

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

30.11.2011 No 026-SK/2011- 1034

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 consolidated financial statements of AB Grigiškės for the nine months of 2011 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 nine months of 2011 year shows fair business environment as well as description of the company's performance

ENCLOSURE: Grigiskes AB interim information for the nine months of 2011.

Business Development Director,
temporarily acting as a General Director



Vigmantas Kažukauskas

Director of Finance Department



Nina Šilerienė

GRIGIŠKĖS AB

Interim information for the nine months of 2011

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

Reports have been prepared for the nine months of 2011.

2. AUDIT INFORMATION

The interim consolidated information of Grigiškės AB covering the nine months of 2011 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, Klaipėda Recycling UAB and Grigiškių energija 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	84.605.460 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	Klaipėda Recycling UAB	Grigiškių energija UAB
Company's ID No.	302416687	302529158	302674488
Authorised capital	10.010.000 LTL	10.000 Lt	10.000 Lt
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 14, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 46 395 601	+370 5 243 5933
Fax	+370 5 243 58 02	+370 46 395 600	+370 5 243 58 02
E-mail	vikz@grigiskes.lt	info@kartonas.lt	vikz@grigiskes.lt
Internet address	-	-	-
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

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. Since 15.07.2011 share capital of AB „Klaipėdos kartonas“ is 41 001 895 LTL.

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 2011.

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 was established in year 07-10-2011.

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

Core business activities of AGR Prekyba UAB are as follows: investment activities and corporate governance. Since 05.01.2011 share capital of AGR Prekyba UAB is 10 010 000 LTL, address - Vilniaus str. 10, Grigiškės, LT-27101 Vilnius.

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 – 2010 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 signed an engagement letter with SEB Enskilda UAB (Company's ID No. 221949450) on the GRIGISKES AB new shares issuing and selling.

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) LTL 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 30th of September 2011 there were 2.590 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 30th of September 2011.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2011			31 December 2010		
	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
IRENA ONA MIŠEIKIENĖ	8.731.686	14,55	14,55	8.731.686	14,55	14,55

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. Agreements between/among the shareholders

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

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

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

8.1. Key characteristics of the shares of the Company

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

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

8.2. Share trading information

8.2. table. Share trading information

Reported period	Price, LTL			Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Max.	Min.	Last session	Units	LTL
2008, I Q	2,70	2,40	2,48	183.621	0	0	167.207	431.407
2008, II Q	2,45	1,11	1,11	45.478	0	5.910	96.273	174.179
2008, III Q	1,44	1,11	1,14	1.311.782	0	4.812	1.325.360	1.700.485
2008, IV Q	1,14	0,29	0,30	42.459	0	6.593	884.565	378.011
2008	2,70	0,29	0,30	1.311.782	0	6.593	2.473.405	2.684.081
2009, I Q	0,45	0,30	0,31	458.897	0	0	4.465.664	1.751.743
2009, II Q	0,49	0,33	0,45	122.162	0	20.205	2.033.965	873.993
2009, III Q	1,09	0,42	1,02	185.607	0	22.208	2.889.167	2.017.305
2009, IV Q	1,03	0,88	0,93	62.921	364	5.460	863.978	817.846
2009	1,09	0,30	0,93	458.897	0	5.460	10.252.774	5.460.887
2010, I Q	1,33	0,92	1,27	643.163	0	14596,94	3.109.465	3.731.893
2010, II Q	1,35	1,24	1,34	98.746	0	25.194	1.017.209	1.319.328
2010, III Q	2,02	1,32	1,95	299.041	0	38.734	1.817.780	3.065.303
2010, IV Q	2,850	2,000	2,676	293.473	0	7.054	1.994.606	5.010.498
2010	2,850	0,920	2,676	643.163	0	7.054	7.939.060	13.127.022
2011, I Q	2,997	2,486	2,883	593.054	0	22.989	1.221.331	3.354.105
2011, II Q	2,987	2,555	2,624	251.419	360	8.948	463.059	1.306.703
2011, III Q	2,745	1,726	1,823	223.677	0	9.137	753.319	1.564.106

8.2. figure. Share price and turnover 01.01.2004 – 30.09.2011.



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

8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	107.882.974
31.03.2008	99.092.509
30.06.2008	66.600.000
30.09.2008	68.400.000
31.12.2008	18.000.000
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
31.12.2009	55.800.000
31.03.2010	76.000.000
30.06.2010	80.400.000
30.09.2010	117.000.000
31.12.2010	160.560.000
31.03.2011	172.980.000
30.06.2011	157.440.000
30.09.2011	109.380.000

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 nine months of 2011 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

	nine months of 2011	2010
Number of employees	970	940

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

	nine months of 2011	2010
Number of employees	462	448

9.3. table. Number of employees of the Group, average salary and grouping of employees by education during the nine months of 2011.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.912	46	162	465	66	9
Managers	5.415	72	16	1	-	-
Specialists	2.813	103	26	4	-	-
Total	2.481	221	204	470	66	9

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

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

9.5. table. Number of employees of the Company, average salary and grouping of employees by education during the nine months of 2011.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	2.405	20	89	198	18	1
Managers	6.006	44	10	1	-	-
Specialists	3.172	61	16	4	-	-
Total	3.172	125	115	203	18	1

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

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

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	-
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
Daiva Duksienė	Member	-
BOARD		
Gintautas Pangonis	Chairman	0,22
Nina Šilerienė	Member	0,07
Vigmantas Kažukauskas	Member	0,33
Normantas Paliokas	Member	-
Vytautas Juška	Member	-
ADMINISTRATION		
Gintautas Pangonis	Director General	0,22
Nina Šilerienė	Director of Finance Department	0,07
Vigmantas Kažukauskas	Director for Business Development	0,33

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
Grigiškės AB	Director general, chairman of the board

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

Employers	Positions
Grigiškės AB	Director of Finance Department, member of the board

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

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Project director	Didma UAB	51,00
			Naras UAB	62,48
			Ginvildos investicija UAB	13,0
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director General	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
	Remados statyba UAB	Director	Remados statyba UAB	100,0
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkliai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Mena Pak OAO	Member of the Supervisory council		
Lucky loot UAB	Chairman of the board			
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
	Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,33
	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		
	AGR Prekyba UAB	Director		
Vytautas Juška	Grigiškės AB	Purchasing and Logistic Director		
	Grigiškės AB	Member of the board		
Nina Šilerienė	Grigiškės AB	Director of Finance Department	Grigiškės AB	0,07
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		

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

The Supervisory Council of Grigiskės AB was elected on the 26th of April 2011 for a 4 years' period (ending in 2015). The Board of the Company was elected on the 26th of April 2011 for a 4 years' period (ending in 2015).

12. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigiskės AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2010 has not undergone any changes.

13. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

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

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

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

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

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

The Date of the Meeting – the 26th of April, 2011, Tuesday.

Time – 11 a.m., place - Vilnius g. 10, Grigiškės, Vilnius m. sav., the first floor of Company's administration building.

Registration of shareholders starts at 10.30 a.m., ends at 10.55 a.m.

The General Meeting of Shareholders' accounting day is 18 April 2011.

The shareholders' proprietary rights accounting day is 10 May 2011.

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

1. Consolidated annual report of the Company for the year 2010.
2. Auditor's report for the year 2010.
3. Approval of the set of consolidated annual financial statements and annual financial statements of the Company for the year 2010.
4. The appropriation of the Company's profit for the year 2010.
5. Election of the Company's Supervisory Board members.

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

1. Consolidated annual report of the Company for the year 2010.
2. Auditor's report for the year 2010.
3. Approval of the set of consolidated annual financial statements and annual financial statements of the Company for the year 2010.
4. The appropriation of the Company's profit for the year 2010.
5. Election of the Company's Supervisory Board members.
6. Increase of the authorised capital of the Company with additional contributions.

