AKCINĖ BENDROVĖ GRIGIŠKĖS

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

Bank of Lithuania
Supervisory Authority
Žirmūnų str. 151,
LT-09128 Vilnius
Lithuania

29.02.2012 No 026-SK/2012-176

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 – General Director Gintautas Pangonis and Director of Finance Department Nina Šilerienė approve that not audited consolidated financial statements of AB Grigiškės for the twelve 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 twelve months of 2011 year shows fair business environment as well as description of the company's performance

ENCLOSURE: Grigiskcs AB interim information for the twelve months of 2011.

General Director Gintautas Pangonis

Director of Finance Department Nina Šilerienė

GRIGIŠKĖS AB

Interim information for the twelve months of 2011

TABLE OF CONTENTS

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

Reports have been prepared for the twelve months of 2011.

2. AUDIT INFORMATION

The interim consolidated information of Grigiškės AB covering the twelve 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	41.001.895 LTL	9.950.000 LTL
Shares directly or indirectly controlled by Grigiškės AB	Company has not acquired any shares of itself	95,78 %	100 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 00
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 59 10
E-mail	info@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
Shares directly or indirectly controlled by Grigiškės AB	100 %	100 %	93,79 %
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	100.000 Lt	10.000 Lt
Shares directly or indirectly controlled by Grigiškės AB	100 %	71,74 %	50 %
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, and till December 31, 2011, self-coloured and painted hardboard.

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

Core business activities of Baltwood UAB are as follows: wood processing, manufacturing of container wood, fuel granules and bonded furniture panel. Since January 1, 2011, also produces self-coloured and painted hardboard (see material event announced on 02.01.2012).

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 on 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.

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 31st of December 2011 there were 2.589 shareholders of Grigiškės AB.

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

7.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 31st of December 2011.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 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
Irena Ona Mišeikienė	8.731.686	14,55	14,55	8.731.686	14,55	14,55
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

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	Average	Max.	Min.	Last session	Units	LTL
2008, I Q	1,798	1,598	1,652	2,580	183.621	0	0	167.207	431.407
2008, II Q	1,632	1,110	1,110	1,809	45.478	0	5.910	96.273	174.179
2008, III Q	1,440	1,110	1,140	1,283	1.311.782	0	4.812	1.325.360	1.700.485
2008, IV Q	1,140	0,290	0,300	0,427	42.459	0	6.593	884.565	378.011
2008	**1,798**	**0,290**	**0,300**	**1,085**	**1.311.782**	**0**	**6.593**	**2.473.405**	**2.684.081**
2009, I Q	0,450	0,300	0,310	0,392	458.897	0	0	4.465.664	1.751.743
2009, II Q	0,490	0,330	0,450	0,430	122.162	0	20.205	2.033.965	873.993
2009, III Q	1,090	0,420	1,020	0,698	185.607	0	22.208	2.889.167	2.017.305
2009, IV Q	1,030	0,880	0,930	0,947	62.921	364	5.460	863.978	817.846
2009	**1,090**	**0,300**	**0,930**	**0,533**	**458.897**	**0**	**5.460**	**10.252.774**	**5.460.887**
2010, I Q	1,330	0,920	1,270	1,200	643.163	0	14.597	3.109.465	3.731.893
2010, II Q	1,350	1,240	1,340	1,297	98.746	0	25.194	1.017.209	1.319.328
2010, III Q	2,020	1,320	1,950	1,686	299.041	0	38.734	1.817.780	3.065.303
2010, IV Q	2,850	2,000	2,676	2,512	293.473	0	7.054	1.994.606	5.010.498
2010	**2,850**	**0,920**	**2,676**	**1,653**	**643.163**	**0**	**7.054**	**7.939.060**	**13.127.022**
2011, I Q	2,997	2,486	2,883	2,746	593.054	0	22.989	1.221.311	3.354.105
2011, II Q	2,987	2,555	2,624	2,822	251.419	360	8.948	463.059	1.306.703
2011, III Q	2,745	1,726	1,823	2,076	223.677	0	9.137	753.319	1.564.106
2011, IV Q	1,937	1,554	1,595	1,746	41.693	0	4.142	328.401	573.445
2010	**2,997**	**1,554**	**1,595**	**2,458**	**593.054**	**0**	**4.142**	**2.766.090**	**6.798.360**

8.2. figure. Share price and turnover 01.01.2004 – 31.12.2011.

