



AKCINĖ BENDROVĖ
GRIGISKĖS



Juridinių asmenų registras. Įmonės kodas 110012450. PVM mok. kodas LT100124515. Vilniaus g. 10, Grigiškės, LT-27101, Vilniaus m. sav.
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Lithuanian Securities Commission
Konstitucijos av. 23
LT-08105 Vilnius, Lithuania

27.08.2010 No 026-SK/2010- 674

CONFIRMATION OF RESPONSIBLE PERSONS

Pursuing Part 2 of Article 22 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commission for preparation and announcement of periodical and supplementary information, we, the undersigned – Business Development Director, temporarily acting as a General Director, Vigmantas Kažukauskas and Director of Finance Department Nina Šilerienė approve that not audited financial statements of AB Grigiškės for the six months of 2010 year, as made in compliance with applicable accounting standards, are true, correctly reflect issuer's and aggregate consolidated companies' assets, liabilities, financial standing, profit or loss, and also that the consolidated report for the six months of 2010 year shows fair business environment as well as description of the company's performance

ENCLOSURE: Grigiškės AB interim information for the six months of 2010 (40 pages).

Business Development Director,
temporarily acting as a General Director

Vigmantas Kažukauskas

Director of Finance Department

Nina Šilerienė

GRIGIŠKĖS AB

Interim information for the six months of 2010

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

Reports have been prepared for the six months of 2010.

2. AUDIT INFORMATION

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

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

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

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

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

Status	Subsidiary	Subsidiary	Subsidiary
Name	AGR Prekyba UAB	Avesko UAB	Klaipėda Recycling UAB
Company's ID No.	302416687	300145810	302529158
Authorised capital	10.000 LTL	20.010.000 LTL	10.000 Lt
Address	Konstitucijos av. 7 Vilnius	Konstitucijos av. 7 Vilnius	Nemuno str. 2, Klaipėda,
Phone	+370 5 243 5933	+370 5 243 59 33	+370 46 395 601
Fax	+370 5 243 58 02	+370 5 243 58 02	+370 46 395 600
E-mail	vikz@grigiskes.lt	vikz@grigiskes.lt	info@kartonas.lt
Internet address	-	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	20 September, 2005	16 July, 2010
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

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

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

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

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

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, packing from corrugated board. The company has not been operating in year 2010.

Core business activities of Naujieji Verkiai UAB are as follows: building and development of real estate. The company has not been operating in year 2010.

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

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

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

The Company has signed a contract with Finasta AB (financial brokerage company) (Maironio str. 11, Vilnius, tel. (8~5) 203 2233, fax: (8~5) 203 2244, info@finasta.lt) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2009 financial years.

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

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

6. AUTHORISED CAPITAL OF THE ISSUER

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

6.1.1. Table. Structure of the authorized capital

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

All shares of the Issuer are fully paid up.

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

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

6.3. Rights and obligations conferred by the shares

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

- 1) to receive a part of the Company's profit - dividend;
- 2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
- 5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
- 6) to receive a part of assets of the Company in liquidation;
- 7) to bequeath all or a part of the shares to the ownership of the other people;
- 8) to transfer all or part of the shares to ownership of other people;
- 9) to attend the general meetings of shareholders;
- 10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of 1 (one) litas gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed

by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;

- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On the 30st of June 2010 there were 2.619 shareholders of Grigiškės AB.

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

7.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 30st of June 2010.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 June 2010			31 December 2009		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „Ginvildos investicija“ Turniškių g. 10a-2, Vilnius, 125436533	29.272.228	48,79	48,79	29.272.228	48,79	48,79
ROSEMOUNT HOLDING LLC 3533 Fairview Industrial Drive SE, Salem, OR 97302, United States of America	5.639.967	9,40	9,40	5.639.967	9,40	9,40
DAILIUS JUOZAPAS MIŠEIKIS	8.731.686	14,55	14,55	5.997.932	10,00	10,00

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. Agreements between/among the shareholders

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

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

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

8.1. Key characteristics of the shares of the Company

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

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

8.2. Share trading information

8.2. table. Share trading information

Reported period	Price, LTL			Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Max.	Min.	Last session	Units	LTL
2008, I Q	2,70	2,40	2,48	183.621	0	0	167.207	431.407
2008, II Q	2,45	1,11	1,11	45.478	0	5.910	96.273	174.179
2008, III Q	1,44	1,11	1,14	1.311.782	0	4.812	1.325.360	1.700.485
2008, IV Q	1,14	0,29	0,30	42.459	0	6.593	884.565	378.011
2008	2,70	0,29	0,30	1.311.782	0	6.593	2.473.405	2.684.081
2009, I Q	0,45	0,30	0,31	458.897	0	0	4.465.664	1.751.743
2009, II Q	0,49	0,33	0,45	122.162	0	20.205	2.033.965	873.993
2009, III Q	1,09	0,42	1,02	185.607	0	22.208	2.889.167	2.017.305
2009, IV Q	1,03	0,88	0,93	62.921	364	5.460	863.978	817.846
2009	1,09	0,30	0,93	458.897	0	5.460	10.252.774	5.460.887
2010, I Q	1,33	0,92	1,27	643.163	0	14596,94	3.109.465	3.731.893
2010, II Q	1,35	1,24	1,34	98.746	0	25.194	1.017.209	1.319.328

8.2. figure. Share price and turnover 01.01.2004 – 30.06.2010.