7. Withdrawal of the pre-emptive right of the Company's shareholders to acquire newly issued shares of the Company; granting of the right to acquire newly issued shares of the Company.

8. Amendments to the Articles of Association of the Company and approval of the new wording of the Articles of Association.

Please be informed that on the 29th November, 2010 the management of GRIGISKES AB began consultations with financial services firms on the ability to raise capital for future investment projects. On the 28th of January, 2011 the GRIGISKES AB and SEB Enskilda UAB (company No. 221949450), has signed an engagement letter on the GRIGISKES AB new shares issuing and selling. On the 26th November, 2010 and the 28th of January, 2011 GRIGISKES AB sent two letters about material events with a similar content of confidential information to the Securities Commission which from the date of this communication is to be regarded as publicly disclosed.

GRIGISKES AB from the largest shareholder of the Company, Ginvildos investicija UAB, which holds 48.79 percent of the Company's shares and votes, received a letter with the list of the nominees to the Company's Supervisory council.

Ginvildos investicija UAB, as a shareholder of GRIGISKES AB proposes to the Annual General Meeting of Shareholders to be held on 26 April 2011, the following nominees to be elected to the Supervisory council of GRIGISKES AB: mr. Norimantas Stankevičius, mr. Tautvilas Adamonis, mr. Romualdas Juškevičius, mrs. Daiva Duksienė and mr. Algimantas Goberis.

Grigiskes AB (hereinafter, the "Company") additionally to the annual report for the year 2010, announced on 11 April 2011, has prepared the presentation in which the data on the Company's activities during the year 2010 and other information, related to the Company is provided. The indicated information is being announced publicly and will be presented to the shareholders of the Company during the Ordinary General Shareholders Meeting of shareholders to be held on the 26th of April, 2011, at 11 a.m.

The General Meeting of shareholders of Grigiskes AB was held on 26-04-2011. The meeting heard the consolidated annual report of the Company for the year 2010 and the Auditor's report for the year 2010 and made following resolutions:

- to approve the set of consolidated annual financial statements and annual financial statements of the Company for the year 2010;
- to approve the appropriation of Company's profit for the year 2010: 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, to appropriate LTL 75.985 (22.007 EUR) to the legal reserves and to appropriate LTL 100.000 (28.962 EUR) for the other payments (tantiemes).
- to elected to the Supervisory council of GRIGISKES AB: mr. Norimantas Stankevičius, mr. Tautvilas Adamonis, mr. Romualdas Juškevičius, mrs. Daiva Duksienė and mr. Algimantas Goberis.
- To increase the authorised capital of the Company with additional contributions from LTL 60,000,000 (sixty million litas) to LTL 70,000,000 (seventy million litas), by issuing no more than 10,000,000 (ten million) ordinary

registered shares LTL 1 (one litas) par value each (hereinafter, the “New Shares”).

The minimal issue price of each newly issued ordinary registered share of the Company, the total number of which may be up to 10,000,000, is LTL 1 (one litas). The total minimal issue price of the New Shares is up to LTL 10,000,000 (ten million litas), depending on the final number of the issued New Shares.

If not all the New Shares are subscribed for within the period intended for subscription for the shares, the authorised capital of the Company will be able to be increased by the total par value of the newly subscribed shares. In this case, the Board of the Company will have the discretion to decide whether, in case not all the New Shares are subscribed for, the increase of the authorised capital of the Company is to be regarded as having taken place and (if yes) the authorised capital of the Company must be increased by the total par value of the newly subscribed shares.

To instruct the Board of the Company to draft and establish the detailed conditions and procedure of subscription and payment for the New Shares and to determine other conditions of offering the new share issue that have not been discussed in the resolution of the general meeting of shareholders (including, without limitation, the final issue price of the New Shares, the final number of the issued New Shares, etc.). To initiate the admission of all the newly issued shares of the Company to the Main List of AB NASDAQ OMX Vilnius and to authorise the Board of the Company to perform any and all related actions, including, without limitation, to approve and to present to the Securities Commission of the Republic of Lithuania the prospectus for admission of the New Shares to the regulated market (the Main List of AB NASDAQ OMX Vilnius) for approval.

- Following paragraph 1(13) of Article 20 and paragraph 5 of Article 57 of the Law of the Republic of Lithuania on Companies, also referring to the announcement of the Board of the Company regarding the withdrawal of the pre-emptive right of the Company’s shareholders to acquire newly issued shares of the Company and granting of the right to acquire the shares, to withdraw the pre-emptive right of all the shareholders of the Company to acquire up to 10,000,000 (ten million) ordinary registered shares issued by the Company.

The Company is considering raising additional equity capital via a private placement to institutional investors to finance expansion of its operations and to strengthen its shareholders’ base. To accomplish this goal, the Company proposes the increase of the authorised capital of the Company as well as withdrawal of the pre-emptive right of its current shareholders.

To analyse the available options and to secure the required assistance in placing the shares, the Company has retained UAB “SEB Enskilda”, a private limited liability company, legal entity code 221949450, the address of the registered office at Gedimino pr. 12, Vilnius (hereinafter, “SEB Enskilda”), to act as an Arranger and a Lead Manager of the potential transaction.

The Company is proposing to undertake a private placing to institutional investors, which it considers to be more appropriate and practical alternative for raising additional equity than a public offering, which would have to be executed in case the pre-emptive right of the current shareholders of the Company were exercised. Furthermore, the indicated structuring of the transaction (including withdrawal of the pre-emptive right) would ensure that the Company is flexible with its timing as well as with its length, as the transaction would not be subject to issue and approval of the prospectus as well as to certain other restrictions on the earliest date of starting the offering and the shortest period of subscription for shares.

Due to the nature of the envisaged transaction, SEB Enskilda may need to borrow a certain amount of existing shares from one of the current shareholders to facilitate settlement of the transaction. It is intended that such borrowed shares will be used for settlement with investors, whilst the Arranger will use the proceeds to subscribe for the new issue shares and return the shares to the lender.

For the reasons indicated above and as a technical measure, it is sought to withdraw the pre-emptive right of the current shareholders of the Company to acquire the shares to be newly issued and to grant the right to acquire such shares to SEB Enskilda. It is hereby suggested to grant SEB Enskilda the right to subscribe for and acquire newly issued shares of the Company (up to 10,000,000) in its contemplated role of the Arranger.

Furthermore, for the purpose of the aforementioned potential transactions, a current shareholder of the Company UAB "GINVILDOS INVESTICIJA", legal entity code 125436533, the address of the registered office at Turniškių st. 10A-2, Vilnius, consented to lend a relevant amount of the outstanding and paid shares of the Company, equal to the maximum number of the New Shares to be issued during this increase of the authorised capital of the Company (i.e. up to 10,000,000 shares), to SEB Enskilda in its contemplated role of the Arranger.

- With regard to the adopted resolution to increase the authorised capital of the Company, to amend paragraphs 3.1 and 4.1 of the Articles of Association of public limited liability company "GRIGIŠKĖS" and to read them as follows:

"3.1. The authorised capital of the Company shall be equal to LTL 70,000,000 (seventy million litas)."

"4.1. The authorised capital of the Company shall be divided into 70,000,000 (seventy million) ordinary registered shares. The par value of one share shall be equal to LTL 1 (one litas)."

If not all the New Shares are subscribed for during the intended share subscription period and the Board of the Company decides to hold that the increase of the authorised capital of the Company has still taken place, the Board of the Company will amend the amount of the authorised capital and the number of shares indicated in the Articles of Association of the Company accordingly.

With regard to the resolution above as well as the requirements of the new edition of the Law on Companies the Republic of Lithuania, came into effect from October 1, 2010, to amend the Articles of Association of public limited liability company "GRIGIŠKĖS", approving their new wording, and to authorise the General Manager of the Company Gintautas Pangonis to sign the Articles of Association.

