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 – President Gintautas Pangonis and Vice President for finance Nina Šilerienė approve that not audited consolidated financial statements of AB "Grigeo Grigiškės" for the three months of 2016 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, cash flow and also that the consolidated report for the three months of 2016 year shows fair business environment as well as description of the company's performance.

President of AB "Grigeo Grigiškės" Gintautas Pangonis

Vice President for finance
of AB "Grigeo Grigiškės" Nina Šilerienė

GRIGEO GRIGIŠKĖS AB

Interim information for the three months of 2016

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

Reports have been prepared for the three months of 2016.

2. AUDIT INFORMATION

The interim consolidated information of Grigeo Grigiškės AB covering three months of 2016 is not audited or checked-up by auditors.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

On the 31st of March 2016 Grigeo Grigiškės AB (further the Company or the Issuer) had eight subsidiaries: Grigeo Klaipėdos kartonas AB, Grigeo Baltwood UAB; Ekotara UAB; Naujieji Verkiai UAB, Mena Pak PAT, AGR Prekyba UAB, Grigeo Recycling UAB and Grigiškių energija UAB.

Status	Issuer	Subsidiary	Subsidiary
Name	**Grigeo Grigiškės** AB	**Grigeo Klaipėdos kartonas** AB	**Grigeo Baltwood** UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	19,053,000 Eur	11,890,550.55 Eur	9,435,730 Eur
Shares directly or indirectly controlled by Grigeo Grigiškės AB	Company has not acquired any shares of itself	95.78 %**	100 %*
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 00
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 59 10
E-mail	info@grigeogrigiskes.lt	info@grigeokartonas.lt	info@grigeobaltwood.lt
Internet address	http://www.grigeo.lt/lt	http://www.grigeo.lt/lt	http://www.grigeo.lt/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** PAT
Company's ID No.	302329061	300015674	00383260
Authorised capital	2,900 Eur	28,960 Eur	4,011,470 UAH
Shares directly or indirectly controlled by Grigeo Grigiškės AB	100 %*	100 %*	97.92 %***
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@grigeogrigiskes.lt	info@grigeogrigiskes.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	Subsidiary
Name	**AGR Prekyba** UAB	**Grigeo Recycling** UAB	**Grigiškių energija** UAB
Company's ID No.	302416687	302529158	302674488
Authorised capital	3,709,776 Eur	870,000 Eur	2,900 Eur
Shares directly or indirectly controlled by Grigeo Grigiškės AB	100 %*	100 %***	100 %*
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 14, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 5 243 3393	+370 5 243 5933
Fax	+370 5 243 58 02	-	+370 5 243 58 02
E-mail	vigmantas.kazukauskas@grigeogrigiskes.lt	info@grigeorecycling.lt	vigmantas.kazukauskas@grigeogrigiskes.lt
Internet address	-	http://www.grigeo.lt/lt	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010	7 October, 2011
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

*- Shares directly controlled by AB Grigeo Grigiškės.
**- Shares directly controlled by UAB AGR Prekyba.
***- Shares directly controlled by AB Grigeo Klaipėdos kartonas.

4. MISSION, VISSION, VALUES OF THE COMPANIES

By creating and producing, we always think of you - our customers, employees, partners, colleagues... What is important for you, and how we can make your and your surroundings welfare.

Mission – to develop and produce environmentally friendly products, improving quality of life.

Vission – Recognized as the European manufacturer.

Values

5. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

Core business activities of Grigeo Grigiškės AB are as follows: manufacturing of toilet paper, paper towels and paper napkins, corrugated board, products from corrugated board.

Core business activities of Grigeo Klaipėdos kartonas AB are as follows: manufacturing of the raw materials for production of corrugated board – Testliner and Fluting. Beside the main activity, Grigeo Klaipėdos kartonas AB also produces paper honeycomb used in furniture industry.

Core business activities of Grigeo Baltwood UAB are as follows: wood processing; manufacturing self-coloured and painted hardboard.

Core business activities of Mena Pak PAT (In Ukrainian – *публічне акціонерне товариство „МЕНА ПАК“*) are as follows: manufacturing of corrugated board, products from corrugated board.

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, products from corrugated board. The company has not been operating in year 2016.

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

Core business activity of Grigiškių energija UAB is planned to be a business of heat production and sale. The company has not been operating in year 2016.

Core business activity of Grigeo Recycling UAB is waste-paper procurement.

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

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

The Company has signed a contract with Finasta AB (financial brokerage company) on payment of dividend to the shareholders for 2004 and subsequent financial years. On 21st of December, 2015 Finasta AB has been joined to Siauliu bankas AB, which from that date became successor to all assets, rights and obligations of Finasta AB.
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) on the handling of securities issued by the Company and for making the market for the shares of Grigeo Grigiškės AB.

7. AUTHORISED CAPITAL OF THE ISSUER

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

7.1.1. Table. Structure of the authorized capital

Tape of shares	Number of shares	Par value, EUR	Total value, EUR	Interest in the authorised capital, %
Ordinary registered shares	65,700,000	0.29	19,053,000	100

All shares of the Issuer are fully paid up.

7.2. 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.

7.3. 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 0.29 EUR 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.

8. SHAREHOLDERS

8.1. Number of shareholders of the Company

On the 31st of March 2016 there were 2,792 shareholders of Grigeo Grigiškės AB.

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

8.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 31st of March 2016 and/or the 31st of December 2015.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 March 2016			31 December 2015		
	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 str. 10a-2, Vilnius, 125436533	28,582,407	43.50	43.50	28,582,407	43.50	43.50
IRENA ONA MIŠEIKIENĖ	7,857,585	11.96	11.96	7,857,585	11.96	11.96

As it is further disclosed in chapter 12 of the interim report, Company's president together with persons acting in concert held indirectly 49.03 percent of Company's votes on the 31st of March 2016

8.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

8.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

8.5. 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.

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

Registered ordinary shares of Grigeo Grigiškės AB are listed in the main list of NASDAQ OMX VILNIUS, AB (ticker – GRG1L).

9.1. Key characteristics of the shares of the Company

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

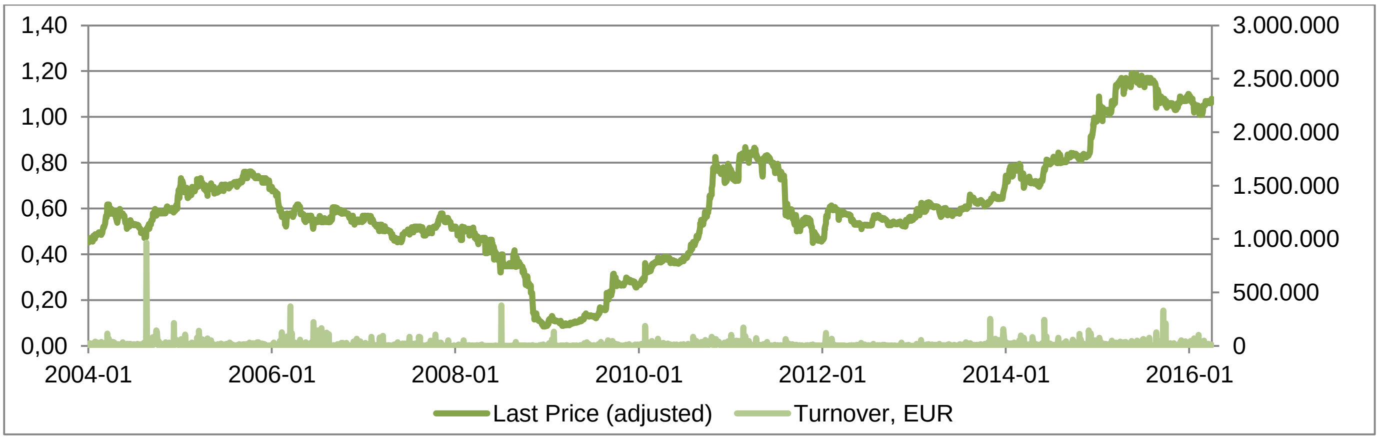
Type of shares	Securities ISIN code	Number of shares	Par value, EUR	Total par value, EUR
Registered ordinary shares	LT0000102030	65,700,000	0.29	19,053,000