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

8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	107.882.974
31.03.2008	99.092.509
30.06.2008	66.600.000

Last session date	Capitalisation, LTL
30.09.2008	68.400.000
31.12.2008	18.000.000
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
31.12.2009	55.800.000
31.03.2010	76.000.000
30.06.2010	80.400.000

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

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

8.5. Own shares buy out

The Company has not bought out own shares.

8.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

8.7. Official takeover bid

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

9. EMPLOYEES

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

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

	six months of 2010	2009
Number of employees	934	585

The average number of the Group employees of the first half of 2010 is by 349 employees or 59,7 percent higher than the figure of the year 2009 is. The reason of that fact is the transaction performed on the 1st of March, 2010 when Grigiškės AB purchased 100 percent of shares of AGR Prekyba UAB. After the transaction was finished the employees of daughter companies Klaipėdos kartonas AB and Mena pak OAO also got a status of employees of Grigiškės AB Group.

The rising demand for products produced by Balwood UAB determined this daughter company to increase the number of listed employees by 29,3 percent comparing the first half of 2010 to the year 2009. Changes of employees number in other Group's companies are not significant.

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

	six months of 2010	2009
Number of employees	453	511

During the first half of the year 2010 the average number of employees decreased by 58 employees or by 11,4 %. It declined by 39 employees in the first quarter of 2010, and by 19 employees in the second quarter of 2010.

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

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.638	43	161	464	56	13
Managers	4.681	74	13	1	-	-
Specialists	2.546	83	23	3	-	-
Total	2.034	200	197	468	56	13

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

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

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

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.987	24	92	206	20	2
Managers	5.376	44	9	1	-	-
Specialists	3.030	43	9	3	-	-
Total	2.524	111	110	210	20	2

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

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

10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

11. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

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

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

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

11.1. Members of the managing bodies

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

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

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

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

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

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

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

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

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Director	Didma UAB	51,00
			Naras UAB	62,48
			Ginvildos investicija UAB	13,0
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Mena Pak OAO	Member of THE Supervisory council		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
	Grigiškės UAB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,91
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Member of the board		
Audris Vilčinskas	Lavista UAB	Director	Lavista UAB	100,0
	Grigiškės AB	Member of the board		
Nina Šilerienė	Grigiškės AB	Director of Finance Department	Grigiškės AB	0,07

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		

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

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

12. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

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

13. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

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

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

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

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

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

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

On the 25th of February 2010 "GRIGISKES" AB received the authorization of the Competition Council of the Republic of Lithuania to pursue concentration by acquisition 100 % of the shares of "AGR prekyba" UAB, which holds 100 % of the shares of "AVESKO" UAB, which owns 96,18 % of the shares of "KLAIPĖDOS KARTONAS" AB.

"GRIGIŠKĖS" AB shall acquire 100 % of shares of "AGR Prekyba" UAB after the terms of the share purchase - sale agreement signed between "GRIGIŠKĖS" AB and "Hanner" AB are fulfilled and a memorandum of the transaction completion is signed.

March On the 1st of March 2010, GRIGIŠKĖS AB and HANNER AB have signed a memorandum of finishing of the shares' selling-purchasing transaction. By this transaction, HANNER AB has sold and GRIGIŠKĖS AB has purchased 100 % of shares of AGR Prekyba UAB. The AGR Prekyba UAB owns 100 % of shares of AVESKO UAB. The latter owns 96,18 % shares of KLAIPĖDOS KARTONAS AB. The objective of this transaction is to expand the business of corrugated board and products made of corrugated board of GRIGIŠKĖS AB.

The Ordinary General Shareholders Meeting of Grigiskės AB, code 110012450, Vilniaus g. 10, Grigiškės, LT-27101, Vilniaus m. sav., is convened by initiative and the decision of the Board.

The Date of the Meeting - the 27th of April, 2010, Tuesday. Time - 11 a.m., place - Vilniaus g. 10 (the company's administration building), Grigiškės, Vilniaus m. sav., Lithuania. Registration of shareholders starts at 10.30 a.m.

The Board confirmed the following agenda for the Ordinary General Meeting of Shareholders:

- 1) Company's annual report 2009.
- 2) Company's auditor's report 2009.
- 3) Approval of the financial statements of the year 2009.
- 4) Net Profit appropriation of the year 2009.
- 5) Selection of the firm of auditors and fixing of the conditions of the remuneration for the audit services.

April The Management Board meeting on 06 04 2010 approved the audited Company's annual report, heard the auditor's opinion on the company's activities of the year 2009, evaluated positive and decided to supply to the General Meeting general ballot paper (voting bulletin), projects of annual financial statement and profit appropriation for approval and to tender to the General Meeting to elect an audit company ERNST & YOUNG BALTIC, UAB for the financial year 2010 and 2011 audit

and fix a sum payable for the audit services not more than 56350 LTL (plus VAT) for a single financial year.

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

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

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

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

June

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

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

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

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

13.2. Newest events in the Issuer's activities

July, 2010 Grigiskės AB has received notification from Irena Ona Mišeikienė on the acquisition of voting rights. The threshold that was crossed - 10%, the reason for crossing the threshold - securities acquisition by inheritance.

July, 2010 Klaipėdos kartonas AB the subsidiary of Grigiškės AB has established a subsidiary company Klaipėda Recycling UAB. It is planned that this new company will run a business of waste-paper procurement.

August, 2010 The Board meeting on 5 August 2010 approved a corrected budget for the year 2010.