The Council of Supervisors of GRIGISKES AB (hereinafter - the Company), elected in the Grand Meeting of Shareholders on April 26, 2011, had its first meeting on the same day. In the first meeting of the Company's Council of Supervisors, the following decisions were made:

- Mr. Norimantas Stankevičius was appointed as the Chairman of the Council of Supervisors of GRIGISKES AB;
- Mr. Gintautas Pangonis, Mrs. Nina Šilerienė, Mr. Vigmantas Kažukauskas, Mr. Normantas Paliokas, and Mr. Vytautas Juška were elected to the Board of the Company for a 4-year term.

Elected members held the first meeting of the Board on April 26, 2011, in which Mr. Gintautas Pangonis was appointed as the Chairman of the Board of the Company.

May

GRIGISKES AB has completed an investment project "The modernisation of the heat sector through the greater use of renewable energy resources" No. VP3-3.4-ŪM-02-K-01-006. The company has successfully built and started to operate a wood fuel steam boiler of 17.5 MWh of power. For the implementation of the project the amount of LTL 17.6 mio (EUR 5,1 mio) was spent. The Cohesion Fund of the European Union and the budget of Lithuanian Republic devoted the supporting grant of LTL 8.8 mln. (EUR 2,7 mln.) for the project.

Upon implementation of this project, GRIGISKES AB contributes to the Ministry of National Energy Strategy and the Ministry of National Sustainable Development Strategy set out the objectives of: renewable energy resources, the country's dependence on fuel imports.

After the new wood fuel steam boiler which was produced by Sweden company „Järforsen Energi System AB“ has started to operate, the hardboard business of GRIGISKES AB, as the greatest consumer of heat energy (steam) of the company, became fully independent from the growth of prices of imported natural gas.

On 16 May 2011 the Securities Commission of the Republic of Lithuania approved the prospectus of admission of up to 10,000,000 shares of Grigiskes AB to trading on the Main List of AB NASDAQ OMX Vilnius (see attachment).

Taking into consideration that the prospectus will be used solely for the purpose of admission of shares of the company to trading on the regulated market as well as that the prospectus was prepared in Lithuanian language, Grigiskes AB deems it not to be practicable to translate the prospectus into English language. Thus, the attached prospectus is provided in Lithuanian language.

August

Over the six months of 2011 the Group which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO reached a turnover of LTL 154.9 Mio (EUR 44.9 Mio), which is by LTL 51.4 Mio (EUR 14.9 Mio) or 49.7 % higher than it was reached over the same period of 2010.

The Group's profit before taxes reached LTL 4.5 Mio (EUR 1.3 Mio) and is by LTL 1.5 Mio (EUR 0.4 Mio) lower than it was over the same period of 2010.

Over the six months of 2011 the Grigiskes AB reached a turnover of LTL 81.2 Mio (EUR 23.5 Mio), which is by LTL 22.6 Mio (EUR 6.5 Mio) or 38.6 % higher than it was reached over the same period of 2010.

The Company's profit before taxes reached LTL 3.1 Mio (EUR 0.9 Mio) and is by LTL 2.0 Mio (EUR 0.6 Mio) higher than it was over the same period of 2010.

13.2. Newest events in the Issuer's activities

October. On 06.10.2011 GRIGISKES AB and Medienos plausas AB, the company in bankruptcy, has signed a lease contract for production line of soft wood fiber board (further - softboard). GRIGISKES AB plans to sell over 1000 m³ of softboard products per month produced by this line. The day of expiry of the lease contract is the day of sale, transfer or return of the mentioned equipment according to the Enterprise Bankruptcy Law of the Republic of Lithuania.

October. In order for more transparent management of GRIGISKES AB activities and subsidiaries the subsidiary company Grigiskiu energija UAB was established by GRIGISKES AB. It is planned that this new company will run a business of heat production and sale.

November. Over the nine months of 2011 the Group which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipedos kartonas AB and Mena Pak OAO reached a turnover of LTL 235.2 Mio (EUR 68.1 Mio), which is by LTL 65.1 Mio (EUR 18.9 Mio) or 38.3 % higher than it was reached over the same period of 2010.

The Group's profit before taxes reached LTL 8.3 Mio (EUR 2.4 Mio) and is by LTL 1.4 Mio (EUR 0.4 Mio) higher than it was over the same period of 2010.

Over the nine months of 2011 the Grigiskes AB reached a turnover of LTL 120.4 Mio (EUR 34.9 Mio), which is by LTL 29.6 Mio (EUR 8.6 Mio) or 32.6 % higher than it was reached over the same period of 2010.

The Company's profit before taxes reached LTL 4.6 Mio (EUR 1.33 Mio) and is by LTL 3.3 Mio (EUR 0.96 Mio) higher than it was over the same period of 2010.

November. The Extraordinary General Shareholders Meeting of Grigiskes AB, legal entity code 110012450, registered office: Vilniaus g. 10, Grigiškės, LT-27101, Vilniaus m. sav. (hereinafter-Company), is convened by initiative and the decision of the Board.

The Date of the Meeting – the 19th of December, 2011, Monday.

Time – 11 a.m., place - Vilniaus g. 10, Grigiškės, Vilniaus m. sav., the first floor of Company's administration building.

Registration of shareholders starts at 10.30 a.m., ends at 10.55 a.m.

The Board proposed the following agenda for the Extraordinary General Meeting of Shareholders:

- 1) Increase of the authorised capital of the Company with additional contributions.
- 2) Withdrawal of the pre-emptive right of the Company's shareholders to acquire newly issued shares of the Company; granting of the right to acquire newly issued shares of the Company.
- 3) Amendments to the Articles of Association of the Company and approval of the new wording of the Articles of Association.

November. The Board of GRIGISKES AB is asking the company's shareholders to extend the validity period for permission to release a new share issue. If shareholders approve, the investment bank SEB Enskilda will act as an intermediary in the release of a planned total of 10 million ordinary registered shares at a nominal value of 1 LTL each. The company will use the attracted funds for a

more rapid development. In addition to the direct goal of attracting funds for development, the company also has long-term objectives in the capital markets, i.e. strengthening the base of investors, increasing the visibility of shares and their liquidity on the exchange.

GRIGISKES AB decided in April this year to release a new share issue, but it was decided to postpone the distribution of the issue when the finance markets became overwhelmed with negative expectations. The company and its advisers decided to observe and analyse the situation during the nearest six months, and attract financial investors under favourable terms when the conditions become favourable.

“The situation in financial markets at the moment is tense and it is not a good moment to release a new share issue; however, the situation is changing, and we, with the approval of shareholders, are determined to be fully prepared to implement our plans soon as the proper conditions develop in the market”, says GRIGISKES AB General Manager Gintautas Pangonis.

The head of the company says that GRIGISKES, a group of companies that produces toilet paper, cardboard and wood products, plans to dedicate all the extra capital raised to investments. According to the investment program, the group plans to invest 44.9 million litas in toilet paper production and 17.3 million litas in cardboard packaging material production. The distribution of the issue would enable the implementation of the investment programme during 2012–2014. The company is also open for an alternative scenario in which the investment programme would be implemented over a longer period of time from the operational money flows of the Company.

Currently, the company is successfully funding expansion mostly from its own funds. A new department for cardboard packaging production is already being built. In the 1st quarter of 2012 it is intended to start a new cardboard corrugation line and new cardboard box production lines.

The consumption of toilet paper in the Baltic countries is far lower than in more established European markets. For example, in Scandinavian countries, each person uses per year an average of 17–19 kg of toilet paper, whereas in Lithuania the statistic is just 6.5 kg. In Lithuania the use of cardboard packaging is also only about one quarter of what it is in the more established European markets.

“These figures show that the market potential of the Baltic and neighbouring countries is still not yet realised. We see great potential for growth here, which is why we are seeking to increase the competitiveness of our products through investment and expansion, thereby lessening business risk and strengthening our position in the regional markets”, says GRIGISKES AB General Manager Gintautas Pangonis.