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	**107.880.000**
31.03.2008	99.120.000
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	76.200.000
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
31.12.2011	**95.700.000**

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

Over the year 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. Number of employees of the Group on the 31st of December

	2011	2010
Number of employees	997	940

9.2. table. Number of employees of the Company on the 31st of December

	2011	2010
Number of employees	489	448

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

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.952	47	177	471	66	9
Managers	5.775	77	16	1	-	-
Specialists	2.885	103	26	4	-	-
Total	**2.428**	**227**	**219**	**476**	**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 in 2011.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	2.444	21	103	209	18	1
Managers	6.032	45	10	1	-	-
Specialists	3.179	61	16	4	-	-
Total	**3.014**	**127**	**129**	**214**	**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	Director	Naras UAB	62,48
			Bakenas, UAB	100,00
			Statybų namai, UAB	62,00
			Technikos namai, UAB	62,00
			Ginvildos investicija UAB	13,00
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Algimantas Goberis	Grigiškės AB	Member of the supervisory council		
Romualdas Juškevičius	Grigiškės AB	Member 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
Daiva Duksienė	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman of the board		
	Mena Pak OAO	Member of the Supervisory council		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
	Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,33
	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		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	AGR Prekyba UAB	Director		
Vytautas Juška	Grigiškės AB	Purchasing and Logistic Director		
	Grigiškės AB	Member of the board		
	Grigiškių energija UAB	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		
	Grigiškių energija UAB	Member of the board		

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

The Supervisory Council of Grigiskes 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

Grigiskes 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 ACTYVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

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

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

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

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

April The Ordinary General Shareholders Meeting of Grigiskes AB, code 110012450, 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 26th of April, 2011, Tuesday.

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 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 „Järnforsen 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, Klaipedos kartonas AB and Mena Pak OAO reached a tunover 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 that it was over the same period of 2010.
Over the six months of 2011 the Grigiskes AB reached a tunover 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 that it was over the same period of 2010.

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 m^3 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.

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 that 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 that it was over the same period of 2010.

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.

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.

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.

December

In order to increase efficiency of manufacturing processes, to optimize the acquisition of raw materials, production supplies, production and logistics processes, to reduce costs and increase profitability of business segments, on the 1st of December 2011 the Board of GRIGISKES AB decided to transfer one of segments of GRIGISKES AB activities – the production of wood fiber board – to 100% owned subsidiary Baltwood UAB, in exchange for newly issued shares of the company.
Along with the activity to be transferred GRIGISKES AB will pass the property, rights and obligations relating to processing of the wood fiber boards, including but not limited to, real estate and equipment needed the activities to conduct, commitment to employees and other rights and obligations arising from existing agreements.
GRIGISKES AB prearranges to implement the transfer of a part of activities (wood fiber board manufacture) to Baltwood UAB in the beginning of 2012.
After the transfer of a part of activities of GRIGISKES AB both of mentioned companies will continue to operate at the same address as before the transfer – in Vilniaus g. 10, Grigiškių m., Vilniaus m. sav. The main activity of GRIGISKES AB will remain production of tissue paper products and corrugated cardboard packaging production and Baltwood UAB will focus on activities related to wood processing, here will continue to work skilled workers currently employed in GRIGISKES AB in activity planned to be transferred.
The Board of GRIGISKES AB believes that the fact of transferring of the part of activities of GRIGISKES AB will not have significant impact on financial indicators of the Group of GRIGISKES AB. However, it will help to optimize the management of

Group's activities, which is likely to result in a higher profitability of activities and return to shareholders.

The Extraordinary General Meeting of shareholders of GRIGISKES AB was held on 19-12-2011. The Meeting made following resolutions:

- Whereas following paragraph 7 of Article 49 of the Law of the Republic of Lithuania on Companies, the decisions of the General Meeting of Shareholders regarding the increase of the authorised capital of the Company adopted on 26 April, 2011, (questions 6-8 of the agenda of the said General Meeting of Shareholders) are deemed to be void from 26 October, 2011, but the intentions of the Company regarding the issue and placement of the new issue of Company's shares as provided in the said decisions of the General Meeting of Shareholders have not changed, 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. New Shares will be admitted to the said Main List of AB NASDAQ OMX Vilnius based on the Prospectus for admission of the shares of the Company to the Main List of AB NASDAQ OMX Vilnius approved by the Securities Commission of the Republic of Lithuania on 16 May, 2011 (resolution No. 2K-101).
- 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 "GRIGISKES" 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.
To amend paragraphs 5.1 and 9.1 of the Articles of Association of public limited liability company "GRIGISKES" and to read them as follows:
„5.1. The Company achieves civil rights, assumes civil duties and implements them through its bodies. Company's Organs:
5.1.1. General Meeting of Shareholders;
5.1.2. Supervisory Board;
5.1.3. Board;
5.1.4. Company manager – President."
„9.1. The Company manager – President – is a single-person management body of the Company. The manager of the Company organises and executes commercial business activities of the Company. In his activities, the manager of the Company shall be guided by laws and other legal acts, the Articles of Association of the company, decisions of the General Meeting of Shareholders, decisions of the Supervisory Board and the Board, and his job description."
With regard to the resolution above, as well as the requirements of the new edition of the Law of the Republic of Lithuania on Companies which came into effect from 5 July, 2011 and Statistical Classification of Economic Activities (NACE rev. 2.) to amend the Articles of Association of public limited liability company "GRIGISKES", approving their new wording, and to authorise the General Manager of the Company Gintautas Pangonis to sign the Articles of Association.
If not all the New Shares are subscribed for during the intended share subscription period and / or due to any reasons the Board of the Company decides to hold that the increase of the authorised capital of the Company has not taken place, the Board of the Company will indicate in the Articles of Association of the Company the amount of the authorised capital and the number of shares indicated in the valid Articles of Association of the Company and submit the amended Articles of Association to the manager of the Register of Legal Entities.