It planned that Grigiskės AB sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 16,8 mln. (EUR 4,9 mln.) than it was in 2009. The company will earn a profit before taxes of LTL 1,6 mln. (EUR 0,5 mln.) which will be LTL 1.9 mln. (EUR 0,55 mln.) or 54% lower than it was in 2009.

Planned profit before taxes for the year 2010 is corrected after the expected financial results of the six months of the year 2010 and the trends of raw materials prices were re-evaluated.

On the 27th of April 2010 proclaimed forecasted financial indicators for the year 2010 of Grigiskės AB Group remain unchanged. It was planned that the Group which consists of Grigiskės AB, daughter enterprises Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO in the year 2010 will reach a turnover of LTL 230 mln. (EUR 66,6 mln.), which is LTL 111,1 mln. (EUR 32,2 mln.) or 93% over the turnover of 2009. The Group's profit before taxes will reach LTL 7,6 mln. (EUR 2,2 mln.) and will be LTL 4,4 mln. (EUR 1,27 mln.) or 2,4-fold higher than it was reached on the year 2009.

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

August, 2010 On the 25th of August AVESKO, UAB, a member of GRIGIŠKĖS, AB has been reformed into a joint-stock company with a name AVESKO, AB. In order to more transparent management of subsidiaries of GRIGIŠKĖS, AB in the future it is planned to reorganize by the merger Klaipėdos kartonas, AB and not operating AVESKO, AB.

13.3. Offices and branches

Company has Country sales representatives operating in Latvia, Estonia and Poland. No new offices or branches are planned to open in 2010.

13.4. Risk factors

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

13.5. Suppliers

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

Supplier's country	Six months of 2010	Six months of 2009
	%	%
Lithuania	79	70
Sweden	0	1
Poland	4	3
Estonia	10	8
Latvia	2	1
Finland	0	0
Austria	1	1
Other countries	4	16
TOTAL	100	100

Main suppliers of energy resources are Lithuanian companies.

13.6. Sales and markets

13.6.1. table. Company's countries of sales

Country	Six months of 2010		Six months of 2009	
	thousand litas	%	thousand litas	%
United Kingdom	1.361	2,3	745	1,4
Belarus	485	0,8	291	0,5
Czech Republic	1.200	2,0	525	1,0
Denmark	4.831	8,2	730	1,3
Estonia	3.123	5,3	1.809	3,3
Latvia	5.231	8,9	4.510	8,3
Poland	4.491	7,7	2.738	5,0
Lithuania	26.100	44,6	33.001	60,9
Norway	612	1,0	765	1,4
The Netherlands	1.806	3,1	1.281	2,4
Slovakia	1.298	2,2	1.807	3,3
Finland	1.145	2,0	1.269	2,3
Sweden	4.856	8,3	4.203	7,7
Hungary	41	0,1	66	0,1
Germany	1.287	2,2	0	0,0
Other countries	703	1,2	493	0,9
Total	58.569	100,0	54.233	100,0

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

The Board meeting on 5 August 2010 approved a corrected budget for the year 2010.

It planned that Grigiskės AB sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 16,8 mln. (EUR 4,9 mln.) than it was in 2009. The company will earn a profit before taxes of LTL 1,6 mln. (EUR 0,5 mln.) which will be LTL 1.9 mln. (EUR 0,55 mln.) or 54% lower than it was in 2009.

Planned profit before taxes for the year 2010 is corrected after the expected financial results of the six months of the year 2010 and the trends of raw materials prices were re-evaluated.

On the 27th of April 2010 proclaimed forecasted financial indicators for the year 2010 of Grigiskės AB Group remain unchanged. It was planned that the Group which consists of Grigiskės AB, daughter enterprises Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO in the year 2010 will reach a turnover of LTL 230 mln. (EUR 66,6 mln.), which is LTL 111,1 mln. (EUR 32,2 mln.) or 93% over the turnover of 2009. The Group's profit before taxes will reach LTL 7,6 mln. (EUR 2,2 mln.) and will be LTL 4,4 mln. (EUR 1,27 mln.) or 2,4-fold higher than it was reached on the year 2009.

13.8. Financial indicators

Financial ratios	Six months of 2008		Six months of 2009		Six months of 2010	
	Group	Company	Group	Company	Group	Company
EBITDA	7.407.302	7.311.543	10.545.308	10.236.684	14.981.093	8.570.427
EBITDA profitability	9,6%	10,1%	18,2%	18,9%	14,5%	14,6%
Gross margin	13,1%	13,5%	15,4%	15,8%	11,0%	10,5%
Operating margin	1,5%	2,5%	3,6%	4,6%	4,7%	2,5%
Net margin	-0,2%	1,0%	1,0%	2,1%	5,2%	1,6%
ROE, %	-0,2%	1,1%	0,9%	1,7%	7,8%	1,3%
ROA, %	-0,1%	0,6%	0,4%	0,9%	3,2%	0,8%
Current ratio	0,93	1,14	0,89	1,15	0,85	0,94
Quick ratio	0,52	0,70	0,54	0,78	0,58	0,65
Cash to current liabilities	0,005	0,004	0,023	0,029	0,050	0,002

Financial ratios	Six months of 2008		Six months of 2009		Six months of 2010	
	Group	Company	Group	Company	Group	Company
P/E	-409,94	87,89	48,62	24,07	15,00	87,87
Earnings per share	-0,003	0,013	0,009	0,019	0,090	0,015
Debt to equity ration	0,97	0,82	1,03	0,90	2,03	0,74
Debt to total assets ratio	0,49	0,45	0,51	0,47	0,67	0,42

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

13.9. Related party transactions

All transactions with related persons were carried out at market prices

AB „Klaipėdos kartonas“ – subsidiary of Grigiskės AB.