9.2. Share trading information

9.2. table. Share trading information

Reported period	Price, EUR				Turnover, EUR			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	EUR
2012	**0.614**	**0.462**	**0.550**	**0.554**	**120,810**	**0**	**1,973**	**2,139,943**	**1,185,976**
2013, I Q	0.627	0.560	0.608	0.606	55,703	0	11,349	635,718	385,054
2013, II Q	0.609	0.563	0.583	0.583	20,406	301	1,299	384,097	224,093
2013, III Q	0.661	0.577	0.630	0.622	34,636	0	4,718	705,898	438,782
2013, IV Q	0.707	0.610	0.707	0.642	252,972	0	27,847	1,764,603	1,131,923
2013	**0.707**	**0.560**	**0.707**	**0.624**	**252,972**	**0**	**27,847**	**3,490,316**	**2,179,853**
2014, I Q	0.795	0.690	0.730	0.748	97,600	0	1,992	1,173,593	877,683
2014, II Q	0.814	0.695	0.798	0.744	243,318	0	1,995	1,340,247	996,743
2014, III Q	0.845	0.798	0.840	0.820	77,804	0	0	757,732	621,547
2014, IV Q	0.997	0.811	0.980	0.866	144,805	0	1,323	1,073,638	929,449
2014	**0.997**	**0.690**	**0.980**	**0.788**	**243,318**	**0**	**1,323**	**4,345,210**	**3,425,422**
2015, I Q	1.160	0.982	1.160	1.047	76,624	0	8,086	619,999	649,240
2015, II Q	1.190	1.100	1.170	1.155	56,780	0	56,780	639,333	738,494
2015, III Q	1.170	1.040	1.070	1.084	331,209	0	212,477	1,498,711	1,624,843
2015, IV Q	1.100	1.030	1.100	1.066	53,523	116	13,903	487,498	519,606
2015	**1.190**	**0.982**	**1.100**	**1.088**	**331,209**	**0**	**13,903**	**3,245,541**	**3,532,183**
2016, I Q	1.090	1.010	1.080	1.042	102,188	0	10,596	845,479	881,331

9.2. figure. Share price and turnover 01.01.2004 – 31.03.2016.



9.3. Capitalisation of the Company's shares

9.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, EUR
31.12.2012	**32,999,000**
31.03.2013	36,475,000
30.06.2013	38,303,000
30.09.2013	41,386,000
31.12.2013	**46,447,000**
31.03.2014	47,970,000
30.06.2014	52,422,000
30.09.2014	55,181,000
31.12.2014	**64,391,000**
31.03.2015	76,212,000
30.06.2015	76,869,000
30.09.2015	70,299,000
31.12.2015	**72,270,000**
31.03.2016	70,956,000

9.4. 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.

9.5. Own shares buy out

The Company has not bought out own shares.

9.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

9.7. Official takeover bid

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

10. EMPLOYEES

In 2015, there were no significant changes in number of employees or salary. Over the three months of the year 2016 the number of the Group employees fluctuated naturally. The change of average salary was mostly caused by the following factors: labour market factors and the need and recruitment of workers of higher competences after investment projects were implemented.

10.1. table. Number of employees of the Group

	31.03.2016	31.12.2015
Number of employees	801	792

10.2. table. Number of employees of the Company

	31.03.2016	31.12.2015
Number of employees	352	348

10.3. table. Average number of employees, salary and grouping of employees by education of the Group during the three months of 2016.

Employees	Average salary*	Employees by education			
		University	College	Secondary	Basic
Workpeople	864	60	184	302	18
Managers	2,391	70	5	7	-
Specialists	1,152	124	29	8	-
Total	**1,086**	**254**	**218**	**317**	**18**

10.4. table. Average number of employees, salary and grouping of employees by education of the Group during the three months of 2015.

Employees	Average salary*	Employees by education			
		University	College	Secondary	Basic
Workpeople	880	51	183	310	17
Managers	2,597	53	3	9	-
Specialists	1,155	126	29	9	-
Total	**1,088**	**230**	**215**	**328**	**17**

10.5. table. Average number of employees, salary and grouping of employees by education of the Company during the three months of 2016.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	844	24	73	128	13
Managers	2,784	32	4	2	-
Specialists	1,244	61	10	6	-
Total	**1,140**	**117**	**87**	**136**	**13**

10.6. table. Average number of employees, salary and grouping of employees by education of the Company during the three months of 2015.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	856	21	72	128	11
Managers	2,825	25	2	1	-
Specialists	1,231	62	11	7	-
Total	**1,105**	**108**	**85**	**136**	**11**

* - information on the average wage is provided without Mena Pak PAT data to show the precise group average wages unaffected by fluctuations of Ukrainian currency.

11. 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.

12. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

The Company has the general meeting of shareholders, the sole-person managing body – the head of the Company (the President), the collegial managing bodies − supervisory council and audit committee 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 supervisory council elects and revokes the members of the Audit committee. The Audit committee of the Company consists of 3 members.

The Supervisory Board represents the shareholders and together with the Audit Committee performs supervisory functions.
The board of the Company elects and revokes the head of the Company, fixes his salary, approves his job description, awards bonuses to and imposes penalties on the head of the Company.

12.1. Members of the managing bodies

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

Full names	Positions	Education	Tenure	Capital share and votes, %
SUPERVISORY COUNCIL				
Norimantas Stankevičius	Chairman	University	Since 30 April 2015 until the annual General Meeting, to be held in 2019	4.41
Vilius Oškeliūnas	Member	University		-
Romualdas Degutis	Member	University		0.03
Tautvilas Adamonis	Member	University		-
Daiva Duksienė	Member	University		-
AUDIT COMMITTEE				
Norimantas Stankevičius	Chairman	University	Since 30 April 2015 until the annual General Meeting, to be held in 2019	4.41
Tautvilas Adamonis	Member	University		-
Daiva Duksienė	Member	University		-
BOARD				
Gintautas Pangonis	Chairman	University	Since 30 April 2015 until the annual General Meeting, to be held in 2019	-
Nina Šilerienė	Member	University		0.24
Vigmantas Kažukauskas	Member	University		0.85
Normantas Paliokas	Member	University		-
Vytautas Juška	Member	University		-
ADMINISTRATION				
Gintautas Pangonis	President	University	-	-
Nina Šilerienė	Vice President, Finance	University	-	0.24
Vigmantas Kažukauskas	Vice President, Business Development	University	-	0.85
Vytautas Juška	Vice President, Purchasing & Logistics	University	-	-
Robertas Krutikovas	Director General	University	-	0.30

12.2. Information of the Chairman of the Board, President and Vice President, Finance

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

Employers	Positions
Grigeo Grigiškės AB	Director general, chairman of the board
Grigeo Grigiškės AB	President, chairman of the board

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

Employers	Positions
Grigeo Grigiškės AB	Finance Director, member of the board
Grigeo Grigiškės AB	Vice president, Finance, member of the board

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

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

Name	**Business participation**		**Capital interest**	
	Name of enterprise, agency and organisation	**Positions**	**Name of enterprise, agency and organisation**	**Capital share and votes, %**
Norimantas Stankevičius	Didma UAB	Project director	Didma UAB	51.00
			Naras UAB	62.48
			Bakenas, UAB	100.00
			Statybų namai, UAB	62.00
			Technikos namai, UAB	62.00
	Grigeo Grigiškės AB	Chairman of the supervisory council	Grigeo Grigiškės AB	4.41
Vilius Oškeliūnas	Grigeo Grigiškės AB	Member of the supervisory council		
	Gerovės kūrimas UAB	Director		
	Gerovės kūrimas UAB	Member of the board		
	Gerovės valdymas UAB	Wealth manager		
	IM investment UAB	Director		
Romualdas Degutis	Grigeo Grigiškės AB	Member of the supervisory council	Grigeo Grigiškės AB	0.03
	Telesat sprendimai UAB	Member of the board		
	Antena UAB	Chairman of the board		
	InComSystems UAB	Project manager		
	InComSystems UAB	Chairman of the board		
Tautvilas Adamonis	Grigeo Grigiškės AB	Member of the supervisory council		
	Statnekta UAB	Project manager		
Daiva Duksienė	Grigeo Grigiškės AB	Member of the supervisory council		
	Autodina UAB	Chief accountant		
Gintautas Pangonis	Grigeo Grigiškės AB	President		
	Ginvildos investicija UAB	Director	Ginvildos investicija UAB	100.0
	Grigeo Grigiškės AB	Chairman of the board		
	Grigeo Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Grigeo Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman 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, %
	Grigeo Recycling UAB	Chairman of the board		
	Mena Pak PAT	Chairman of the Supervisory council		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Grigeo Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigeo Grigiškės AB	Vice president, Business Development	Grigeo Grigiškės AB	0.85
	Grigeo Grigiškės AB	Member of the board		
	Grigeo Klaipėdos kartonas AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Naujieji Verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Director		
	Ekotara UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	AGR Prekyba UAB	Director		
	Mena Pak PAT	Member of the Supervisory council		
Vytautas Juška	Grigeo Grigiškės AB	Vice president, Purchasing & Logistics		
	Grigeo Grigiškės AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Grigeo Recycling UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		
Nina Šilerienė	Grigeo Grigiškės AB	Vice President, Finance	Grigeo Grigiškės AB	0.24
	Grigeo Grigiškės AB	Member of the board		
	Grigeo Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		

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

The Supervisory Council of Grigeo Grigiškės AB was elected on the 30th of April 2015 for a 4 years' period (ending in 2019). The Board of the Company was elected on the 30th of April 2015 for a 4 years' period (ending in 2019).

13. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigeo Grigiškės AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2015 has not undergone any changes.

14. REVIEW OF ACTYVITY OF THE GROUP COMPANIES

14.1. Material events in the Issuer's activities

This section contains summary of all GRIGEO GRIGIŠKĖS AB published reports on material event. Full text of reports could be found on the Company's website:
http://www.grigeo.lt/en/for-investors/esminiai-ivykiai/2016.

04.01.2016 Grigeo Grigiškės AB received a notification from the managers/related persons on the transactions in issuer's securities.

11.01.2016 AB Grigeo Klaipėdos Kartonas, a subsidiary company of Grigeo Grigiškės AB has successfully implemented an investment project and met the year 2016 with a new honeycomb production line, which has already started to produce commercial products.

29.02.2016 During the twelve months of 2015, the Group achieved the consolidated sales turnover of EUR 103.3 million. During the same period in question, the Company's sales amounted to EUR 54.1 million.
During the reporting period, the Group earned EUR 8.4 million and the Company earned EUR 2.9 million.

29.02.2016 Grigeo Grigiškės AB has successfully completed a new project in an investment of EUR 3.8 million. This time, the Company has invested in the expansion of its production, storage, and administration premises and in an upgrade to its corrugation unit.

31.03.2016 Grigeo Grigiškės AB, upon completion of the project "Connection of the independent heat producer to Vilnius Heating Networks", has signed an agreement on the purchase and sale of heat energy with UAB Vilniaus Energija.

14.2. Newest events in the Issuer's activities

This section contains summary of all GRIGEO GRIGIŠKĖS AB published reports on material event. Full text of reports could be found on the Company's website:
http://www.grigeo.lt/en/for-investors/esminiai-ivykiai/2016.

06.04.2016 The Annual General Meeting of Shareholders of AB "Grigeo Grigiškės" is convened by initiative and the decision of the Board of the Company on the 29 April, 2016, at 11 a.m.

29.04.2016 The General Meeting of shareholders of AB Grigeo Grigiškės made the following decisions:

1. to approve the set of consolidated and separate financial statements of the Company for the year 2015.
2. to form the reserve for the acquisition of own shares in the amount of EUR 1,000,000 (one million).
3. to approve the appropriation of the Company's profit for the year 2015 according to the draft of profit appropriation presented for the Annual General Meeting of Shareholders.
4. to acquire own shares EUR 0.29 (twenty-nine cents) par value each the total number of which may be up to 793,650 (seven hundred ninety-three thousand, six hundred fifty).
5. to select the firm of auditors „KPMG Baltics", UAB to perform the audit of the consolidated and separate financial statements of the Company for the year 2016 and 2017.

14.3. Offices and branches

Company has Country marketing representative operating in Latvia. No new offices or branches are planned to open in 2016.

13.4. Risk factors

Information about financial risk management is provided in note No.3 of annual audited consolidated statements and annual report's chapter No. 13.4 for the year 2015. There are no material changes in financial risk management during three months of year 2016.

14.5. Suppliers

14.5. table. Countries of suppliers of main raw materials and materials for the Company over the three months of the year

Supplier's country	**2016**	**2015**
	%	**%**
Lithuania	70.6	59.3
Sweden	8.5	5.2
Finland	6.9	1.8
Estonia	5.0	5.2
Poland	4.0	11.2
Germany	2.0	0.9
The Netherlands	1.0	1.2
Latvia	0.9	1.4
Spain	0.4	0.2
Italy	0.3	9.6
Denmark	0.2	0.1
Austria	0.1	3.0
Other countries	0.1	0.9
TOTAL	**100.0**	**100.0**

14.6. Segment information

For management purposes, the Group is organized into three and the Company is organized into two operating business units based on their products produced and have three reportable segments: paper, hardboard and wood processing, raw material for corrugated cardboard and related production:

14.6.1. table. Consolidated segments of the Group over the three months of the year 2016

	Paper and paper products	**Hardboard and wood products**	**Raw material for corrugated cardboard, and related production**	**Unallocated**	**Eliminations**	**TOTAL**
Sales	8,798,110	4,447,827	12,412,860	312,859	-	**25,971,656**
Sales between segments	-	(358,009)	(1,560,617)	(1,141,631)	3,060,257	**-**
Non-consolidated segment sales	8,798,110	4,805,836	13,973,477	1,454,490	(3,060,257)	**25,971,656**
Cost of sales	(7,417,359)	(3,494,333)	(10,346,851)	(250,287)	-	**(21,508,830)**
Gross profit	**1,380,751**	**953,494**	**2,066,009**	**62,572**	**-**	**4,462,826**
Depreciation and amortization	1,177,859	318,353	1,020,250	268,928	-	**2,785,390**
Segment property, plant and equipment and intangible assets	31,524,711	7,646,292	32,995,973	6,367,819	-	**78,534,795**
Goodwill	-	-	3,001,072	-	-	**3,001,072**
Segment capital expenditure	1,831,635	28,252	1,121,627	28,411	-	**3,009,925**

14.6.2. table. Segments of the Company over the three months of the year 2016

	Paper and paper products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	8,798,110	3,161,767	1,454,490	**13,414,367**
Cost of sales	(7,417,359)	(2,668,225)	(1,362,555)	**(11,448,139)**
Gross profit	**1,380,751**	**493,542**	**91,935**	**1,966,228**
Depreciation and amortization	1,177,859	258,098	268,928	**1,704,885**
Segment property, plant and equipment and intangible assets	31,524,711	7,977,949	6,367,819	**45,870,479**
Segment capital expenditure	1,831,635	494,832	28,411	**2,354,878**

14.6.3. table. Consolidated segments of the Group over the three months of the year 2015

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	Eliminations	TOTAL
Sales	8,708,350	4,802,990	12,077,253	59,715	-	**25,648,308**
Sales between segments	-	(715,113)	(1,539,266)	(1,314,584)	3,568,963	**-**
Non-consolidated segment sales	8,708,350	5,518,103	13,616,519	1,374,299	(3,568,963)	**25,648,308**
Cost of sales	(7,243,521)	(3,610,077)	(9,969,480)	(48,966)	-	**(20,872,044)**
Gross profit	**1,464,829**	**1,192,913**	**2,107,773**	**10,749**	**-**	**4,776,264**
Depreciation and amortization	740,070	268,604	1,011,297	267,206	-	**2,287,177**
Segment property, plant and equipment and intangible assets	32,978,655	7,295,414	25,848,108	6,795,500	-	**72,917,677**
Goodwill	-	-	3,001,072	-	-	**3,001,072**
Segment capital expenditure	2,492,439	120,127	338,113	77,403	-	**3,028,082**

14.6.4. table. Segments of the Company over the three months of the year 2015

	Paper and paper products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	8,708,350	3,084,405	1,374,299	**13,167,054**
Cost of sales	(7,243,521)	(2,565,622)	(1,322,842)	**(11,131,985)**
Gross profit	**1,464,829**	**518,783**	**51,457**	**2,035,069**
Depreciation and amortization	740,070	254,064	267,206	**1,261,340**
Segment property, plant and equipment and intangible assets	32,978,655	4,611,231	6,795,500	**44,385,386**
Segment capital expenditure	2,492,439	22,152	77,403	**2,591,994**