When launched in February this year new biofuel-powered 18 MW boiler, GRIGISKES AB became less dependent on imported natural gas and its possible price rises. The wood-based biofuel used for the production of steam is only half the price of natural gas imported from Russia.

Over the 9 months of this year, the GRIGISKES group of companies achieved sales turnover of 235.2 million litas and earned 8.3 million litas in profits before tax. Over the same period the sale of GRIGISKES AB products reached 120.4 million litas, with profits before tax of 4.6 million litas.

In comparison with the same period last year (2010), the GRIGISKES group of companies achieved an increase in sales worth 65.1 million litas, and 29.6 million litas for GRIGISKES AB itself. Compared with 9-month results for 2010, the group’s profits increased by 1.4 million litas, and 3.3 million litas for GRIGISKES AB itself.

The GRIGISKES group of companies consists of the manufacturing firms GRIGISKES AB, Baltwood UAB, Klaipėdos kartonas AB, and Mena Pak OAO.

November. GRIGISKES AB informs that all the operations of the Group of GRIGISKES AB are financed from accounts in other banks operating in the territory of the Republic of Lithuania.

Till 16.11.2011 a negligible number of customers of all Group companies made settlement from their accounts in bank SNORAS AB. Sales to these customers accounted for a negligible share of each Group company's turnover.

In addition, GRIGISKES AB Group is insuring the potential customer's creditworthiness.

For these reasons, the decision of the Government of Lithuania to take over 100 per cent of shares of bank SNORAS AB for the needs of the society has no significant direct effect on activities and results of GRIGISKES AB or other companies of the Group.

13.3. Offices and branches

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

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2010. There are no material changes in financial risk management during the nine months of year 2011.

13.5. Suppliers

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

Supplier's country	nine months of 2011	2010
	%	%
Lithuania	72	79
Estonia	5	10
Poland	4	4
Latvia	2	2
Germany	1	1
Belarus	0	0
Austria	1	1
Other countries	15	3
TOTAL	100	100

Main suppliers of energy resources are Lithuanian companies.

13.6. Segment information

For management purposes, the Group and the Company are organized into three 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:

13.6.1. table. Segments of the Group in the nine months of 2011

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	58.615.708	56.835.300	114.047.999	5.654.180	235.153.187
Cost of sales	(51.695.080)	(49.238.381)	(95.399.951)	(5.388.422)	(201.721.834)
Gross profit	6.920.628	7.596.919	18.648.048	265.758	33.431.353
Depreciation and amortization	4.568.777	4.523.454	5.748.796	2.135.895	16.976.922
Segment property, plant and equipment and intangible assets	41.078.496	44.255.734	67.267.580	24.994.225	177.596.035
Segment capital expenditure	4.553.686	3.159.803	11.712.018	2.515.657	21.941.164

13.6.2. table. Segments of the Company in the nine months of 2011.

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	58.615.708	44.762.763	11.398.394	5.654.180	120.431.045
Cost of sales	(51.695.080)	(37.873.124)	(10.174.020)	(5.388.422)	(105.130.646)
Gross profit	6.920.628	6.889.639	1.224.374	265.758	15.300.399
Depreciation and amortization	4.568.777	3.333.293	497.979	2.135.895	10.535.944
Segment property, plant and equipment and intangible assets	41.078.496	35.012.093	7.230.851	24.994.225	108.315.665
Segment capital expenditure	4.553.686	2.909.593	7.232.015	2.515.657	17.210.951

13.6.3. table. Segments of the Group in the nine months of 2010

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	43.301.779	44.502.105	76.870.600	5.381.917	170.056.401
Cost of sales	(36.393.316)	(42.261.534)	(67.183.531)	(5.005.595)	(150.843.976)
Gross profit	6.908.463	2.240.571	9.687.069	376.322	19.212.425
Depreciation and amortization	4.798.798	4.145.429	4.331.734	2.302.120	15.578.081
Segment property, plant and equipment and intangible assets	36.810.375	34.446.423	59.674.692	24.210.460	155.141.950
Segment capital expenditure	988.726	11.433.370	1.002.011	189.990	13.614.097

13.6.4. table. Segments of the Company in the nine months of 2010

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	43.301.779	34.583.912	7.563.791	5.381.917	90.831.399
Cost of sales	(36.393.316)	(33.719.036)	(6.307.395)	(5.005.595)	(81.425.342)
Gross profit	6.908.463	864.876	1.256.396	376.322	9.406.057
Depreciation and amortization	4.798.798	3.020.867	405.501	2.302.120	10.527.286
Segment property, plant and equipment and intangible assets	36.810.375	24.154.449	1.126.818	24.210.460	86.302.102
Segment capital expenditure	988.726	11.061.979	204.718	189.990	12.445.413

13.6.5. table. Company's countries of sales

Country	Group				Company			
	nine months of 2011		nine months of 2010		nine months of 2011		nine months of 2010	
	thousand litas	%	thousand litas	%	thousand litas	%	thousand litas	%
United Kingdom	5.019	2,1	3.104	1,8	4.840	4,0	2.473	2,7
Belarus	3.203	1,4	2.443	1,4	680	0,6	775	0,9
Czech Republic	11.569	4,9	3.709	2,2	5.312	4,4	1.571	1,7
Denmark	7.608	3,2	7.722	4,5	7.397	6,1	7.383	8,1
Estonia	10.576	4,5	6.775	4,0	6.008	5,0	4.803	5,3
Latvia	19.761	8,4	15.516	9,1	11.678	9,7	9.556	10,5
Poland	49.632	21,1	21.970	12,9	22.096	18,3	8.151	9,0
Lithuania	69.600	29,6	63.330	37,2	42.291	35,1	38.204	42,1
Norway	755	0,3	962	0,6	755	0,6	962	1,1
The Netherlands	4.848	2,1	2.747	1,6	2.005	1,7	2.747	3,0
Slovakia	3.725	1,6	2.414	1,4	3.725	3,1	2.414	2,7
Finland	2.568	1,1	1.833	1,1	2.328	1,9	1.785	2,0
Sweden	8.113	3,5	6.645	3,9	8.113	6,7	6.645	7,3
Hungary	867	0,4	460	0,3	441	0,4	112	0,1
Germany	861	0,4	2.252	1,3	829	0,7	1.986	2,2
Other countries	36.448	15,4	28.174	16,7	1.933	1,7	1.264	1,3
Total	235.153	100	170.056	100	120.431	100	90.831	100

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

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

It is also planned that Grigiskes AB sales in 2011 will increase to LTL 145 Mio (EUR 42 Mio) and will be higher by LTL 18.5 Mio (EUR 5.4 Mio) than it is expected for the year 2010. The company will

earn a profit before taxes of LTL 4.8 Mio (EUR 1.4 Mio) which will be LTL 3.2 Mio (EUR 0.9 Mio) higher than it is expected for the year 2010.

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

13.8. Financial indicators

Financial ratios	nine months of 2009, not audited		nine months of 2010, not audited		nine months of 2011, not audited	
	Group	Company	Group	Company	Group	Company
EBITDA	16.071.649	15.196.924	24.075.882	12.446.860	31.170.054	16.128.061
EBITDA profitability	18,6%	19,0%	14,2%	13,7%	13,3%	13,4%
Gross margin	16,4%	16,6%	11,3%	10,4%	14,2%	12,7%
Operating margin	3,9%	4,5%	5,0%	2,1%	6,0%	4,6%
Net margin	1,5%	2,1%	3,4%	1,2%	3,0%	3,5%
ROE, %	1,9%	2,6%	8,3%	1,6%	8,0%	5,2%
ROA, %	1,0%	1,4%	3,4%	0,9%	3,0%	2,8%
Current ratio	1,06	1,47	0,91	0,90	0,89	0,73
Quick ratio	0,65	1,01	0,64	0,68	0,62	0,51
Cash to current liabilities	0,046	0,057	0,039	0,005	0,014	0,006
P/E	47,83	35,70	20,14	106,28	15,25	25,92
Earnings per share	0,021	0,029	0,097	0,018	0,120	0,070
Debt to equity ration	0,90	0,77	1,94	0,81	1,54	0,76
Debt to total assets ratio	0,47	0,43	0,65	0,43	0,58	0,41

13.9. Related party transactions

All transactions with related persons were carried out at market prices.