Baltwood UAB – subsidiary of Grigiskės AB.

OA O „Mena Pak“ – AB „Grigiskės“ dukterinė įmonė.

Ginvildos Investicija UAB – major shareholders of Grigiskės AB.

Didma UAB, Remada UAB and Naras UAB – companies related to the managing officers of the group.

Ekotara UAB – subsidiary of the group not subject to consolidation.

Naujieji Verkiai UAB – subsidiary of the group not subject to consolidation.

Klaipėda Recycling UAB – subsidiary of the group not subject to consolidation.

13.2.1. table. Group's transactions with related persons during six months of 2010. Balances of amounts receivable/payable in relation thereto on the 30th of June 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB		78.070		45.447
Didma UAB	349.984	132.455	177.737	
Remada UAB				
Naras UAB	24.011		10.501	
Ekotara UAB				
Naujieji Verkiai UAB				
Klaipėdos kartonas AB	15.897	2.682.117	19.236	499.660
Mena Pak OA O		4.315.348		8.119.251
Total	389.892	7.207.990	207.474	8.664.358

13.2.2. table. Company's transactions with related persons during six months of 2010. Balances of amounts receivable/payable in relation thereto on the 30th of June 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	1.171.056	913.049	4.241.694	
Ginvildos Investicija UAB		70.450		37.827
Didma UAB	1.237	129.320	229	
Remada UAB				
Naras UAB	24.011		10.501	
Ekotara UAB				
Naujieji Verkiai UAB				
Klaipėdos kartonas AB	15.897	2.682.117	19.236	499.660
Total	1.212.201	3.794.936	4.271.660	537.487

14. FINANCIAL INFORMATION

14.1. Balance sheet

LTL

	Note s	The Group		The Company	
		30.06.2010	31.12.2009	30.06.2010	31.12.2009
ASSETS					
Non-current assets:					
Property, plant and equipment	14.7.	151.172.871	93.109.976	83.291.457	84.286.223
Intangible assets	14.8.	13.685.679	2.330.532	135.635	99.369
Investments in associated companies		-	-	-	-
Investments in subsidiaries	14.9.	10.000	10.000	5.560.241	5.015.000
Loans granted		100.000	-	5.100.000	-
Other accounts receivables		126.955	43.091	-	43.091
TOTAL NON CURRENT ASSETS		165.095.505	95.493.599	94.087.333	89.443.683
CURRENT ASSETS:					
Cash and cash equivalents	14.11	3.066.305	461.601	57.788	158.581
Loans granted		-	-	-	-
Trade and other accounts receivables	14.10	30.834.124	14.231.492	17.584.695	17.250.622
Inventories	14.12	16.550.869	10.620.079	8.029.442	8.988.447
Other assets		1.519.966	576.301	437.325	530.891
TOTAL CURRENT ASSETS		51.971.264	25.889.473	26.109.250	26.928.541
TOTAL ASSETS		217.066.769	121.383.072	120.196.583	116.372.224
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	14.13	60.000.000	60.000.000	60.000.000	60.000.000
Legal reserve		3.995.665	3.995.665	3.995.665	3.995.665
Retained earnings		5.797.954	3.647.525	4.738.793	5.016.996
Rate of exchange influence		211.786	-	-	-
Non controlling interest		1.348.604	-	-	-
TOTAL EQUITY		71.354.009	67.643.190	68.734.458	69.012.661
GRANTS		760.481	461.938	760.481	461.938
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	14.14	71.088.159	11.964.440	11.964.440	11.964.440
Obligations under finance leases		11.324.127	10.681.454	10.612.262	10.589.013
Deferred tax liability		1.680.282	252.051	227.959	252.051
Other accounts payable		-	-	-	-
TOTAL NON-CURRENT LIABILITIES		84.092.568	22.897.945	22.804.661	22.805.504
CURRENT LIABILITIES:					
Bank loans and mortgages	14.14	24.364.209	10.187.027	10.263.243	5.179.527
Obligations under finance leases		2.779.546	5.275.819	2.432.501	5.026.833
Delay for unused emission rights		-	-	-	-
Factoring		-	-	-	-
Received prepayment		-	-	-	-
Trade and other accounts payable	14.15	33.715.956	14.917.153	15.201.239	13.885.761
TOTAL CURRENT LIABILITIES		60.859.711	30.379.999	27.896.983	24.092.121
TOTAL EQUITY AND LIABILITIES		217.066.769	121.383.072	120.196.583	116.372.224

