.212.385		20.365.831
Impairment loss (reversal)	60.363	110.004	599	2.023	605	173.594
Disposals	15.672	1.361.617	329.633	990.654		2.697.576
Transfers	(82.858)			82.858		
31 December 2010	**38.328.679**	**117.990.901**	**5.754.480**	**15.731.007**	**(2.106)**	**177.802.961**
Carrying amount						
31 December 2009	**24.040.035**	**66.368.065**	**1.698.944**	**747.699**	**255.233**	**93.109.976**
31 December 2010	**69.961.406**	**75.039.672**	**2.198.855**	**7.708.899**	**17.115.773**	**172.024.605**

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

On the 31st of December 2010, the part of the Group's property, plant and equipment with a carrying value of 76.075.166 Litas (31 December 2009 – 23.215.846 Litas) is pledged as a security for repayment of the loans granted by banks.

In 2010 carrying out the requirements of IFRS and the recommendations of Lithuanian Securities Commission it was made the revaluation of the Group's and the Company's noncurrent 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. Grigiskes AB assets were revaluated for the date 31.12.2010. Therefore, the Group's modified cost of noncurrent assets grew by LTL 13.047.594.

On the 31st of December 2010 Company's noncurrent assets consisted of the following, LTL

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2009	38.908.900	120.634.052	3.680.896	3.236.806	255.233	166.715.887
Additions		(19.436)	350.001	232.263	17.469.950	18.032.778
Revaluation	13.047.594					13.047.594
Disposals	12.361	934.339	328.957	159.612		1.435.269
Transfers	(117.266)	1.000.846		117.266	(1.000.846)	
31 December 2010	**51.826.867**	**120.681.123**	**3.701.940**	**3.426.723**	**16.724.337**	**196.360.990**
Accumulated depreciation and impairment						
31 December 2009	16.538.205	60.911.530	2.454.426	2.525.503		82.429.664
Depreciation	959.143	11.993.471	486.412	330.896		13.769.922
Impairment loss (reversal)	(6.249)	(23.647)				(29.896)
Disposals	12.358	934.274	295.982	159.367		1.401.981
Transfers	(82.858)			82.858		
31 December 2010	**17.395.883**	**71.947.080**	**2.644.856**	**2.779.890**		**94.767.709**
Carrying amount						
31 December 2009	**22.370.695**	**59.722.522**	**1.226.470**	**711.303**	**255.233**	**84.286.223**
31 December 2010	**34.430.984**	**48.734.043**	**1.057.084**	**646.833**	**16.724.337**	**101.593.281**

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

On the 31st of December 2010, the part of the Company's property, plant and equipment with a carrying value of 22.362.698 Litas (31 December 2009 – 15.717.190 Litas) is pledged as a security for repayment of the loans granted by banks.

In 2010 carrying out the requirements of IFRS and the recommendations of Lithuanian Securities Commission it was made the revaluation of the Company's noncurrent 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. Grigiskes AB assets were revaluated for the date 31.12.2010. Therefore, the Company's modified cost of noncurrent assets grew by LTL 13.047.594.

14.8. Intangible assets

On the 31st of December 2010 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Prestige	Licenses, patents	Software	Other assets and prepayments	Total
Cost						
31 December 2009	2.400.000		56.238	794.647	11.533	3.262.418
Acquisition of assets of subsidiaries				468.952		468.952
Additions		69.464		111.937	52.548	233.949
Disposals				26.199	5.288	31.487
Reappraisal						
Transfers						
31 December 2010	**2.400.000**	**69.464**	**56.238**	**1.349.337**	**58.793**	**3.933.832**
Accumulated amortization						
31 December 2009	168.889		49.272	702.194	11.531	931.886
Acquisition of assets of subsidiaries				443.602		443.602
Amortization	26.666		6.946	74.661	2.483	110.756
Impairment loss/ (reversal)						
Disposals				26.187	5.286	31.473
Transfers						
31 December 2010	**195.555**		**56.218**	**1.194.270**	**8.728**	**1.454.771**
Carrying amount						
31 December 2009	**2.231.111**		**6.966**	**92.453**	**2**	**2.330.532**
31 December 2010	**2.204.445**	**69.464**	**20**	**155.067**	**50.065**	**2.479.061**

On the 31st of December 2010, the Group's land lease rights with a carrying value of 2.204.445 Litas (31 December 2009 – 2.231.111 Litas) are pledged as a security for repayment of the loan granted by banks.