14.6.5. table. Group's and Company's countries of sales

Country	Group				Company			
	three months of 2016		three months of 2015		three months of 2016		three months of 2015	
	thousand euros	%	thousand euros	%	thousand euros	%	thousand euros	%
Lithuania	8,983	34.59	7,869	30.68	6,567	48.96	6,250	47.47
Latvia	1,511	5.82	1,578	6.15	1,407	10.49	1,374	10.44
Poland	6,275	24.16	7,635	29.77	852	6.35	972	7.38
Sweden	1,125	4.33	922	3.59	569	4.24	395	3.00
Denmark	1,627	6.26	1,517	5.91	1,352	10.08	1,332	10.12
Estonia	1,616	6.22	1,640	6.39	1,273	9.49	1,191	9.05
The Netherlands	275	1.06	595	2.32	21	0.16	315	2.39
Slovakia	17	0.07	-	-	-	-	-	-
Finland	1,123	4.32	1,268	4.94	775	5.78	862	6.55
Great Britain	692	2.66	273	1.06	148	1.10	-	-
Norway	26	0.10	92	0.36	26	0.19	92	0.70
Czech Republic	568	2.19	167	0.65	-	-	8	0.06
Germany	262	1.01	416	1.62	11	0.08	14	0.11
Belarus	338	1.30	393	1.53	108	0.81	143	1.09
Hungary	96	0.37	176	0.69	10	0.07	65	0.49
Italy	26	0.10	17	0.07	-	-	-	-
France	57	0.22	46	0.18	-	-	-	-
Ukraine	992	3.82	803	3.13	100	0.75	70	0.53
Russia	230	0.89	153	0.60	149	1.11	54	0.41
Other countries	133	0.51	88	0.34	46	0.34	30	0.23
Total	**25,972**	**100.00**	**25,648**	**100.00**	**13,414**	**100.00**	**13,167**	**100.00**

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

It is planned that the Group which consists of companies Grigeo Grigiškės AB, Grigeo Baltwood UAB, Grigeo Klaipėdos kartonas AB, Mena Pak PAT and Grigeo Recycling UAB in the year 2016 will reach a turnover of EUR 112 million. The Group's profit before taxes will reach EUR 11.1 million. It is also planned that EBITDA of the Group will reach EUR 19.5 million in 2016.
It is planned that Grigeo Grigiškės AB in the year 2016 will reach a turnover of EUR 68.3 million. The Company will earn a profit before taxes of EUR 5.1 million. It is also planned that EBITDA of Grigeo Grigiškės AB will reach EUR 11 million in 2016.
These forecasts are not audited.

14.8. Financial indicators

14.8.1. table. Group's financial indicators

Financial ratios	three months of 2012, not audited	three months of 2013, not audited	three months of 2014, not audited	three months of 2015, not audited	three months of 2016, not audited
EBITDA	1,983,785	2,606,644	3,193,094	4,724,460	4,114,608
EBITDA profitability	9.4%	11.8%	12.8%	18.4%	15.8%
Gross margin	13.1%	13.6%	15.4%	18.6%	17.2%
Operating margin	2.0%	3.1%	5.0%	10.3%	5.9%
Net margin	1.4%	2.3%	3.9%	8.4%	4.5%
ROE, %	1.1%	1.7%	2.8%	5.4%	2.6%
ROA, %	0.4%	0.7%	1.2%	2.3%	1.1%
Current ratio	0.90	0.73	0.94	0.79	0.91
Quick ratio	0.60	0.49	0.62	0.54	0.58
Cash to current liabilities	0.034	0.022	0.044	0.048	0.046
P/E	121.17	71.15	45.47	35.19	61.41
Earnings per share	0.005	0.009	0.015	0.033	0.018
Debt to equity ratio	1.45	1.34	1.19	1.19	1.09
Debt to total assets ratio	0.57	0.55	0.51	0.52	0.50

14.8.2. table. Company's financial indicators

Financial ratios	three months of 2012, not audited	three months of 2013, not audited	three months of 2014, not audited	three months of 2015, not audited	three months of 2016, not audited
EBITDA	1,342,588	1,504,996	1,539,682	2,301,033	2,070,614
EBITDA profitability	18.1%	16.0%	13.7%	17.5%	15.4%
Gross margin	17.9%	16.1%	14.8%	15.5%	14.7%
Operating margin	7.9%	5.0%	4.0%	8.9%	3.7%
Net margin	8.0%	4.1%	3.3%	7.4%	2.8%
ROE, %	2.4%	1.4%	1.2%	2.8%	1.0%
ROA, %	1.3%	0.8%	0.7%	1.6%	0.5%
Current ratio	0.71	0.57	1.00	0.63	0.91
Quick ratio	0.51	0.40	0.75	0.44	0.59
Cash to current liabilities	0.006	0.002	0.062	0.001	0.002
Earnings per share	0.010	0.006	0.006	0.015	0.006
Debt to equity ratio	0.57	0.55	0.53	0.79	0.80
Debt to total assets ratio	0.34	0.34	0.33	0.42	0.43

The indicators are calculated in accordance with the Nasdaq Vilnius recommended formulas:
EBITDA profitability = EBITDA / Revenue
Gross margin = Gross profit / Revenue
Operating margin = Profit from operations / Revenue
ROE, % = Net profit / average equity
ROA, % = Net profit / average assets
Current ratio = Current assets / current liabilities
Quick ratio = (Current assets – Inventories)/ current liabilities
Cash to current liabilities = cash / current liabilities
P/E = the market price of share / Total of attributable profit
Earnings per share = (Net profit - preferred stock dividends)/ weighted average number of ordinary shares in circulation
Debt to equity ratio = liabilities / Equity

Debt to total assets ratio = liabilities / assets

14.9. Related party transactions

All transactions with related persons were carried out at market prices.
Grigeo Klaipėdos kartonas AB – subsidiary of Grigeo Grigiškės AB.
Grigeo Baltwood UAB – subsidiary of Grigeo Grigiškės AB.
Mena Pak PAT – subsidiary of Grigeo Grigiškės AB.
AGR Prekyba UAB – subsidiary of Grigeo Grigiškės AB.
Ginvildos Investicija UAB – major shareholders of Grigeo Grigiškės AB.
Didma UAB and Naras UAB – companies related to companies related to the members of Supervisory Council.
Ekotara UAB – subsidiary of the group not subject to consolidation.
Naujieji Verkiai UAB – subsidiary of the group not subject to consolidation.
Grigeo Recycling UAB – subsidiary of Grigeo Grigiškės AB.
Grigiškių energija UAB – subsidiary of the group not subject to consolidation.

14.9.1. table. Group's transactions with related persons over the three months of 2016. Balances of amounts receivable/payable in relation thereto on the 31st of March 2016 (EUR)

	Sale of goods and services	Purchase of goods and services	Amounts receivable*	Amounts payable
Entities with significant influence	-	10,200	-	3,872
Subsidiaries	674	-	223	-
Other related companies	2,418	5,803	695	5,749
Total	**3,092**	**16,003**	**918**	**9,621**

*Amounts receivable include prepayments for goods and services.

14.9.2. table. Company's transactions with related persons over the three months of 2016. Balances of amounts receivable/payable in relation thereto on the 31st of March 2016 (EUR)

	Sale of goods and services	Purchase of goods and services	Amounts receivable*	Amounts payable
Entities with significant influence	-	10,200	-	3,872
Subsidiaries	1,243,291	1,912,301	1,182,107	3,896,050
Other related companies	2,418	3,208	695	3,032
Total	**1,245,709**	**1,925,709**	**1,182,802**	**3,902,954**