14.2. Income (loss) statement

LTL

	note s	The Group				The Company			
		January – June 2010	January – June 2009	April – June 2010	April – June 2009	January – June 2010	January – June 2009	April – June 2010	April – June 2009
Sales		103.503.444	57.976.782	63.083.322	25.780.915	58.568.958	54.232.722	29.257.863	24.086.483
Cost of sales		92.073.949	49.068.708	55.779.389	21.409.597	52.445.687	45.641.991	26.181.301	19.866.615
Gross profit		11.429.495	8.908.074	7.303.933	4.371.318	6.123.271	8.590.731	3.076.562	4.219.868
Other operating income	14.15.	2.568.830	473.810	1.898.755	272.475	2.518.164	563.996	1.897.442	311.039
Selling and distribution expenses		4.803.401	3.901.681	2.601.378	1.940.040	4.239.673	3.703.418	2.242.736	1.855.504
Administrative expenses		4.204.361	3.284.700	2.312.698	1.711.160	2.865.379	2.828.269	1.443.688	1.454.766
Other operating expenses	14.16.	119.031	126.638	43.795	10.300	74.830	126.638	37.858	4.332
Profit from operations		4.871.532	2.068.865	4.244.817	982.293	1.461.553	2.496.402	1.249.722	1.216.305
Interest income		300	622	(12)	373	127	536	32	325
Interest costs		1.074.572	1.210.862	693.423	550.721	401.012	1.075.422	213.906	493.361
Net positive (negative) impact of exchange rate changes		1.161.808	(14.348)	1.084.944	(7.018)	(17.979)	(13.998)	(7.457)	(6.964)
Other finance income		1.047.219	2.119	1.047.219	2.039	7	2.119	7	2.039
Other finance expenses		12.951	10.684	3.139	5.322	66	7.757	31	2.789
Profit before income tax		5.993.336	835.712	5.680.406	421.644	1.042.630	1.401.880	1.028.367	715.555
Income tax expense		594.035	280.376	512.462	159.377	120.833	280.376	132.879	159.377
NET PROFIT		5.399.301	555.336	5.167.944	262.267	921.797	1.121.504	895.488	556.178
Group's interest		4.996.582	555.336	4.796.487	262.267	921.797	1.121.504	895.488	556.178
Non controlling interest		402.719	0	371.457	0	0	0	0	0
Basic and diluted earnings per share		0,090	0,009	0,086	0,004	0,015	0,019	0,015	0,009

14.3. Statement of changes in owner's equity

LTL

The Group	Notes	Share capital	Legal reserve	Other reserves	Non controlling interest	Rate of exchange influence	Retained earnings	Total
31 December 2008		60.000.000	3.995.665	0	0	0	1.017.966	65.013.631
Transfer to legal reserve								0
Increase of authorized capital								0
Dividends paid								0
Net profit							555.336	555.336
30 June 2009		60.000.000	3.995.665	0	0	0	1.573.302	65.568.967
Transfer to legal reserve								
Dividends paid								
Net profit							2.074.223	2.074.223
31 December 2009		60.000.000	3.995.665	0	0	0	3.647.525	67.643.190
Transfer to legal reserve								
Dividends paid							(2.287.999)	(2.287.999)
Unrecognized gain (loss) in income (loss)						211.786		211.786
Business combination					945.885			945.885
Rate of exchange influence							(558.154)	(558.154)
Net profit					402.719		4.996.582	5.399.301
30 June 2010		60.000.000	3.995.665	0	1.348.604	211.786	5.797.954	71.354.009

LTL

The Company	Notes	Share capital	Legal reserve	Other reserves	Non controlling interest	Rate of exchange influence	Retained earnings	Total
31 December 2008		60.000.000	3.995.665	0	0	0	2.011.604	66.007.269
Transfer to legal reserve								0
Increase of authorized capital								0
Dividends paid								0
Net profit							1.121.504	1.121.504
30 June 2009		60.000.000	3.995.665	0	0	0	3.133.108	67.128.773
Transfer to legal reserve								
Dividends paid								
Net profit							1.883.888	1.883.888
31 December 2009		60.000.000	3.995.665	0	0	0	5.016.996	69.012.661
Transfer to legal reserve								
Dividends paid							(1.200.000)	(1.200.000)
Net profit							921.797	921.797
30 June 2010		60.000.000	3.995.665	0	0	0	4.738.793	68.734.458

14.4. Cash flow statement

LTL

	The Group		The Company	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
OPERATING ACTIVITIES				
Profit before income tax	5.993.336	835.712	1.042.630	1.401.880
Adjustments for:				
Depreciation and amortization	10.109.561	8.476.443	7.108.874	7.740.282
Release of negative goodwill to income				
Share of loss of associates				
Interest income	(300)	(622)	(127)	(536)
Interest expenses	1.074.572	1.210.862	401.012	1.075.422
Net foreign exchange loss (gain)	(1.161.808)	14.348	17.979	13.998
Profit on disposal of fixed assets		(14.720)	(17.465)	(14.720)
Profit on disposal of emission rights	(2.003.453)		(2.003.453)	
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(244.093)		(244.093)	
Impairment of fixed assets (reversal)	(660.498)			
Decrease of investment into daughter enterprise (increase)		(10.000)		(10.000)
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables		74.856		74.856
TOTAL	13.107.317	10.586.879	6.305.357	10.281.182
Changes in current assets and liabilities:				
(Increase) decrease in other assets	(943.665)	(84.333)	93.566	(47.794)
(Increase) decrease in prepayments				
Decrease (increase) in trade and other accounts receivables	(16.674.864)	2.323.168	(306.305)	1.856.906
Decrease (increase) in inventories	(5.686.697)	3.105.157	1.203.098	2.615.053
Increase (decrease) in trade and other accounts payable	21.449.623	(7.052.950)	1.450.659	(6.732.033)
TOTAL	(1.855.603)	(1.708.958)	2.441.018	(2.307.868)
Interest paid	(1.220.845)	(1.210.383)	(400.554)	(1.074.942)
Income tax paid	(210.000)	(320.000)		(320.000)
NET cash from operating activities	9.820.869	7.347.538	8.345.821	6.578.372
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(6.726.816)	(2.476.520)	(6.051.532)	(2.387.923)
Acquisition of noncurrent assets and intangible assets of subsidiaries	(60.636.576)	54.102		54.102
Investments in subsidiaries			(502.150)	
Proceeds on disposal noncurrent assets	18.854		18.854	
Proceeds on disposal of emission rights	2.003.453		2.003.453	
Interest received	300	622	127	536
Prestige	(11.315.782)			
Repayment of loans granted			(5.100.000)	
Non controlling interest	945.885			
Rate of exchange influence	(346.368)			
Proceeds from long-term receivables	(83.864)			
Net cash (used in) investing activities	(76.140.914)	(2.421.796)	(9.631.248)	(2.333.285)