AB „Klaipėdos kartonas“ – subsidiary of Grigiškės AB.

Baltwood UAB – subsidiary of Grigiškės AB.

OAO „Mena Pak“ – AB „Grigiškės“ subsidiary.

Ginvildos Investicija UAB – major shareholders of Grigiškės AB.

Didma UAB, Remada UAB and Naras UAB – companies related to companies related to the members of Supervisory Council.

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

Naujiejį Verkių UAB – subsidiary of the group not subject to consolidation.

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

13.9.1. table. Group's transactions with related persons during nine months of 2011. Balances of amounts receivable/payable in relation thereto on the 30th of September 2011 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	292	118.275	79	32.939
Didma UAB	492.532	415.757	115.045	164.989
Naras UAB	9.314			
Naujiejį Verkių UAB	8.254		1.649	
Total	510.392	534.032	116.773	197.928

13.9.2. table. Company's transactions with related persons during nine months of 2011. Balances of amounts receivable/payable in relation thereto on the 30th of September 2011 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	2.474.794	2.370.621	3.825.569	
Ginvildos Investicija UAB	292	106.473		25.955
Didma UAB	2.930	338.733	187	164.989
Naras UAB	1.914			
Klaipėdos kartonas AB	298.884	8.061.712	79.559	2.128.689
Naujieji Verkiai UAB	8.254		1.649	
Total	2.787.068	10.877.539	3.906.964	2.319.633

14. FINANCIAL INFORMATION

14.1. Balance sheet

LTL

	Notes	The Group		The Company	
		30.09.2011	31.12.2010	30.09.2011	31.12.2010
ASSETS					
Non-current assets:					
Property, plant and equipment	14.7.	170.232.274	165.998.075	103.313.735	96.644.280
Investment property	14.8.	4.779.344	4.949.000	4.779.344	4.949.000
Intangible assets	14.9.	12.946.518	12.771.370	222.586	129.213
Investments in subsidiaries				15.358.923	5.358.923
Loans granted		5.500		5.500	
Other accounts receivables		353.771	61.847	3.341.528	13.347.028
TOTAL NON CURRENT ASSETS		188.317.407	183.780.292	127.021.616	120.428.444
CURRENT ASSETS:					
Cash and cash equivalents	14.11	927.764	1.378.635	237.195	361.192
Loans granted		-	-	-	-
Trade and other accounts receivables	14.10	37.985.959	32.357.453	18.987.700	18.038.094
Inventories	14.12	17.214.799	19.623.910	8.555.485	9.960.609
Prepayments and deferred expenses		1.078.038	1.513.830	666.299	482.562
TOTAL CURRENT ASSETS		57.206.560	54.873.828	28.446.679	28.842.457
TOTAL ASSETS		245.523.967	238.654.120	155.468.295	149.270.901
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	14.13	60.000.000	60.000.000	60.000.000	60.000.000
Legal reserve		4.221.919	4.145.934	4.221.919	4.145.934
Foreign currency translation reserve		2.522	(53.388)		
Retained earnings		25.896.147	20.273.624	18.906.098	15.962.278
Non controlling interest		2.824.284	2.822.509		
TOTAL EQUITY		92.944.872	87.188.679	83.128.017	80.108.212
GRANTS		8.981.170	8.410.520	8.981.170	8.410.520
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	14.14	66.854.833	63.098.888	14.921.719	11.147.580
Obligations under finance leases		7.540.207	7.156.940	7.068.909	6.813.065
Deferred tax liability		3.859.035	3.927.139	2.016.575	2.052.891
Non-current employee benefits		730.067	730.067	370.053	370.053
TOTAL NON-CURRENT LIABILITIES		78.984.142	74.913.034	24.377.256	20.383.589
CURRENT LIABILITIES:					
Bank loans and mortgages	14.14	20.942.740	22.724.791	15.981.082	11.789.141
Obligations under finance leases		959.622	4.242.460	873.619	3.787.762
Income tax payable			120.376		3.572
Trade and other accounts payable	14.15	42.711.421	41.054.260	22.127.151	24.788.105
TOTAL CURRENT LIABILITIES		64.613.783	68.141.887	38.981.852	40.368.580
TOTAL EQUITY AND LIABILITIES		245.523.967	238.654.120	155.468.295	149.270.901

14.2. Income (loss) statement

LTL

	note s	The Group				The Company			
		January – September 2011	January – September 2010	July – September 2011	July – September 2010	January – September 2011	January – September 2010	July – September 2011	July – September 2010
Sales		235.153.187	170.056.401	80.250.334	66.552.957	120.431.045	90.831.399	39.226.108	32.262.441
Cost of sales		201.721.834	150.843.976	65.506.385	58.770.027	105.130.646	81.425.342	33.134.029	28.979.655
Gross profit		33.431.353	19.212.425	14.743.949	7.782.930	15.300.399	9.406.057	6.092.079	3.282.786
Other operating income	14.16.	3.567.740	4.068.961	439.328	1.500.131	3.482.109	4.009.515	386.486	1.491.351
Selling and distribution		14.414.228	7.390.584	4.843.382	2.587.183	8.306.173	6.548.842	2.769.400	2.309.169
Administrative expenses		8.121.910	6.689.986	2.912.293	2.485.625	4.730.709	4.345.680	1.741.297	1.480.301
Other operating expenses	14.17.	269.823	703.015	83.324	583.984	153.509	601.476	66.104	526.646
Profit from operations		14.193.132	8.497.801	7.344.278	3.626.269	5.592.117	1.919.574	1.901.764	458.021
Interest income		268	398	(1.691)	98	3.511	138	125	11
Interest costs		2.302.098	1.772.221	825.526	697.649	921.540	627.885	344.972	226.873
Net foreign exchange (loss)		(3.569.079)	204.705	(2.731.117)	(957.103)	(72.802)	(25.167)	(54.351)	(7.188)
Other finance income		16.328	10.091	16.204	(1.037.128)	16	2.383	0	2.376
Other finance expenses		17.200	21.799	5.525	8.848	12.813	3.799	2.721	3.733
Profit before income tax		8.321.351	6.918.975	3.796.623	925.639	4.588.489	1.265.244	1.499.845	222.614
Income tax expense		1.151.224	1.110.904	471.010	516.869	368.684	164.336	134.900	43.503
NET PROFIT		7.170.127	5.808.071	3.325.613	408.770	4.219.805	1.100.908	1.364.945	179.111
Other comprehensive									
Exchange differences on translation of		2.522	(220.852)	52.738	(432.638)	0	0	0	0
Total comprehensive income for the		7.172.649	5.587.219	3.378.351	(23.868)	4.219.805	1.100.908	1.364.945	179.111

	note s	The Group				The Company			
		January – September 2011	January – September 2010	July – September 2011	July – September 2010	January – September 2011	January – September 2010	July – September 2011	July – September 2010
Profit attributable to:									
Group's interest		7.168.352	5.454.643	3.233.701	458.061	4.219.805	1.100.908	1.364.945	179.111
Non controlling interest		1.775	353.428	91.912	(49.291)	0	0	0	0
Total of attributable profit		7.170.127	5.808.071	3.325.613	408.770	4.219.805	1.100.908	1.364.945	179.111
Comprehensive income attributable to:									
Group's interest		7.170.874	5.454.643	3.286.439	246.275	4.219.805	1.100.908	1.364.945	179.111
Non controlling interest		1.775	132.576	91.912	(270.143)	0	0	0	0
Total attributable comprehensive		7.172.649	5.587.219	3.378.351	(23.868)	4.219.805	1.100.908	1.364.945	179.111
Basic and diluted earnings per share		0,120	0,097	0,055	0,007	0,070	0,018	0,023	0,003