On the 31st of December 2010, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Prepayments	Total
Cost					
31 December 2009	56.238	779.262	6.245		841.745
Additions		40.840	14.900	37.648	93.388
Disposals		16.793			16.793
Reappraisal					
Transfers					
31 December 2010	**56.238**	**803.309**	**21.145**	**37.648**	**918.340**
Accumulated amortization					
31 December 2009	49.272	686.860	6.244		742.376
Amortization	6.946	54.112	2.483		63.541
Impairment loss/ (reversal)					
Disposals		16.790			16.790
Transfers					
31 December 2010	**56.218**	**724.182**	**8.727**		**789.127**
Carrying amount					
31 December 2009	**6.966**	**92.402**	**1**		**99.369**
31 December 2010	**20**	**79.127**	**12.418**	**37.648**	**129.213**

Amortization expenses have been included in administrative expenses.

14.9. Investments in subsidiaries/Business combination

14.9.1. Acquired subsidiaries

Name	Date	Capital share and votes, %	Paid reward
AGR prekyba UAB	01.03.2010	100%	343.923
Avesko UAB	01.03.2010	100%	0
Klaipėdos kartonas AB	01.03.2010	96,18%	0
Mena Pak OAO	01.03.2010	83,72%	0

14.9.2. Paid reward

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Cash	343.923	0	0	0	343.923
Total	**343.923**	**0**	**0**	**0**	**343.923**

14.9.3. Acquired assets and assumed obligations at the moment of acquisition

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Non-current assets					
Tangible assets			55.068.896	5.542.330	**60.611.226**
Intangible assets			25.350		**25.350**
Investments in subsidiaries		57.442.922	251.740		**57.694.662**
Other non-current assets		34.386.302	58.475.789	76.062	**92.938.153**
Current assets					
Inventories			3.813.030	1.131.029	**4.944.059**
Prepayments		491	331.172	19.815	**351.478**
accounts receivable		1.455.085	17.530.139	2.420.255	**21.405.479**

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Cash and cash equivalents	8.476	145.900	2.460.564	76.062	**2.691.002**
Liabilities					
Non-current liabilities			(59.315.222)	(3.990.720)	**(63.305.942)**
Current liabilities	165	(41.588.460)	(28.294.166)	(10.243.312)	**(80.125.773)**
Total	**8.641**	**51.842.240**	**50.347.292**	**(4.968.479)**	**97.229.694**

14.9.4. Non controlling interest

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Shares with voting rights of controlling interest	100,00%	100,00%	96,18%	83,72%	
Shares with voting rights of non-controlling interest	0,00%	0,00%	3,82%	16,28%	
Net assets of controlling interest, %	100,00%	100,00%	96,18%	80,52%	
Net assets of non-controlling interest, %	0,00%	0,00%	3,82%	19,48%	
Net assets of non-controlling interest, LTL	0	0	1.923.267	(967.766)	**955.501**
Invests in subsidiaries of non-controlling interest				(9.616)	**(9.616)**
Non controlling interest	**0**	**0**	**1.923.267**	**(977.382)**	**945.885**

14.9.5. Prestige at the moment of acquisition

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Acquisition price	343.923	49.359.688	57.442.922	251.740	107.398.273
Non-controlling interest's part of acquisition price	0	0	0	(9.616)	(9.616)
Group's part of acquired net assets	(8.641)	(51.842.240)	(48.424.025)	4.000.713	(96.274.193)
Prestige	**335.282**	**(2.482.552)**	**9.018.897**	**4.242.837**	**11.114.464**

Acquired clients and commercial intercourse formed a prestige at the moment of acquisition. The prestige also includes amounts related to the assumptive synergetic benefit, revenues increment, market development. Prestige is evaluated using partial method.

14.9.6. Net cash reward

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Paid reward in cash	343.923	0	0	0	**343.923**
Cash in acquired companies	(8.476)	(145.900)	(2.460.564)	(76.062)	**(2.691.002)**
Total	**335.447**	**(145.900)**	**(2.460.564)**	**(76.062)**	**(2.347.079)**

14.10. Trade and other receivables

On the 31st of December 2010 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Trades receivable	31.957.467	14.958.381	20.822.291	17.924.692
Other receivable	2.127.586	158.584	842.089	155.544
	34.085.053	**15.116.965**	**21.664.380**	**18.080.236**
Less: allowance for doubtful amounts receivable	(1.256.179)	(885.473)	(827.923)	(829.614)
Total amounts receivable within one year:	**32.828.874**	**14.231.492**	**20.836.457**	**17.250.622**

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

The movement for 2010 in the allowance for doubtful amounts receivable consisted of the following, LTL:

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
On the 1st of January	**885.473**	**122.825**	**829.614**	**102.277**
Allowance formed by recently acquired subsidiaries	428.256	762.648		727.337
Reversal of allowance	(57.550)		(1.691)	
At the end of the period	**1.256.179**	**885.473**	**827.923**	**829.614**

14.11. Cash and cash equivalents

On the 31st of December 2010 cash and cash equivalents consisted of the following:

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Cash at bank	1.538.368	447.564	332.429	146.725
Cash on hand	39.642	14.037	28.763	11.856
Total	**1.578.010**	**461.601**	**361.192**	**158.581**