Continuation of Cash flow statement

	The Group		The Company	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
FINANCING ACTIVITIES				
Dividends paid	(2.287.999)		(1.200.000)	
Repayments of loans and mortgages	(8.810.802)	(2.685.842)	(2.286.213)	(2.198.495)
Proceeds from loans and mortgages	82.111.703	4.428.150	7.369.929	4.428.150
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(2.088.153)	(6.016.469)	(2.699.082)	(5.818.192)
Net cash (used in) financing activities	68.924.749	(4.274.161)	1.184.634	(3.588.537)
Net (decrease)/increase in cash	2.604.704	651.581	(100.793)	656.550
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	461.601	130.026	158.581	113.472
CASH AND CASH EQUIVALENTS END OF THE PERIOD	3.066.305	781.607	57.788	770.022

In the first half of 2010 Grigiškės AB issued a long term loan to a subsidiary AGR Prekyba UAB.

*14.5. Basis of preparation***Statement of compliance**

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

Basis of measurement

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

Use of estimates and judgements

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

14.6. Significant accounting policies

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

Basis of consolidation

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

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

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

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

Business combinations

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

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

Investments in subsidiaries

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

Foreign currency

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

Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

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

Financial instruments are recognized on the day of the transaction. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if

the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

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

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

Derivative financial instruments

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

Noncurrent assets

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

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

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

Intangible assets

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

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

Emission rights

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

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

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

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

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

Leased assets

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as

to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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

Inventories

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

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

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

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

Impairment

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

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

Grants

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

Grants related to assets

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

Grants related to income

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

Dividends

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

Employee benefits

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

Provisions

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

Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

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

Sales of services

Sales of services are recognized on performance of the services.

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

Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

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

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

Income tax

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

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

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

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

Segment reporting

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

Earnings per share

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

Contingencies

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

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

Related parties

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

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

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

- The revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).
- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009).
- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). According to this standard the term minority interest has been replaced by non – controlling interest. The term is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.

Standards and Interpretations adopted with no effect on financial statements

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

- IFRS 1 First-time Adoption of IFRS. New amendments on cost of investment in a subsidiary, jointly-controlled entity or associate.

- Revised IFRS 2 Share-based Payment (effective from 1 January 2009). The revised IFRS 2 is not relevant to the Group's operations as the Group does not have any share-based compensation plans.
- IFRS 8 Operating Segments (effective from 1 January 2009). According to this standard segment disclosure should be based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. This standard did not take an effect to Group as a result that Operating of the Group is not separated into the segments.
- Revised IAS 23 Borrowing Costs (effective from 1 January 2009). The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group has no borrowing costs.
- Revised IAS 28 Investment in associates requires that upon the investor loses significant influence over an investee, the left part of investment is measured at fair value and recognized as profit or loss.. The revised IAS 28 is not relevant to the Group.
- IAS 32 Financial instruments: presentation. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets and financial liabilities. The revised IAS 32 is not relevant to the Group.
- IAS 39 Financial instruments: recognition and measurement related to hedge transactions accounting. The revised IAS 39 is not relevant to the Group.
- IFRIC improvements. Effective revisions: IAS 38 Intangible assets does not preclude recognizing a prepayments on advertising and promotional activities as an asset when payment for the delivery of goods or services has been made in advance of the delivery of goods or the rendering the services. IAS 40 Investment asset defines the recognition of property being constructed as investment asset. IAS 20 Accounting for government grants and disclosure of government assistance. This standard explains that benefit of government loans at nil or low interest rate should be accounted as grants. IAS 39 Financial instruments: recognition and promotional. The revision of this standard allows classifying other financial instruments from those who are measured at fair value and the changes are recognized at the statement of comprehensive income and financial asset that could be sold.
- IFRIC 13 Customer Loyalty Programs (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their commitments to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfilled their commitments. The Group does not expect the Interpretation to have any impact on the financial statements.
- IFRIC 14 IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements (hereinafter MFR) and their interactions (effective for annual periods beginning on or after 1 January 2008). The revised IFRIC 14 is not relevant to the Group.

Standards and Interpretations adopted with no effect on financial statements

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

- IFRS 9 Financial instruments. The revised IFRS 9 is not relevant to the Group.

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

14.7. Noncurrent assets

On the 30th of June 2010 Group's noncurrent assets consisted of the following, LTL

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2009	40.894.161	132.823.218	5.172.700	3.406.745	255.233	182.552.057
Acquisition of assets of subsidiaries	44.799.027	61.048.412	2.485.070	20.469.832	2.675.104	131.477.445
Additions	18.470	433.425	367.662	283.579	5.768.239	6.871.375
Disposals		287.140	47.119	732.647		1.066.906
Transfers		3.215.152			(3.215.152)	
30 June 2010	85.711.658	197.233.067	7.978.313	23.427.509	5.483.424	319.833.971
Accumulated depreciation and impairment						
31 December 2009	16.854.126	66.455.153	3.473.756	2.659.046		89.442.081
Acquisition of assets of subsidiaries	19.806.443	36.497.804	1.794.078	12.769.395	(1.501)	70.866.219
Depreciation	798.171	8.277.754	406.097	576.342		10.058.364
Impairment loss (reversal)	245.547	395.366	2.784	19.254	(2.453)	660.498
Disposals		285.675	45.733	713.658		1.045.066
Transfers						
30 June 2010	37.213.193	110.549.670	5.625.414	15.271.871	952	168.661.100
Carrying amount						
31 December 2009	24.040.035	66.368.065	1.698.944	747.699	255.233	93.109.976
30 June 2010	48.498.465	86.683.397	2.352.899	8.155.638	5.482.472	151.172.871

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

On the 30th of June 2010, the part of the Group's property, plant and equipment with a carrying value of 72.935.080 Litass (31 December 2009 – 23.215.846 Litass) is pledged as a security for repayment of the loans granted by banks.