14.3. Statement of changes in owner's equity

LTL

The Group	Notes	Share capital	Legal reserve	Rate of exchange influence	Non controlling interest	Retained earnings	Total
31 December 2009		60.000.000	3.995.665			3.332.980	67.328.645
Dividends paid						(1.200.000)	(1.200.000)
Other comprehensive income (expenses)				(220.852)			(220.852)
Net profit						5.808.071	5.808.071
Acquisition of new subsidiaries					2.480.753		2.480.753
30 September 2010		60.000.000	4.145.934	(220.852)	2.480.753	7.790.782	74.196.617
Impact of IFRS 1 adoption						11.090.387	11.090.387
Other comprehensive income (expenses)				167.464			167.464
Net profit					341.756	1.392.455	1.734.211
31 December 2010		60.000.000	4.145.934	(53.388)	2.822.509	20.273.624	87.188.679
Transfer to legal reserve			75.985			(75.985)	
Other comprehensive income (expenses)				55.910			55.910
Dividends paid						(1.469.844)	(1.469.844)
Net profit					1.775	7.168.352	7.170.127
30 September 2011		60.000.000	4.221.919	2.522	2.824.284	25.896.147	92.944.872

LTL

The Company	Notes	Share capital	Legal reserve	Other reserves	Rate of exchange influence	Retained earnings	Total
31 December 2009		60.000.000	3.995.665			4.702.451	68.698.116
Transfer to legal reserve			150.269			(150.269)	
Dividends paid						(1.200.000)	(1.200.000)
Net profit						1.100.908	1.100.908
30 September 2010		60.000.000	4.145.934			4.453.090	68.599.024
Impact of IFRS 1 adoption						11.090.387	11.090.387
Dividends paid							
Net profit						418.801	418.801
31 December 2010		60.000.000	4.145.934			15.962.278	80.108.212
Transfer to legal reserve			75.985			(75.985)	
Dividends paid						(1.200.000)	(1.200.000)
Net profit						4.219.805	4.219.805
30 September 2011		60.000.000	4.221.919			18.906.098	83.128.017

14.4. Cash flow statement

LTL

	The Group		The Company	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
OPERATING ACTIVITIES				
Profit before income tax	8.321.351	6.918.975	4.588.489	1.265.244
Adjustments for:				
Depreciation and amortization	16.976.922	15.578.081	10.535.944	10.527.286
Elimination of financial activity results	5.871.781	1.567.118	978.002	652.914
Loss (profit) on disposal of fixed assets	(116.260)	(43.969)	(116.020)	(43.961)
Loss (profit) on disposal of emission rights	(2.370.751)	(2.253.450)	(2.370.751)	(2.253.450)
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory		(244.093)		(244.093)
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	(494.830)		(530.965)	
Property, plant and equipment impairment losses (reversal)	369.895	4.504		
TOTAL	28.558.108	21.527.166	13.084.699	9.903.940
Changes in current assets and liabilities:				
(Increase) decrease in other assets	435.792	(1.033.251)	(183.737)	(329.290)
Decrease (increase) in trade and other accounts receivables	(5.366.652)	(19.034.894)	(414.166)	(4.130.063)
Decrease (increase) in inventories	2.409.111	(4.636.397)	1.405.124	1.955.573
Increase (decrease) in trade and other accounts payable	(2.013.742)	27.285.851	(2.907.345)	10.514.812
TOTAL	(4.535.491)	2.581.309	(2.100.124)	8.011.032
Interest paid	(2.302.098)	(1.772.415)	(921.540)	(628.079)
Income tax paid	(912.181)	(315.000)	(162.181)	
NET cash from operating activities	20.808.338	22.021.060	9.900.854	17.286.893
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(21.634.267)	(14.442.059)	(16.904.053)	(12.344.958)
Acquisition of noncurrent assets and intangible assets of subsidiaries		(60.636.576)		
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(10.000)	(10.000.000)	(502.150)
Proceeds on disposal noncurrent assets	200.255	45.362	197.855	45.354
Grants and subsidies received	570.650		570.650	
Proceeds on disposal of emission rights	2.370.751	2.253.450	2.370.751	2.253.450
Interest received	268	398	3.510	138
Prestige		(11.315.782)		
Non controlling interest		945.885		
Rate of exchange influence		(220.852)		
Proceeds from long-term receivables		(75.024)		
Repayment of loans granted			10.000.000	(7.600.000)
Net cash (used in) investing activities	(18.492.343)	(83.455.198)	(13.761.287)	(18.148.166)
FINANCING ACTIVITIES				
Dividends paid	(1.469.844)	(1.241.514)	(1.200.000)	(1.200.000)
Repayments of loans and mortgages	(11.880.770)	(15.955.230)	(5.688.584)	(3.457.094)
Proceeds from loans and mortgages	13.854.664	84.012.242	13.654.664	9.481.004
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(3.270.916)	(3.580.492)	(3.029.644)	(3.962.544)
Net cash (used in) financing activities	(2.766.866)	63.235.006	3.736.436	861.366
Net (decrease)/increase in cash	(450.871)	1.800.868	(123.997)	93
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	1.378.635	461.601	361.192	158.581
CASH AND CASH EQUIVALENTS END OF THE PERIOD	927.764	2.262.469	237.195	158.674

In 2011 Grigiskės AB, as the only shareholder of AGR Prekyba UAB, increased a share capital of AGR Prekyba UAB from EUR 10.000 LTL to EUR 10.010.000 LTL by issuing 100.000 ordinary shares 100 LTL par value. The newly issued shares of the Company have been paid by taking in account the claims of the parties which arise from a loan agreement under which Grigiskės AB in 2010 has been granted 10.000.000 million LTL loan to the 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.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group and the Company have adopted the following new and amended IFRS and IFRIC interpretations during the year:

Amendments to IAS 24 *Related Party Disclosures* (effective for financial years beginning on or after 1 January 2011).

The amendments simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. They also provide a partial exemption from the disclosure requirements for government-related entities. The implementation of these amendments will have no impact on the financial position or performance of the Group and the Company.

Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (effective for financial years beginning on or after 1 February 2010).

The amendment changes the definition of a financial liability to exclude certain rights, options and warrants. The amendment will have no impact on the financial position or performance of the Group and the Company, as the Group and the Company do not have such instruments.

Amendment to IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for financial years beginning on or after 1 January 2011).

The amendment modifies the accounting for prepayments of future contributions when there is a minimum funding requirement. This amendment will not have any impact on the standalone and consolidated financial statements because the Group and the Company do not have defined benefit assets.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for financial years beginning on or after 1 July 2010).

The interpretation provides guidance on accounting for extinguishing financial liabilities with equity instruments. Since the Group and the Company do not have such transactions, IFRIC 19 will not have any impact on its financial statements.

Standards issued but not yet effective

The Group and the Company has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

Amendments to IFRS 7 *Financial instruments: Disclosures* (effective for financial years beginning on or after 1 July 2011, once adopted by the EU)

The amendment modifies disclosure requirements for certain transfers of financial assets. The amendment is not expected to have any impact on the standalone and consolidated financial statements since the Group and the Company do not have these kinds of transfers.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2013, once adopted by the EU).

IFRS 9 will eventually replace IAS 39. The IASB has issued the first two parts of the standard, establishing a new classification and measurement framework for financial assets and requirements on the accounting for financial liabilities. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 12 *Income Taxes* (effective for financial years beginning on or after 1 January 2012, once adopted by the EU).

The amendment provides a practical solution to the problem of determining whether an entity that is measuring deferred tax related to investment property, measured using the fair value model, expects to recover the carrying amount of the investment property through use or sale by introducing a presumption that recovery of the carrying amount will normally be through sale. These changes will have no effect on the financial statements of the Group / the Company, as its investment properties are accounted for using cost method.