13.2. Newest events in the Issuer's activities

January. Implementing the decision of December 1, 2011 of the Board of GRIGISKES AB to transfer one of segments of GRIGISKES AB activities – the production of wood fiber board – to 100% owned subsidiary Baltwood UAB, in exchange for newly issued shares of the company, on December 31,

2011 GRIGISKES AB and Baltwood UAB signed an agreement of transferring of the part of activities.
As it was mentioned, the Board of GRIGISKES AB believes that the fact of transferring of the part of activities of GRIGISKES AB will not have significant impact on financial indicators of the Group of GRIGISKES AB.

January. The GRIGISKES AB Group reached the goals of 2011. According to unaudited data over the twelve months of 2011 the sales turnover of the Group which consists of the production company GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Mena Pak OAO and company engaged in the waste paper business of Klaipeda recycling UAB reached LTL 308 Mio. (EUR 89.2 Mio.) which is by LTL 8 Mio. (EUR 2.3 Mio.) or 2.7% higher than proclaimed forecasted turnover for 2011.
Over the twelve months of 2011 the turnover of GRIGISKES AB outmeasured LTL 159 Mio. (EUR 64 Mio.) and was by LTL 14 Mio. (EUR 4.1 Mio.) or 9.7% higher than proclaimed forecasted turnover for 2011.
On January 9, 2012 the Board meeting approved a budget for the year 2012.
It is planned that The Group which consists of companies GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Klaipeda Recycling UAB and Mena Pak OAO in the year 2012 will reach a turnover of LTL 322 Mio. (EUR 93.3 Mio), which is LTL 22 Mio (EUR 6.4 Mio) or 7.3% over the turnover of 2011. The Group's profit before taxes will reach LTL 15 Mio (EUR 4.3 Mio) and will be LTL 3 Mio (EUR 0.9 Mio) or 25% higher than it is expected for the year 2011.
It is also planned that GRIGISKES AB in the year 2012 will reach a turnover of LTL 117 Mio (EUR 33.9 Mio) and will be less by LTL 42 Mio (EUR 12.2 Mio) than not audited sales of the year 2011 are. The company will earn profit before taxes of LTL 4.6 Mio (EUR 1.3 Mio) which will be by LTL 0.2 Mio (EUR 0.1 Mio) less than it is expected for the year 2011.
In planning the activities for the year 2012 among the other factors the Company has evaluated the impact of on December 2, 2011 disclosed and on December 31, 2011 implemented transference of a part of activities (wood fiber board manufacture) to a subsidiary Baltwood UAB. Up to 31.12.2011 GRIGISKES AB had three main operating business units – reportable segments: „Paper and paper products", „Hardboard and hardboard products" and also „Corrugated cardboard and related products" and since the year 2012 company will have two business units – reportable segments: „Paper and paper products" and „Corrugated cardboard and related products". Namely the mentioned transference has led to the reduction of forecasted turnover by 26.4 percent and profit before taxes by 4.2 percent for the year 2012 compared to the forecasted results of the year 2011.

January. On October 06, 2011, GRIGISKES AB and MEDIENOS PLAUSAS AB, the company in bankruptcy, have signed a contract of lease of a part of premises, production and other equipment owned by MEDIENOS PLAUSAS AB, the company in bankruptcy.
After a reassessment of the market situation, the rented asset's condition and the necessary level of investments to carry out an activity, GRIGISKES AB unilaterally terminates the lease contract mentioned above from February 1, 2012.

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 twelve 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	2011	2010
	%	%
Lithuania	76	78
Estonia	4	9
Poland	3	4
Latvia	1	2
Germany	1	1
Belarus	0	1
Austria	0	1
Other countries	15	4
TOTAL	**100**	**100**

Main suppliers of energy resources are Lithuanian companies.