15. FINANCIAL INFORMATION

15.1. Statement of financial position

	Notes	The Group		The Company	
		31.03.2016	31.12.2015	31.03.2016	31.12.2015
ASSETS					
Non-current assets:					
Property, plant and equipment	15.7	76,767,455	76,632,995	44,803,827	44,214,480
Investment property	15.8	827,337	834,983	827,337	834,983
Intangible assets	15.9	3,941,075	3,993,666	239,315	254,265
Investments into subsidiaries	15.10	-	-	11,803,731	11,803,731
Investments into other companies		28,962	28,962	28,962	28,962
Non-current receivables		433,625	459,037	930,156	951,338
Deferred income tax assets		-	-	395,500	393,700
TOTAL NON-CURRENT ASSETS		**81,998,454**	**81,949,643**	**59,028,828**	**58,481,459**
CURRENT ASSETS:					
Cash and cash equivalents	15.12	1,182,260	760,322	26,001	12,261
Accounts receivables	15.11	13,476,977	12,332,335	7,280,843	6,517,611
Inventories	15.13	8,646,119	10,116,683	4,016,911	5,288,538
Other assets		205,397	191,337	139,672	117,481
Current tax assets		-	7,488	-	-
TOTAL CURRENT ASSETS		**23,510,753**	**23,408,165**	**11,463,427**	**11,935,891**
TOTAL ASSETS		**105,509,207**	**105,357,808**	**70,492,255**	**70,417,350**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15.14	19,053,000	19,053,000	19,053,000	19,053,000
Share premium		1,118,906	1,118,906	1,118,906	1,118,906
Legal reserve		1,807,949	1,807,949	1,807,949	1,807,949
Foreign currency translation reserve		(2,072,909)	(1,925,635)	-	-
Derivatives changes reserve		(135,835)	-	(135,835)	-
Retained earnings		27,898,638	26,721,855	15,632,356	15,261,790
Non-controlling interests		688,999	673,968	-	-
TOTAL EQUITY		**48,358,748**	**47,450,043**	**37,476,376**	**37,241,645**
GRANTS AND SUBSIDIES		**4,282,592**	**4,484,121**	**2,855,652**	**2,983,606**
NON-CURRENT LIABILITIES:					
Non-current borrowings	15.15	26,003,829	23,546,527	13,674,727	11,375,970
Financial lease obligations		651,016	598,557	279,744	238,490
Loans from subsidiaries companies		-	-	3,185,820	3,185,820
Deferred income tax liability		192,622	186,216	-	-
Derivatives		135,835	-	135,835	-
Non-current employee benefits		163,263	163,263	92,855	92,855
Long-term trade and other payables		8,817	-	142,334	126,449
TOTAL NON-CURRENT LIABILITIES		**27,155,382**	**24,494,563**	**17,511,315**	**15,019,584**
CURRENT LIABILITIES:					
Current portion of long term loans	15.15	5,365,659	7,206,754	2,846,394	3,847,734
Current borrowings	15.15	3,797,427	3,196,401	2,055,596	2,407,179
Current portion of financial lease obligations		452,236	610,633	242,794	333,841
Income tax payable		499,706	454,661	27,266	56,182
Trade and other payable	15.16	15,597,457	17,460,632	7,476,862	8,527,579
TOTAL CURRENT LIABILITIES		**25,712,485**	**28,929,081**	**12,648,912**	**15,172,515**
TOTAL EQUITY AND LIABILITIES		**105,509,207**	**105,357,808**	**70,492,255**	**70,417,350**

15.2. Statements of comprehensive income

	Notes	The Group		The Company	
		January – March 2016	January – March 2015	January – March 2016	January – March 2015
Revenue		25,971,656	25,648,308	13,414,367	13,167,054
Cost of sales		21,508,830	20,872,044	11,448,139	11,131,985
Gross profit		**4,462,826**	**4,776,264**	**1,966,228**	**2,035,069**
Other operating income	15.17	64,164	931,570	57,341	757,579
Selling and distribution expenses		1,932,086	2,059,801	953,423	1,059,508
General and administrative expenses		1,063,062	968,169	535,043	481,045
Other operating expenses	15.18	1,095	41,676	41,421	85,071
Profit from operations		**1,530,747**	**2,638,188**	**493,682**	**1,167,024**
Other finance income		3,691	3,853	7,916	13,759
Other finance expenses		150,031	178,462	96,418	106,591
Profit before income tax		**1,384,407**	**2,463,579**	**405,180**	**1,074,192**
Income tax		189,471	277,572	34,614	98,858
NET PROFIT		**1,194,936**	**2,186,007**	**370,566**	**975,334**
Other comprehensive income:					
Exchange differences on translation of foreign operations		(150,396)	(418,645)	-	-
Total comprehensive income for the year, net of tax		**1,044,540**	**1,767,362**	**370,566**	**975,334**
Profit attributable to:					
The shareholders of the Company		1,176,783	2,165,914	370,566	975,334
Non-controlling interests		18,153	20,093	-	-
Total of attributable profit		**1,194,936**	**2,186,007**	**370,566**	**975,334**
Comprehensive income attributable to:					
The shareholders of the Company		1,029,509	1,755,959	370,566	975,334
Non-controlling interests		15,031	11,403	-	-
Total attributable comprehensive income		**1,044,540**	**1,767,362**	**370,566**	**975,334**
Basic and diluted earnings per share		**0.018**	**0.033**	**0.006**	**0.015**

15.3. Statement of changes in equity

The Group	Share capital	Share premium	Legal reserve	Value change of derivatives	Rate of exchange influence	Non-controlling interest	Retained earnings	Total
31 December 2014	**19,028,035**	**1,118,906**	**1,638,100**	**-**	**(1,480,198)**	**626,283**	**20,474,314**	**41,405,440**
Other comprehensive income (expenses)	-	-	-	-	(409,955)	(8,690)	-	**(418,645)**
Share capital extension	24,965	-	-	-	-	-	-	**24,965**
Net profit	-	-	-	-	-	20,093	2,165,914	**2,186,007**
31 March 2015	**19,053,000**	**1,118,906**	**1,638,100**	**-**	**(1,890,153)**	**637,686**	**22,640,228**	**43,197,767**
Transfer to legal reserve	-	-	169,849	-	-	-	(169,849)	**-**
Dividends paid	-	-	-	-	-	(89,948)	(1,314,001)	**(1,403,949)**
Other comprehensive income (expenses)	-	-	-	-	(35,482)	(752)	-	**(36,234)**
Net profit	-	-	-	-	-	126,982	5,565,477	**5,692,459**
31 December 2015	**19,053,000**	**1,118,906**	**1,807,949**	**-**	**(1,925,635)**	**673,968**	**26,721,855**	**47,450,043**
Derivatives changes reserve	-	-	-	(135,835)	-	-	-	**(135,835)**
Other comprehensive income (expenses)	-	-	-	-	(147,274)	(3,122)	-	**(150,396)**
Net profit	-	-	-	-	-	18,153	1,176,783	**1,194,936**
31 March 2016	**19,053,000**	**1,118,906**	**1,807,949**	**(135,835)**	**(2,072,909)**	**688,999**	**27,898,638**	**48,358,748**

EUR

The Company	Share capital	Share premium	Legal reserve	Value change of derivatives	Rate of exchange influence	Retained earnings	Total
31 December 2014	**19,028,035**	**1,118,906**	**1,638,100**	**-**	**-**	**13,895,531**	**35,680,572**
Share capital extension	24,965	-	-	-	-	-	**24,965**
Net profit	-	-	-	-	-	975,334	**975,334**
31 March 2015	**19,053,000**	**1,118,906**	**1,638,100**	**-**	**-**	**14,870,865**	**36,680,871**
Transfer to legal reserve	-	-	169,849	-	-	(169,849)	**-**
Dividends paid	-	-	-	-	-	(1,314,000)	**(1,314,000)**
Net profit	-	-	-	-	-	1,874,774	**1,874,774**
31 December 2015	**19,053,000**	**1,118,906**	**1,807,949**	**-**	**-**	**15,261,790**	**37,241,645**
Derivatives changes reserve	-	-	-	(135,835)	-	-	**(135,835)**
Net profit	-	-	-	-	-	370,566	**370,566**
31 March 2016	**19,053,000**	**1,118,906**	**1,807,949**	**(135,835)**	**-**	**15,632,356**	**37,476,376**