On the 30th of June 2010 Company's noncurrent assets consisted of the following, LTL

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2009	38.908.900	120.634.052	3.680.896	3.236.806	255.233	166.715.887
Additions		13.616	163.001	145.305	5.768.239	6.090.161
Disposals		285.686	47.119	3.173		335.978
Transfers		563.475			(563.475)	
30 June 2010	38.908.900	120.925.457	3.796.778	3.378.938	5.459.997	172.470.070
Accumulated depreciation and impairment						
31 December 2009	16.538.205	60.911.530	2.454.426	2.525.503		82.429.664
Depreciation	483.451	6.191.113	246.522	162.256		7.083.342
Impairment loss (reversal)						
Disposals		285.675	45.733	2.985		334.393
Transfers						
30 June 2010	17.021.656	66.816.968	2.655.215	2.684.774		89.178.613
Carrying amount						
31 December 2009	22.370.695	59.722.522	1.226.470	711.303	255.233	84.286.223
30 June 2010	21.887.244	54.108.489	1.141.563	694.164	5.459.997	83.291.457

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

On the 30th of June 2010, the part of the Company's property, plant and equipment with a carrying value of 15.090.554 Litas (31 December 2009 – 15.717.190 Litas) is pledged as a security for repayment of the loans granted by banks.

14.8. Intangible assets

On the 30th of June 2010 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Prestige	Licenses, patents	Software	Other assets and prepayments	Total
Cost						
31 December 2009	2.400.000		56.238	794.647	11.533	3.262.418
Acquisition of assets of subsidiaries				468.952		468.952
Additions		11.315.782		44.254	20.958	11.380.994
Disposals						
Reappraisal						
Transfers						
30 June 2010	2.400.000	11.315.782	56.238	1.307.853	32.491	15.112.364
Accumulated amortization						
31 December 2009	168.889		49.272	702.194	11.531	931.886
Acquisition of assets of subsidiaries				443.602		443.602
Amortization	13.333		4.533	32.710	621	51.197
Impairment loss/ (reversal)						
Disposals						
Transfers						
30 June 2010	182.222		53.805	1.178.506	12.152	1.426.685
Carrying amount						
31 December 2009	2.231.111		6.966	92.453	2	2.330.532
30 June 2010	2.217.778	11.315.782	2.433	129.347	20.339	13.685.679

On the 30th of June 2010, the Group's land lease rights with a carrying value of 2.217.778 Litass (31 December 2009 – 2.231.111 Litass) are pledged as a security for repayment of the loan granted by banks.

On the 30th of June 2010, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Prepayments	Total
Cost					
31 December 2009	56.238	779.262	6.245		841.745
Additions		40.840	14.900	6.058	61.798
Disposals					
Reappraisal					
Transfers					
30 June 2010	56.238	820.102	21.145	6.058	903.543
Accumulated amortization					
31 December 2009	49.272	686.860	6.244		742.376
Amortization	4.533	20.378	621		25.532
Impairment loss/ (reversal)					
Disposals					
Transfers					
30 June 2010	53.805	707.238	6.865		767.908
Carrying amount					
31 December 2009	6.966	92.402	1		99.369
30 June 2010	2.433	112.864	14.280	6.058	135.635

Amortization expenses have been included in administrative expenses.

14.9. Investments in subsidiaries/Business combination

14.9.1. Acquired subsidiaries

Name	Date	Capital share and votes, %	Paid reward
AGR prekyba UAB	01.03.2010	100%	545.241
Avesko UAB	01.03.2010	100%	0
Klaipėdos kartonas AB	01.03.2010	96,18%	0
Mena Pak OAO	01.03.2010	83,72%	0

14.9.2. Paid reward

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Cash	545.241	0	0	0	545.241
Total	545.241	0	0	0	545.241

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

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

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

14.9.4. Non controlling interest

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

14.9.5. Prestige at the moment of acquisition

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Acquisition price	545.241	49.359.688	57.442.922	251.740	107.599.591
Non-controlling interest's part of acquisition price	0	0	0	(9.616)	(9.616)
Group's part of acquired net assets	(8.641)	(51.842.240)	(48.424.025)	4.000.713	(96.274.193)
Prestige	536.600	(2.482.552)	9.018.897	4.242.837	11.315.782

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

14.9.6. Net cash reward

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Paid reward in cash	545.241	0	0	0	545.241
Cash in acquired companies	(8.476)	(145.900)	(2.460.564)	(76.062)	(2.691.002)
Total	536.765	(145.900)	(2.460.564)	(76.062)	(2.145.761)

14.9.7. Impact of the acquisition to the results of the Group

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Results of the period after the acquisition	(329.472)	1.026.642	2.069.207	1.661.736	4.428.113
Total revenues for the period (first half of a year)			52.152.658	10.459.021	62.611.679

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Total results of the period (first half of a year)	(329.848)	1.015.128	2.143.289	2.341.910	5.170.479

If the acquisition had been accomplished on the 1st of January 2010, the Group results would be changed by the amounts shown in the table above.