14.6. Significant accounting policies

The consolidated financial statements of the Group include AB Grigiškės 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.

Basis of consolidation from 1 January 2010

Losses within a subsidiary are 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 from 1 January 2010

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 profit or loss.

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

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, Litas (LTL).

The functional currency of the Company and its subsidiaries operating in Lithuania is Litas. 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 of 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.

The assets and liabilities of foreign subsidiaries are translated into Litass at the reporting date using the rate of exchange as of 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.

Starting from 2 February 2002, Lithuanian Litass is pegged to Euro at the rate of 3.4528 Litass for 1 Euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's stand-alone financial statements are carried at cost, less impairment.

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 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 – 5 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

According to the exception available under IFRS 1, part of buildings, acquired before 1 January 1996, were measured at fair values, determined as at 31 December 2010 by independent property valuator, and these values are used as deemed cost at that date (Note **Error! Reference source not found.**). Valuation of assets was performed using two methods: market comparables and depreciated replacement value (cost) method.

The market comparables approach (refers to the analogues of sales-purchase transactions). Such method includes using recent arm's length market transactions. Performing the valuation these assumptions are used:

- the asset is disposed in the open market;
- liability for acquired asset has no effect on the value of estimated asset or the part of it;

- the asset is built and/or is used in accordance with the laws' requirements and other standards of the Republic of Lithuania.

Assessing the fair value the total market trend, potential clients, the maximum best usage and liquidity of revalued assets are measured. Using the market comparables approach method the replacement with other asset principal is used. The available data is compared and the adjustment ratios are estimated (time, conditions of financing, place, physical depreciation, etc.).

Replacement value (cost) method is based on an assumption that a knowledgeable buyer will not pay for the same substitute property more than the amount necessary to create such property. This approach is particularly applicable when the subject property is related with relatively new buildings/constructions that reflect the highest or best use of the land lot or when the buildings/constructions on the land lot are relatively unique or specialized and the market has a limited supply of comparable properties. The replacement value of buildings/constructions is determined on the basis of typical sources, first of all details supplies by local professional construction companies and accepted national price-fixing measures. In some cases, the application of this approach is based on the construction cost of the subject property and information about the construction costs of similar buildings, less the accrued depreciation amount calculated with reference to data obtained from all sources.

Other non-current tangible assets are stated at cost less accumulated depreciation and impairment losses.

Till 31 December 2010, buildings were accounted as follows:

- The Company's buildings, acquired before 1 January 1996, were stated at indexed cost less indexed accumulated depreciation and impairment losses evaluated.
- The Company's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and impairment losses evaluated.

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 – 33 years
Vehicles	6 – 8 years
Other equipment and other assets	4 – 10 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 treated as a long-term investment.

Investment property is stated at historical cost less accumulated depreciation and adjusted for recognised impairment loss. 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 rights

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 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.

The Company and the Group apply a net liability approach in accounting for the emission rights received. It records the emission allowances granted to it at a nominal (null) amount. Liabilities for emissions are recognised only as emissions are made (provisions are never made on the basis of the expected future emissions) and only when the reporting entity has made emissions in excess of the rights held. The Company and the Group have chosen a system that measures deficits on the basis of an annual allocation of emission rights.

The outright sale of emission rights 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 with a charge to the income statement.

Financial assets

According to IAS 39 "Financial Instruments: Recognition and Measurement" the Group's and the Company's financial assets are classified as either 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 does not have any finance instruments at fair value through profit or loss as at 31 March 2011 and 31 December 2010.

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 statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process. The Group and the Company did not have any held-to-maturity investments as at 31 March 2011 and 31 December 2010.

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 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.

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 does not have any available for sale financial assets as at 31 March 2011 and 31 December 2010.

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, after impairment evaluation for obsolete and slow moving items. 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. 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.

Financial lease – Group and the Company as a lessee

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 fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Group and the Company recognise financial 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 financial lease is the interest rate of financial 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 financial 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.

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 months salary. Current year cost of employee benefits is recognised as incurred in the statement of comprehensive income. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. 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 recognized 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 recognized in the statement of comprehensive income as incurred.

Grants and subsidies

Grants and subsidies (hereinafter "grants") received in the form of non-current assets or 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 the financial statements as used in parts according to the

depreciation 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.

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 the Republic of Ukraine.

After the amendments of Income Tax Law of Republic of Lithuania had come into force, 15 % income tax rate has been established for an indefinite period starting 1 January 2010. Income tax rate in Ukraine is 25 %.

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. 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 Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

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 it 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.

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 comprehensive income. 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 comprehensive income. 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.

Other assets (excluding goodwill)

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. 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 comprehensive income as the impairment loss.

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 estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation¹, amortization¹, valuation of buildings¹, non-current employee benefits¹, impairment evaluation of goodwill¹ and other assets¹. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

At the date of preparing these financial statements, the underlying assumptions and estimates were not subject to a significant risk that from today's point of view it is likely that the carrying amounts of assets and liabilities will have to be adjusted significantly in the subsequent fiscal year. Should the circumstances change in the future, the estimate may need to be revised and the size of such revision cannot be reasonably estimated at the date of these financial statements.

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.

¹ For more details see annual audited financial statements for the year 2010.

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.

14.7. Noncurrent assets

On the 30th of September 2011 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 2010	75.487.852	157.066.332	5.496.183	4.336.618	17.339.591	259.726.576
Additions		6.249.073	561.808	395.667	14.464.362	21.670.910
Disposals	(39.396)	(6.578.517)	(466.000)	(376.735)		(7.460.648)
Transfers	4.010.131	13.803.008	(22.837)	47.297	(17.837.599)	
Rate of exchange influence	(3.875.541)	3.485.627	56.873	64.140	(1.760)	(270.661)
30 September 2011	75.583.046	174.025.523	5.626.027	4.466.987	13.964.594	273.666.177
Accumulated depreciation and impairment						
31 December 2010	5.185.325	81.956.934	3.699.689	2.886.553		93.728.501
Depreciation	2.072.752	12.895.074	641.331	1.103.003		16.712.160
Impairment loss (reversal)		369.891		2.164		372.055
Disposals	(39.395)	(6.513.386)	(453.480)	(372.552)		(7.378.813)
Transfers	288.490	(226.041)	(62.449)			
Rate of exchange influence						
30 September 2011	7.507.172	88.482.472	3.825.091	3.619.168		103.433.903
Carrying amount						
31 December 2010	70.302.527	75.109.398	1.796.494	1.450.065	17.339.591	165.998.075
30 September 2011	68.075.874	85.543.051	1.800.936	847.819	13.964.594	170.232.274

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

On the 30th of September 2011, the part of the Group's property, plant and equipment with a carrying value of 81.506 thousand Litass (31 December 2010 – 94.522 thousand Litass) is pledged as a security for repayment of the loans granted by banks.

On the 30th of September 2011 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 2010	32.525.715	120.714.175	3.701.940	3.426.723	16.724.337	177.092.890
Additions		6.122.516	404.783	190.077	10.336.755	17.054.131
Disposals	(39.396)	(6.538.377)	(450.000)	(376.735)		(7.404.508)
Transfers	3.933.649	12.569.937	(79.958)		(16.423.628)	
30 September 2011	36.419.968	132.868.251	3.576.765	3.240.065	10.637.464	186.742.513
Accumulated depreciation and impairment						
31 December 2010	3.048.748	71.980.132	2.644.856	2.774.874		80.448.610
Depreciation	1.243.757	8.479.817	352.193	227.074		10.302.841
Impairment loss (reversal)						
Disposals	(39.395)	(6.473.246)	(437.480)	(372.552)		(7.322.673)
Transfers	288.490	(226.041)	(62.449)			
30 September 2011	4.541.600	73.760.662	2.497.120	2.629.396		83.428.778
Carrying amount						
31 December 2010	29.476.967	48.734.043	1.057.084	651.849	16.724.337	96.644.280
30 September 2011	31.878.368	59.107.589	1.079.645	610.669	10.637.464	103.313.735

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

On the 30th of September 2011, the part of the Company's property, plant and equipment with a carrying value of 30.106 thousand Litass (31 December 2010 – 32.990 thousand Litass) is pledged as a security for repayment of the loans granted by banks.