15.4. Statements of cash flows

	The Group		The Company	
	31.03.2016	**31.03.2015**	**31.03.2016**	**31.03.2015**
OPERATING ACTIVITIES				
Profit before income tax	1,384,407	2,463,579	405,180	1,074,192
Adjustments for:				
Depreciation and amortization	2,583,861	2,086,272	1,576,932	1,134,009
Elimination of financial activity results	144,268	245,657	88,375	92,833
Loss (profit) on disposal of fixed assets	(5,830)	(15,316)	(1,831)	(14,510)
Loss (profit) on disposal of emission rights	-	(624,034)	-	-
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	(6,778)	(7,772)	(5,778)	-
Property, plant and equipment impairment losses (reversal)	-	-	-	-
TOTAL	**4,099,928**	**4,148,386**	**2,062,878**	**2,286,524**
Changes in current assets and liabilities:				
(Increase) decrease in other assets	(14,060)	402,053	(22,191)	(14,329)
Decrease (increase) in trade and other accounts receivables	(1,112,452)	(3,554,021)	(736,272)	(1,222,748)
Decrease (increase) in inventories	1,471,786	6,906	1,272,849	(182,507)
Increase (decrease) in trade and other accounts payable	611,382	1,977,054	598,726	930,593
TOTAL	**956,656**	**(1,168,008)**	**1,113,112**	**(488,991)**
Interest (paid)	(150,224)	(91,228)	(81,909)	(22,755)
Income tax received (paid)	(72,855)	-	(65,364)	-
Net cash from operating activities	**4,833,505**	**2,889,150**	**3,028,717**	**1,774,778**
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(2,864,648)	(2,726,971)	(2,223,255)	(2,416,294)
Amounts payable for purchase of noncurrent assets and intangible assets	(2,588,432)	(851,410)	(1,631,063)	(337,829)
Investments in other companies	-	-	-	-
Proceeds on disposal noncurrent assets	9,203	28,144	5,000	20,096
Grants and subsidies received	-	37,333	-	37,333
Proceeds on disposal of emission rights	-	676,700	-	-
Interest received	-	-	-	-
Repayment of loans granted	-	-	-	-
Net cash (used in) investing activities	**(5,443,877)**	**(2,836,204)**	**(3,849,318)**	**(2,696,694)**
FINANCING ACTIVITIES				
Dividends paid	(6,647)	(2,303)	(4,230)	(2,116)
Repayments of loans and mortgages	(1,841,095)	(643,958)	(1,001,340)	(345,047)
Proceeds from loans and mortgages	2,457,302	365,168	2,298,757	265,250
Short-term loans increase (decrease)	601,026	470,073	(351,583)	806,961
Loans received from subsidiaries and related persons	-	-	-	-
Repayments of finance lease liabilities	(178,276)	(218,590)	(107,263)	(91,732)
Net cash (used in) financing activities	**1,032,310**	**(29,610)**	**834,341**	**633,316**
Net (decrease)/increase in cash	**421,938**	**23,336**	**13,740**	**(288,600)**
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	**760,322**	**1,406,207**	**12,261**	**302,841**

CASH AND CASH EQUIVALENTS END OF THE PERIOD	**1,182,260**	**1,429,543**	**26,001**	**14,241**

15.5. Basis of preparation

The financial statements of the Group and the Company are prepared in accordance with International Financial Reporting Standards effective as at 31 March 2016 that have been adopted for use in the European Union.
These financial statements have been prepared on a historical cost basis.

Changes in accounting policies

Except for the changes below, and except for the reclassifications made to the separate and consolidated cash flow statements, as explained in Note "Presentation changes", the Group and the Company have consistently applied the accounting policies to all periods presented in these consolidated and separate financial statements.
The Group and the Company have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.
The following new standards and amendments with the effective date of 1 January 2015 did not have any impact on these separate and consolidated financial statements:

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- IFRIC 21 guidance on a levy imposed by government
- Annual improvements to IFRSs

Standards, interpretations and amendments to published standards that are not yet effective

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these separate and consolidated financial statements. Those which may be relevant to the Group and the Company as well as management's judgements regarding the possible impact of initial application of new and revised standards and interpretations are set out below. The Group and the Company do not plan to adopt these amendments, standards and interpretations early.

(i) IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)

These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

The Amendments, when initially applied, have not a material impact on the Group's and the Company's financial statements because the Group and the Company have an existing accounting policy to account for acquisitions of joint operations in a manner consistent with that set out in the Amendments.

(ii) IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The Amendments to include the five, narrow-focus improvements to the disclosure requirements contained in the standard.

The Amendments, when initially applied, have not a material impact on the Group's and the Company's financial statements.

(iii) IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (effective for annual periods beginning on or after 1 January 2016)

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. In addition, the amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Amendments, when initially applied, have not material impact on the Group's and the Company's financial statements, as the Group and the Company do not apply revenue-based methods of amortisation/depreciation.

(iv) IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture (effective for annual periods beginning on or after 1 January 2016)

These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

The amendments, when initially applied, have not material impact on the financial statements as the Group and the Company have no bearer plants.

(v) IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The amendment has not any impact on the financial statements since they do not have any defined benefit plans that involve contributions from employees or third parties.

(vi) IAS 27 – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The amendments allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures.

The amendments, when initially applied, have not a material impact on the financial statements as the Company intends to continue to carry its investments in subsidiaries at cost.

(vii) Annual improvements to IFRSs

The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.
None of these amendments have a significant impact on the financial statements of the Group and the Company.

<u>Changes of presentation</u>

The Group and the Company changed the presentation of separate and consolidated statements of cash flows for the first quarter of the year 2015. Debts for non-current assets are shown under investing activities as acquisition of property, plant and equipment and intangible assets instead of being shown as decrease in trade and other receivables under operating activities.

Going concern

These financial statements have been prepared under the assumption that the Group and the Company will continue as a going concern.

15.6. Basis of consolidation

The consolidated financial statements of the Group include Grigeo Grigiškės AB and its subsidiaries.
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company or the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.
Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.
If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.
Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Measurement and presentation currency

On 1 January 2015 the Republic of Lithuania joined the euro zone and the Lithuanian national currency litas was replaced by the euro. As a result, Grigeo Grigiškės AB converted its financial accounting to euros

as from 1 January 2015 and the financial statements for subsequent years will be prepared and presented in euros. The comparative information of the previous periods was translated into euros using the official exchange rate of LTL 3.4528 to EUR 1. As a result of conversion, the Company incurred expenses of EUR 25 thousand, which were mainly related to the recalculation of the size of authorized capital.
The amounts shown in these financial statements are presented in euro, unless otherwise stated.
The functional currency of the Company and its subsidiaries operating in Lithuania is euro. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.
Transactions in foreign currencies are initially recorded in the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction.
The assets and liabilities of foreign subsidiaries are translated into euro at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on this translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in the statement of comprehensive income.

Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's separate financial statements are carried at cost, less impairment.
At the end of 2011 the Company transferred a segment of its operations to one of its 100% subsidiaries. From the point of view of separate financial statements of Grigeo Grigiškės AB, this is in-kind contribution to the existing subsidiary. There is no guidance under IFRS on how to account for business contributions by the parent in its separate financial statements.
The Company made a decision to determine an appropriate accounting treatment. The policy followed was to recognise an increased investment in the subsidiary based on the fair value of the additional shares received and therefore recognise a gain/loss on disposal of the net assets of the segment transferred to the subsidiary (measured as the difference between fair value of shares received and the carrying values of the assets transferred).

Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is stated at fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.
The useful lives of intangible assets are assessed to be either finite or indefinite.
After initial recognition, intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives:

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

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.
The Group and the Company do not have any intangible assets with infinite useful life other than goodwill.

Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings and structures	8–91 years
Machinery and equipment	5–10 years
Vehicles	6–8 years
Other equipment and other assets	4–5 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.
Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

Investment property

Investment property, including part of buildings and structures, is held for earning rentals and / or for capital appreciation rather than for use in the production, provision of services, or for administration purposes or sale.
Investment property is stated at historical cost less accumulated depreciation and adjusted for impairment loss, if any. Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life: 10–50 years.
Transfers to and from investment property are made only when there is an evidence of change in an asset’s use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value of investment property at the date of change in use. If owner-occupied property becomes an investment property the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The deemed cost for subsequent investment property accounting is the carrying value at the time of assets’ transfer.

Emission allowances

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase ran for the three-year period from 2005 to 2007; the second runs for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period; the third – for 8 years from 2013 to 2020. 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 tonnes 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.
The Company and the Group apply a net liability approach in accounting for the emission allowances received. It records the emission allowances granted to it at a nominal (nil) amount. When actual emissions exceed allocated emission allowances, the obligation of purchasing additional allowances is recognized as a provision measured at the market value of the allowances as at the reporting date. The Company and the Group have chosen a system that measures deficits on the basis of an annual allocation of emission allowances.
The outright sale of emission allowances is recorded as a sale at the fair value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit an additional liability is recognised in the statement of financial position.

Borrowing costs

Borrowing costs are interest and other costs that the Company and the Group incur in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as costs when incurred.
A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
Borrowing costs may include:
- interest expense calculated using the effective interest,
- finance charges in respect of finance leases and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The commencement date for capitalization is the date when all of the following three conditions are met:
- expenditures for the asset are incurred,
- borrowing costs are incurred,
- activities necessary to bring the asset into its intended use or sale are undertaken.