14.10. Trade and other receivables

On the 30th of June 2010 2010 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Trades receivable	30.886.648	14.958.381	18.038.610	17.924.692
Other receivable	1.261.205	158.584	375.699	155.544
	32.147.853	15.116.965	18.414.309	18.080.236
Less: allowance for doubtful amounts receivable	(1.313.729)	(885.473)	(829.614)	(829.614)
Total amounts receivable within one year:	30.834.124	14.231.492	17.584.695	17.250.622

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

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

	The Group		The Company	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
On the 1st of January	885.473	885.473	829.614	829.614
Allowance formed by recently acquired subsidiaries	428.256			
Reversal of allowance				
At the end of the period	1.313.729	885.473	829.614	829.614

14.11. Cash and cash equivalents

On the 30th of June 2010 cash and cash equivalents consisted of the following:

	The Group		The Company	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Cash at bank	3.049.101	447.564	48.817	146.725
Cash on hand	17.204	14.037	8.971	11.856
Total	3.066.305	461.601	57.788	158.581

14.12. Inventories

On the 30th of June 2010 inventories consisted of the following:

	The Group		The Company	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Materials	7.499.620	3.810.541	3.177.097	3.627.898
Work in progress	3.100.291	3.235.730	1.725.232	1.963.139
Finished goods	6.647.501	4.507.780	3.823.656	4.331.382
Goods in transit		6.664		6.664
	17.247.412	11.560.715	8.725.985	9.929.083
Less: write-down to net realizable value	(696.543)	(940.636)	(696.543)	(940.636)
Total	16.550.869	10.620.079	8.029.442	8.988.447

On the 30th of June 2010, the Group's and the Company's inventory with carrying amounts of 10.000.000 Litass and 8.000.000 Litass respectively are pledged as a security for the loan granted by the bank (as at 31 December 2009 – 14.000.000 Litass and 12.000.000 Litass).

14.13. Share capital and legal reserve

On the 30th of June 2010 share capital consisted of LTL 60.000.000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

On the 30th of June 2010 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	29.798.539	49,7
Lithuanian individuals	23.751.181	39,6
Foreign legal entities	6.141.673	10,2
Foreign individuals	308.607	0,5
Total	60.000.000	100,0

On the 30th of June 2010 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	53.549.720	89,3
USA	6.012.266	10,0
Latvia	253.279	0,4
other countries	184.735	0,3
Total	60.000.000	100

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

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

14.14. Loans and mortgages

	The Group		The Company	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
The loans and mortgages are repayable as				
Within one year	24.364.209	10.187.027	10.263.243	5.179.527
In the second year	10.334.456	2.997.139	2.997.139	2.997.139
In the third to fifth years inclusive	60.753.703	8.967.301	8.967.301	8.967.301
	95.452.368	22.151.467	22.227.683	17.143.967
Less: amount due for settlement within one year	(24.364.209)	(10.187.027)	(10.263.243)	(5.179.527)
Amount due for settlement after one year	71.088.159	11.964.440	11.964.440	11.964.440

14.15. Trade and other payables

	The Group		The Company	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Trade payables	24.682.296	12.292.638	11.274.498	11.535.391
Taxes, salaries and social insurance payable	5.218.799	1.889.972	2.407.454	1.696.895
Advances paid	1.120.332	146.506	404.531	111.622
Other payables	2.694.529	588.037	1.114.756	541.853
Total	33.715.956	14.917.153	15.201.239	13.885.761

14.16. Other operating income

	The Group		The Company	
	01.01.2010- 30.06.2010	01.01.2009- 30.06.2009	01.01.2010- 30.06.2010	01.01.2009- 30.06.2009
Gain from disposal of emission rights	2.003.453		2.003.453	
Rent income	264.958	322.503	260.958	373.679
Gain from disposal of fixed assets	17.465	14.720	17.465	14.720
The reversal of inventory written off, scrap recognition	170.979	56.097	170.979	56.097
Insurance compensation	884	25.912		19.944
Write off of accounts payables	13.783	2.270		2.270
Other income	97.308	52.308	65.309	97.286
Total	2.568.830	473.810	2.518.164	563.996

14.17. Other operating expenses

	The Group		The Company	
	01.01.2010- 30.06.2010	01.01.2009- 30.06.2009	01.01.2010- 30.06.2010	01.01.2009- 30.06.2009
Rent expenses	81.450	106.164	74.830	106.164
Other expenses	37.581	20.474		20.474
Total	119.031	126.638	74.830	126.638

14.18. Off balance articles

Emission rights movement for 2010

	Amount, pcs.	
	The Group	The Company
31 December 2009	(30.617)	(30.617)
Emission rights allocated	85.669	53.356
Additional emission rights allocated	30.125	30.125
Emission rights used	(20.530)	(18.468)
Sale of emission rights	(42.000)	(42.000)
30 June 2010	22.647	(7.604)

Sureties

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

During the first half of the year 2010 Klaipėdos kartonas AB repaid 2.500.000 LTL to DnB NORD bank AB. On the first of July, 2010 Klaipėdos kartonas AB additionally repaid 2.500.000 LTL to DnB NORD bank AB

14.19. Court and arbitration proceedings

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