14.8. Investment property

On the 30th of September 2011 Group's and Company's investment property consisted of the following, LTL:

Group / Company	Buildings and constructions	Total
Modified cost		
31 December 2010	4.949.000	4.949.000
Additions		
Disposals		
Transfers		
30 September 2011	4.949.000	4.949.000
Accumulated depreciation and impairment		
31 December 2010		
Depreciation	169.656	169.656
Impairment loss (reversal)		
Transfers		
30 September 2011	169.656	169.656
Carrying amount		
31 December 2010	4.949.000	4.949.000
30 September 2011	4.779.344	4.779.344

14.9. Intangible assets

On the 30th of September 2011 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Licenses, patents	Software	Prestige	Other assets and prepayments	Total
Cost						
31 December 2010	2.400.000	56.238	904.809	10.362.10	58.793	13.781.941
Additions			104.499		165.755	270.254
Disposals						
Transfers			107.146		(107.146)	
Reappraisal						
30 September 2011	2.400.000	56.238	1.116.45	10.362.10	117.402	14.052.195
Accumulated amortization						
31 December 2010	195.555	56.218	750.070		8.728	1.010.571
Amortization	20.000		72.313		2.793	95.106
Impairment loss/ (reversal)						
Disposals						
Transfers						
30 September 2011	215.555	56.218	822.383		11.521	1.105.677
Carrying amount						
31 December 2010	2.204.445	20	154.739	10.362.10	50.065	12.771.370
30 September 2011	2.184.445	20	294.071	10.362.10	105.881	12.946.518

On the 30th of September 2011, the Group's land lease rights with a carrying value of 2.184 thousand Litass (31 December 2010 – 2.204 thousand Litass) are pledged as a security for repayment of the loan granted by banks.

On the 30th of September 2011, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Total
Cost				
31 December 2010	56.238	803.309	58.793	918.340
Additions		18.824	137.996	156.820
Disposals				
Reappraisal				
Transfers		79.387	(79.387)	
30 September 2011	56.238	901.520	117.402	1.075.160
Accumulated amortization				
31 December 2010	56.218	724.182	8.727	789.127
Amortization		60.654	2.793	63.447
Impairment loss/ (reversal)				
Disposals				
Transfers				
30 September 2011	56.218	784.836	11.520	852.574
Carrying amount				
31 December 2010	20	79.127	50.066	129.213
30 September 2011	20	116.684	105.882	222.586

Amortization expenses have been included in administrative expenses.

14.10. Trade and other receivables

On the 30th of September 2011 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Trades receivable	35.577.865	31.042.163	17.884.639	17.586.263
Other receivable	2.949.696	2.351.722	1.400.019	1.279.754
	38.527.561	33.393.885	19.284.658	18.866.017
Less: allowance for doubtful amounts receivable	(541.602)	(1.036.432)	(296.958)	(827.923)
Total amounts receivable within one year:	37.985.959	32.357.453	18.987.700	18.038.094

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

The movement for 2011 in the allowance for doubtful amounts receivable consisted of the following, LTL:

	The Group		The Company	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
On the 1st of January	1.036.432	885.473	827.923	829.614
Newly acquired subsidiaries' allowance		208.509		
Change for the year				
Reversal of allowance	(494.830)	(57.550)	(530.965)	(1.691)
At the end of the period	541.602	1.036.432	296.958	827.923

14.11. Cash and cash equivalents

On the 30th of September 2011 cash and cash equivalents consisted of the following:

	The Group		The Company	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Cash at bank	921.918	1.339.035	234.762	332.429
Cash on hand	5.846	39.600	2.433	28.763
Total	927.764	1.378.635	237.195	361.192

14.12. Inventories

On the 30th of September 2011 inventories consisted of the following:

	The Group		The Company	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Materials	10.950.123	7.729.979	6.167.496	3.505.847
Work in progress	1.834.247	4.005.095	1.398.107	2.479.607
Finished goods	5.291.098	8.571.378	1.850.551	4.835.824
Goods in transit		178.127		
	18.075.468	20.484.579	9.416.154	10.821.278
Less: write-down to net realizable value	(860.669)	(860.669)	(860.669)	(860.669)
Total	17.214.799	19.623.910	8.555.485	9.960.609

On the 30th of September 2011, the Group's and the Company's inventory with carrying amounts of 10.000.000 Litas and 8.000.000 Litas respectively are pledged as a security for the loan granted by the bank (as at 31 December 2010 – 10.000.000 Litas and 8.000.000 Litas).

14.13. Share capital and legal reserve

On the 30th of September 2011 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 September 2011 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	29.753.532	49,6
Lithuanian individuals	21.939.672	36,6
Foreign legal entities	8.095.934	13,5
Foreign individuals	210.862	0,3
Total	60.000.000	100,0

On the 30th of September 2011 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	51.693.204	86,2
USA	6.012.266	10,0
Sweden	1.810.990	3,0
other countries	483.540	0,8
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	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
The loans and mortgages are repayable as				
Within one year	20.942.740	22.724.791	15.981.082	11.789.141
In the second year	13.596.574	11.286.502	6.646.611	4.318.344
In the third to fifth years inclusive	53.258.259	51.812.386	8.275.108	6.829.236
	87.797.573	85.823.679	30.902.801	22.936.721
Less: amount due for settlement within one year	(20.942.740)	(22.724.791)	(15.981.082)	(11.789.141)
Amount due for settlement after one year	66.854.833	63.098.888	14.921.719	11.147.580

14.15. Trade and other payables

	The Group		The Company	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Trade payables	32.411.391	31.524.025	17.136.514	20.143.153
Taxes, salaries and social insurance payable	6.096.170	4.754.736	3.241.920	2.038.276
Advances paid	883.874	885.715	292.829	196.772
Other payables	3.319.986	3.889.784	1.455.888	2.409.904
Total	42.711.421	41.054.260	22.127.151	24.788.105

14.16. Other operating income

	The Group		The Company	
	01.01.2011- 30.09.2011	01.01.2010- 30.09.2010	01.01.2011- 30.09.2011	01.01.2010- 30.09.2010
Gain from disposal of emission rights	2.370.751	2.253.450	2.370.751	2.253.450
Rent income	514.909	408.800	514.909	401.800
Gain from disposal of fixed assets	118.969	43.953	116.569	43.961
The reversal of inventory written off, scrap recognition	319.161	259.564	153.713	259.764
Insurance compensation	104.373	2.360		
Write off of accounts payables		13.847		
Other income	139.577	1.086.987	326.167	1.050.540
Total	3.567.740	4.068.961	3.482.109	4.009.515

14.17. Other operating expenses

	The Group		The Company	
	01.01.2011- 30.09.2011	01.01.2010- 30.09.2010	01.01.2011- 30.09.2011	01.01.2010- 30.09.2010
Rent expenses	117.890	119.217	110.439	107.718
Other expenses	151.933	583.798	43.070	493.758
Total	269.823	703.015	153.509	601.476

14.18. Off balance articles

Emission rights movement for the nine months of 2011

	Amount, pcs.	
	The Group	The Company
31 December 2010	(26.157)	(25.359)
Emission rights allocated	85.668	53.355
Purchase of emission rights	40.000	40.000
Emission rights used	(38.934)	(13.669)
Sale of emission rights	(70.000)	(70.000)
30 September 2011	(9.423)	(15.673)

14.19. Court and arbitration proceedings

During the nine months of 2011 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.