Capitalizing of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Financial assets

The Group's and the Company's financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in statement of comprehensive income.
The Group and the Company do not have any financial instruments at fair value through profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group / the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.
The Group and the Company do not have any held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Allowance for doubtful receivables is evaluated when the indications leading to the impairment of accounts receivable are noticed and the carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised (written off) when they are assessed as uncollectible. 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.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with unrealized gains or losses (except impairment and gain or losses from foreign currencies exchange) being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in the statement of comprehensive income.
The Group and the Company do not have any available for sale financial assets as at 31 December 2015 and 2014.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group / the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or

- the Group / the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group / the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group / the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost of inventory is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory has been fully written-off.

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term equal to or less than 3 months.

Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Borrowings are initially recognised at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. The borrowings are classified as non-current if the completion of a refinancing agreement before the date of the statement of financial position provides evidence that the substance of the liability at the date of the statement of financial position was long-term.

Finance lease and operating lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease – Group and the Company as a lessee

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases.
The Group and the Company recognise finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate of finance lease payment, when it is possible to determine it, in other cases, Company's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.
The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the Group's and the Company's statement of comprehensive income for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than lease term, unless the Group or the Company, according to the lease contract, gets transferred their ownership after the lease term is over.

Operating lease – the Group and the Company as lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.
The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.
If the result of sales and lease back transactions is an operating lease and the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

Operating lease – the Group and the Company as lessor

Assets leased under operating lease in the statement of financial position of the Group and the Company are accounted for depending on their nature. Income from operating lease is recognised as other income in the statement of income within the lease period using the straight-line method. All the discounts provided to the operating lessee are recognised using straight-line method during the lease period by reducing the lease income. Initial direct expenses incurred in order to generate lease income are included in the carrying value of the leased asset.

Non-current employee benefits

According to the requirements of Lithuanian Labour Code, each employee leaving the Group or the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.
The past service costs are recognised as an expense on a straight-line basis in profit or loss immediately after the assessment of such liability. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.
The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

Financial guarantee contracts

Financial guarantees provided for the liabilities of the sister companies (i.e. companies controlled by the same parent) during the initial recognition are accounted at estimated fair value as distribution to shareholder and financial liability in the balance sheet.
Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the sister company's financial liability to the bank. If there is a possibility that the sister company may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Grants and subsidies

Grants and subsidies (hereinafter "grants") intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the asset related grants is recognised in profit and loss gradually according to the depreciation rate of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.
Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

Trade and other payable

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.
The nominal or cost value of the other payables is assumed to appropriate their fair value, if these are current liabilities.

Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and Ukraine.
Income tax rate of 15% has been introduced starting from 1 January 2010 for companies operating in the Republic of Lithuania. Standard income tax rate in Ukraine was 18%.
Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments and for the losses accumulated in the Ukrainian company (under the Ukrainian law, losses can be carried forward for 4 years). Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.
From 2014 tax losses carried forward shall not exceed 70 percent of the taxable profit of a taxable period according to Lithuanian laws.
Deferred taxes are calculated using the liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences

are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.
Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.
Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.
Revenue from services is recognised when services are rendered.
Dividend income from subsidiaries is recognised in the Company's stand-alone financial statements when the dividends are declared by the subsidiary.
Interest income is recognised on an accrual basis (using the effective interest rate). Interest income is included in financial and investing activities result in statement of comprehensive income.
Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each date of the statement of financial position.
For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the statement of profit or loss. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of profit or loss. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment of non-financial assets

Non-financial assets, except for goodwill, inventories and deferred tax, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of profit or loss as the impairment loss. An impairment loss of the goodwill is recognised in the statement of profit or loss.
An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation, amortisation, impairment of buildings, non-current employee benefits, impairment evaluation of goodwill, recognition of deferred income tax asset, and impairment evaluation of other assets. Future events may occur which will cause the assumptions used in arriving at the estimates to change. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting 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 periods.

Fair value measurement

A number of the Group’s and the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.
When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with acquisitions. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.
A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits are probable.

Subsequent events

Subsequent events that provide additional information about the Group’s / the Company’s position at the date of statements of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

15.7. Non-current assets

On the 31st of March 2016 Group's non-current assets consisted of the following, EUR

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2015	**36,208,004**	**79,698,634**	**1,714,767**	**2,107,691**	**9,950,727**	**129,679,823**
Additions	-	160,895	77,266	41,468	2,716,305	**2,995,934**
Disposals	-	(239,938)	(48,747)	-	-	**(288,685)**
Transfers	204,667	2,108,720	2,815	114,818	(2,431,020)	**-**
Rate of exchange influence	(87,591)	(61,419)	(2,574)	(4,679)	-	**(156,263)**
31 March 2016	**36,325,080**	**81,666,892**	**1,743,527**	**2,259,298**	**10,236,012**	**132,230,809**
Accumulated depreciation and impairment						
31 December 2015	**7,347,062**	**43,258,334**	**925,121**	**1,516,311**	**-**	**53,046,828**
Depreciation	490,523	2,078,520	62,034	80,264	-	**2,711,341**
Impairment loss/(reversal)	-	-	-	-	-	**-**
Disposals	-	(159,719)	(45,521)	-	-	**(205,240)**
Transfers	-	-	-	-	-	**-**
Rate of exchange influence	(41,784)	(43,270)	(1,069)	(3,452)	-	**(89,575)**
31 March 2016	**7,795,801**	**45,133,865**	**940,565**	**1,593,123**	**-**	**55,463,354**
Carrying amount						
31 December 2015	**28,860,942**	**36,440,300**	**789,646**	**591,380**	**9,950,727**	**76,632,995**
31 March 2016	**28,529,279**	**36,533,027**	**802,962**	**666,175**	**10,236,012**	**76,767,455**

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

On the 31st of March 2016, the part of the Group's property, plant and equipment with a carrying value of 54,341 thousand Euros (31 December 2015 – 38,358 thousand Euros) is pledged as a security for repayment of the loans granted by banks.

On the 31st of March 2016 Company's non-current assets consisted of the following, EUR

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2015	**15,376,607**	**53,553,861**	**542,241**	**1,103,635**	**4,576,967**	**75,153,311**
Additions	-	78,850	49,958	34,890	2,177,771	**2,341,469**
Disposals	-	(235,303)	(19,017)	-	-	**(254,320)**
Transfers	204,667	2,084,941	2,815	114,818	(2,407,241)	**-**
31 March 2016	**15,581,274**	**55,482,349**	**575,997**	**1,253,343**	**4,347,497**	**77,240,460**
Accumulated depreciation and impairment						
31 December 2015	**3,009,738**	**26,885,901**	**271,057**	**772,135**	**-**	**30,938,831**
Depreciation	246,520	1,354,701	22,181	45,478	-	**1,668,880**
Impairment loss/(reversal)	-	-	-	-	-	**-**
Disposals	-	(155,230)	(15,848)	-	-	**(171,078)**
Transfers	-	-	-	-	-	**-**
31 March 2016	**3,256,258**	**28,085,372**	**277,390**	**817,613**	**-**	**32,436,633**
Carrying amount						
31 December 2015	**12,366,869**	**26,667,960**	**271,184**	**331,500**	**4,576,967**	**44,214,480**
31 March 2016	**12,325,016**	**27,396,977**	**298,607**	**435,730**	**4,347,497**	**44,803,827**

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

On the 31st of March 2016, the part of the Company's property, plant and equipment with a carrying value of 34,011 thousand Euros (31 December 2015 – 18,963 thousand Euros) is pledged as a security for repayment of the loans granted by banks.