14.12. Inventories

On the 31st of December 2010 inventories consisted of the following:

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Materials	7.745.483	3.810.541	3.505.847	3.627.898
Work in progress	4.005.095	3.235.730	2.479.607	1.963.139
Finished goods	8.422.293	4.507.780	4.657.697	4.331.382
Goods in transit	178.127	6.664	178.127	6.664
	20.350.998	**11.560.715**	**10.821.278**	**9.929.083**
Less: write-down to net realizable value	(860.669)	(940.636)	(860.669)	(940.636)
Total	**19.490.329**	**10.620.079**	**9.960.609**	**8.988.447**

On the 31st of December 2010, the Group's and the Company's inventory with carrying amounts of 10.000.000 Litas and 8.000.000 Litas respectively are pledged as a security for the loan granted by the bank (as at 31 December 2009 – 14.000.000 Litas and 12.000.000 Litas).

14.13. Share capital and legal reserve

On the 31st of December 2010 share capital consisted of LTL 60.000.000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

On the 31st of December 2010 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	29.830.153	49,7
Lithuanian individuals	23.083.848	38,5
Foreign legal entities	6.870.407	11,5
Foreign individuals	215.592	0,4
Total	**60.000.000**	**100,0**

On the 31st of December 2010 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	52.914.001	88,2
USA	6.012.266	10,0
Sweden	745.403	1,2
other countries	328.330	0,6
Total	**60.000.000**	**100**

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 per cent of the net profit are required until the legal reserve reach 10 per cent of the statutory capital. The appropriation is restricted to reduction of the accumulated deficit.

14.14. Loans and mortgages

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
The loans and mortgages are repayable as				
Within one year	22.724.791	10.187.027	11.789.141	5.179.527
In the second year	11.286.502	2.997.139	4.318.344	2.997.139
In the third to fifth years inclusive	51.812.387	8.967.301	6.829.236	8.967.301
	85.823.680	**22.151.467**	**22.936.721**	**17.143.967**
Less: amount due for settlement within one year	(22.724.791)	(10.187.027)	(11.789.141)	(5.179.527)
Amount due for settlement after one year	**63.098.889**	**11.964.440**	**11.147.580**	**11.964.440**

14.15. Trade and other payables

	The Group		The Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Trade payables	30.624.853	12.292.638	20.237.575	11.535.391
Taxes, salaries and social insurance payable	5.432.892	1.889.972	2.215.756	1.696.895
Advances paid	1.085.088	146.506	196.772	111.622
Other payables	3.689.936	588.037	2.308.513	541.853
Total	**40.832.769**	**14.917.153**	**24.958.616**	**13.885.761**

14.16. Other operating income

	The Group		The Company	
	01.01.2010-31.12.2010	**01.01.2009-31.12.2009**	**01.01.2010-31.12.2010**	**01.01.2009-31.12.2009**
Gain from disposal of emission rights	2.503.450	1.511.636	2.503.450	1.511.636
Rent income	554.796	596.783	545.796	647.959
Gain from disposal of fixed assets	83.332	16.333	84.536	16.333
The reversal of inventory written off, scrap recognition	376.588	294.189	376.588	291.632
Insurance compensation	8.823	27.622	6.463	22.590
Write off of accounts payables	14.838	2.808		2.808
Other income	886.450	78.271	813.276	136.657
Total	**4.428.277**	**2.527.642**	**4.330.109**	**2.629.615**

14.17. Other operating expenses

	The Group		The Company	
	01.01.2010-31.12.2010	**01.01.2009-31.12.2009**	**01.01.2010-31.12.2010**	**01.01.2009-31.12.2009**
Rent expenses	159.146	169.898	143.100	169.898
Other expenses	147.809	75.491	7.824	75.491
Total	**306.955**	**245.389**	**150.924**	**245.389**

14.18. Off balance articles

Emission rights movement for 2010

	Amount, pcs.	
	The Group	**The Company**
31 December 2009	(30.617)	(30.617)
Emission rights allocated	85.669	53.356
Additional emission rights allocated	30.125	30.125
Emission rights used	(69.334)	(36.223)
Sale of emission rights	(42.000)	(42.000)
31 December **2010**	**(26.157)**	**(25.359)**

Sureties

Grigiškės AB issued a surety and by this assumed responsibility for the proper debt payment obligation to DnB NORD bank AB of a borrower - Klaipėdos kartonas AB. If Klaipėdos kartonas AB defaults, Grigiškės AB will assume responsibility to cover the debt, but not more than 10.000.000 LTL.

During the year 2010 Klaipėdos kartonas AB repaid 10.000.000 LTL to DnB NORD bank AB.

14.19. Court and arbitration proceedings

During the twelve months of 2010 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.