15.8. Investment property

On the 31st of March 2016 Group's and Company's investment property consisted of the following, EUR:

Group / Company	Buildings and constructions	Total
Modified cost		
31 December 2015	**1,048,424**	**1,048,424**
Additions	-	**-**
Disposals	-	**-**
31 March 2016	**1,048,424**	**1,048,424**
Accumulated depreciation and impairment		
31 December 2015	**213,441**	**213,441**
Depreciation	7,646	7,646
Disposals	-	**-**
31 March 2016	**221,087**	**221,087**
Carrying amount		
31 December 2015	**834,983**	**834,983**
31 March 2016	**827,337**	**827,337**

15.9. Intangible assets

On the 31st of March 2016 Group's intangible assets consisted of the following, EUR:

The Group	Land lease rights	Licenses, patents	Software	Prestige	Other assets and prepayments	Total
Cost						
31 December 2015	**695,088**	**59,511**	**1,140,087**	**3,001,072**	**728,781**	**5,624,539**
Additions	-	-	2,125	-	11,866	**13,991**
Disposals	-	-	(6,743)	-	-	**(6,743)**
Transfers	-	-	-	-	-	**-**
Rate of exchange influence	-	-	(212)	-	-	**(212)**
31 March 2016	**695,088**	**59,511**	**1,135,257**	**3,001,072**	**740,647**	**5,631,575**
Accumulated amortization						
31 December 2015	**95,253**	**40,718**	**841,833**	**-**	**653,069**	**1,630,873**
Amortization	1,930	2,711	53,101	-	8,661	**66,403**
Disposals	-	-	(6,743)	-	-	**(6,743)**
Transfers	-	-	-	-	-	**-**
Rate of exchange influence	-	-	(33)	-	-	**(33)**
31 March 2016	**97,183**	**43,429**	**888,158**	**-**	**661,730**	**1,690,500**
Carrying amount						
31 December 2015	**599,835**	**18,793**	**298,254**	**3,001,072**	**75,712**	**3,993,666**
31 March 2016	**597,905**	**16,082**	**247,099**	**3,001,072**	**78,917**	**3,941,075**

On the 31st of March 2016, the Group's land lease rights with a carrying value of 598 thousand Euros (31 December 2015 – 600 thousand Euros) are pledged as a security for repayment of the loan granted by banks.

On the 31st of March 2016, Company's intangible assets consisted of the following, EUR:

The Company	Licenses and patents	Software	Other assets	Total
Cost				
31 December 2015	**59,511**	**661,944**	**207,106**	**928,561**
Additions	-	1,543	11,866	**13,409**
Disposals	-	-	-	**-**
Transfers	-	-	-	**-**
31 March 2016	**59,511**	**663,487**	**218,972**	**941,970**
Accumulated amortization				
31 December 2015	**40,718**	**500,990**	**132,588**	**674,296**
Amortization	2,711	17,160	8,488	**28,359**
Disposals	-	-	-	**-**
Transfers	-	-	-	**-**
31 March 2016	**43,429**	**518,150**	**141,076**	**702,655**
Carrying amount				
31 December 2015	**18,793**	**160,954**	**74,518**	**254,265**
31 March 2016	**16,082**	**145,337**	**77,896**	**239,315**

15.10. Investments into subsidiaries

On the 31st of March 2016 investments into subsidiaries consisted of the following, EUR:

	The Company	
	31.03.2016	31.12.2015
Grigiškių energija UAB	2,896	2,896
Ekotara UAB	2,896	2,896
AGR Prekyba UAB	3,806,743	3,806,743
Grigeo Baltwood UAB	7,991,196	7,991,196
Total investments in subsidiaries	**11,803,731**	**11,803,731**

15.11. Account receivables

On the 31st of March 2016 trade and other receivables consisted of the following, EUR:

	The Group		The Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Trades receivable	13,301,778	12,233,676	7,280,347	6,472,801
Other receivable	394,629	324,867	44,949	95,041
	13,696,407	**12,558,543**	**7,325,296**	**6,567,842**
Less: allowance for doubtful amounts receivable	(219,430)	(226,208)	(44,453)	(50,231)
Total amounts receivable within one year:	**13,476,977**	**12,332,335**	**7,280,843**	**6,517,611**

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

The movement for 2016 in the allowance for doubtful amounts receivable consisted of the following, EUR:

	The Group		The Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
On the 1st of January	**226,208**	**261,682**	**50,231**	**76,366**
Change for the year	-	-	-	-
Reversed during the year	-	5,919	-	5,778
Receivables written off as uncollectible	(6,778)	(32,954)	(5,778)	(31,913)
Rate of exchange influence	-	(8,439)	-	-
At the end of the period	**219,430**	**226,208**	**44,453**	**50,231**

15.12. Cash and cash equivalents

On the 31st of March 2016 cash and cash equivalents consisted of the following:

	The Group		The Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Cash at bank	1,164,973	748,206	10,093	1,389
Cash on hand	17,287	12,116	15,908	10,872
Total	**1,182,260**	**760,322**	**26,001**	**12,261**

15.13. Inventories

On the 31st of March 2016 inventories consisted of the following:

	The Group		The Company	
	31.03.2016	**31.12.2015**	**31.03.2016**	**31.12.2015**
Materials	4,021,061	5,428,906	1,680,885	2,676,401
Work in progress	1,299,047	1,279,990	853,579	930,546
Finished goods	3,394,174	3,531,278	1,689,944	1,863,783
Goods in transit	5,747	197,688	863	30,970
Prepayments	258,365	18,771	123,915	119,113
	8,978,394	**10,456,633**	**4,349,186**	**5,620,813**
Less: write-down to net realizable value	(332,275)	(339,950)	(332,275)	(332,275)
Total	**8,646,119**	**10,116,683**	**4,016,911**	**5,288,538**

On the 31st of March 2016, the Group's and the Company's inventories with carrying amount of 3,418 thousand Euros and 1,158 thousand Euros respectively are pledged as a security for the loan granted by the bank (31 December 2015 – the Group's and the Company's inventories were pledged respectively 5,840 thousand Euros and 1,158 thousand Euros).

15.14. Share capital and legal reserve

On the 31st of March 2016 share capital consisted of 65.700.000 ordinary shares at a par value of EUR 0.29 each. All shares were fully paid.

On the 31st of March 2016 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	31,172,958	47.4
Lithuanian individuals	30,439,104	46.3
Foreign legal entities	2,785,140	4.2
Foreign individuals	1,302,798	2.1
Total	65,700,000	100.0

On the 31st of March 2016 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	61,612,062	93.8
Estonia	1,407,438	2.1
Sweden	1,377,012	2.1
Other countries	1,303,488	2.0
Total	65,700,000	100.0

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.

15.15. Non-current ant current borrowings

	The Group		The Company	
	31.03.2016	**31.12.2015**	**31.03.2016**	**31.12.2015**
The loans and mortgages are repayable as follows:				
Within one year	9,163,086	10,403,155	4,901,990	6,254,913
In the second year	14,070,457	15,045,238	10,328,321	9,392,722
In the third to fifth years inclusive	11,933,372	8,501,289	3,346,406	1,983,248
	35,166,915	**33,949,682**	**18,576,717**	**17,630,883**
Less: amount due for settlement within one year	(9,163,086)	(10,403,155)	(4,901,989)	(6,254,913)
Amount due for settlement after one year	**26,003,829**	**23,546,527**	**13,674,728**	**11,375,970**

15.16. Trade and other payables

	The Group		The Company	
	31.03.2016	**31.12.2015**	**31.03.2016**	**31.12.2015**
Trade payables	12,531,096	15,123,426	6,155,994	7,627,314
Taxes, salaries and social insurance payable	2,348,062	1,516,562	1,092,326	700,885
Advances received	144,829	121,531	62,933	61,913
Other payables	573,470	699,113	165,609	137,467
Total	**15,597,457**	**17,460,632**	**7,476,862**	**8,527,579**

15.17. Other operating income

	The Group		The Company	
	01.01.2016-31.03.2016	**01.01.2015-31.03.2015**	**01.01.2016-31.03.2016**	**01.01.2015-31.03.2015**
Income from disposal of emission rights	-	676,700	-	676,700
Rent income	21,847	53,719	17,428	18,638
Gain from disposal of fixed assets	5,976	161,476	1,830	14,510
Scrap metal recognition	20,910	19,154	2,459	2,011
Insurance compensation	8,159	10,726	5,825	7,169
Other income	7,272	9,795	29,799	38,551
Total	**64,164**	**931,570**	**57,341**	**757,579**

15.18. Other operating expenses

	The Group		The Company	
	01.01.2016-31.03.2016	**01.01.2015-31.03.2015**	**01.01.2016-31.03.2016**	**01.01.2015-31.03.2015**
Rent expenses	(16,038)	27	714	27
Insurance expenses	19,158	10,096	3,900	7,169
Other expenses	(2,025)	31,553	36,807	77,875
Total	**1,095**	**41,676**	**41,421**	**85,071**

15.19. Off balance articles

Emission rights movement for the three months of 2016

	Amount, pcs.	
	The Group	**The Company**
31 December 2015	**15,916**	**(2,363)**
Emission rights allocated	58,845	35,060
Purchase of emission rights	-	-
Emission rights used	(2,994)	(626)
Sale of emission rights	-	-
31 March 2016	**71,767**	**32,071**

15.20. Court and arbitration proceedings

Over the three months of 2016 the Group and the Company were not involved in court or arbitration proceedings which would have a material impact on the financial position of Grigeo Grigiškės AB.