13.6. Segment information

In the year 2011 for management purposes, the Group and the Company was 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 year 2011

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	77.937.849	75.340.813	147.971.272	6.415.349	**307.665.283**
Cost of sales	(66.735.178)	(63.956.988)	(122.024.270)	(6.092.999)	**(258.809.435)**
Gross profit	**11.202.671**	**11.383.825**	**25.947.002**	**322.350**	**48.855.848**
Depreciation and amortization	6.041.858	5.803.923	7.070.809	3.178.172	**22.094.762**
Segment property, plant and equipment and intangible assets	38.097.832	36.444.641	74.409.241	38.497.979	**187.449.693**
Segment capital expenditure	4.127.457	4.820.071	20.682.647	2.401.466	**32.031.641**

13.6.2. table. Segments of the Company in the year 2011.

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	77.937.849	59.669.830	15.254.511	6.415.349	**159.277.539**
Cost of sales	(66.735.178)	(50.131.465)	(13.344.368)	(6.092.999)	**(136.304.010)**
Gross profit	**11.202.671**	**9.538.365**	**1.910.143**	**322.350**	**22.973.529**
Depreciation and amortization	6.041.858	4.211.029	649.580	3.178.172	**14.080.639**
Segment property, plant and equipment and intangible assets	38.097.832		14.641.048	38.497.979	**91.236.859**
Segment capital expenditure	4.127.457	4.614.050	14.641.048	2.401.466	**25.784.021**

13.6.3. table. Segments of the Group in the year 2010

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	60.762.127	64.271.728	114.503.450	6.248.162	**245.785.467**
Cost of sales	(51.556.002)	(59.889.429)	(96.137.055)	(5.472.741)	**(213.055.227)**
Gross profit	**9.206.125**	**4.382.299**	**18.366.395**	**775.421**	**32.730.240**
Depreciation and amortization	6.292.205	5.436.581	5.965.777	3.066.836	**20.761.399**
Segment property, plant and equipment and intangible assets	40.493.130	45.326.172	61.586.924	21.001.118	**168.407.344**
Segment capital expenditure	1.191.212	16.920.371	2.112.153	496.031	**20.719.767**

13.6.4. table. Segments of the Company in the year 2010

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	60.764.575	49.220.022	11.472.674	8.285.197	**129.742.468**
Cost of sales	(51.558.450)	(46.904.242)	(9.690.735)	(7.509.775)	**(115.663.202)**
Gross profit	**9.206.125**	**2.315.780**	**1.781.939**	**775.422**	**14.079.266**
Depreciation and amortization	6.292.205	3.926.359	550.310	3.064.589	**13.833.463**
Segment property, plant and equipment and intangible assets	40.493.130	34.291.773	984.643	21.003.947	**96.773.493**
Segment capital expenditure	1.191.212	16.261.146	210.829	496.031	**18.159.218**

13.6.5. table. Company's countries of sales

Country	Group				Company			
	2011		2010		2011		2010	
	thousand litas	%	thousand litas	%	thousand litas	%	thousand litas	%
United Kingdom	6.292	2,0	3.936	1,6	6.292	4,0	3.936	3,0
Belarus	4.051	1,3	5.174	2,1	892	0,6	978	0,8
Chez Republic	13.784	4,5	5.302	2,2	6.301	4,0	3.585	2,8
Denmark	10.520	3,4	10.663	4,3	10.254	6,4	10.251	7,9
Estonia	13.650	4,4	9.357	3,8	7.629	4,8	6.459	5,0
Latvia	27.296	8,9	21.527	8,8	15.545	9,8	12.939	10,0
Poland	64.894	21,1	32.463	13,2	28.552	17,9	13.407	10,3
Lithuania	88.786	28,9	97.909	39,8	58.413	36,7	53.887	41,5
Norway	755	0,2	1.275	0,5	755	0,5	1.275	1,0
The Netherlands	7.452	2,4	3.397	1,4	2.469	1,6	3.397	2,6
Slovakia	4.314	1,4	3.964	1,6	4.314	2,7	3.964	3,1
Finland	3.437	1,1	2.818	1,1	3.146	2,0	2.671	2,1
Sweden	10.500	3,4	8.859	3,6	10.500	6,6	8.859	6,8
Hungary	1.120	0,4	482	0,2	516	0,3	134	0,1
Germany	4.771	1,6	3.912	1,6	960	0,6	2.254	1,7
Other countries	46.043	15,0	34.747	14,2	2.740	1,5	1.746	1,3
Total	**307.665**	**100**	**245.785**	**100**	**159.278**	**100**	**129.742**	**100**

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

It is planned that The Group which consists of companies GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Klaipeda Recycling UAB and Mena Pak OAO in the year 2012 will reach a turnover of LTL 322 Mio. (EUR 93.3 Mio), which is by LTL 14.3 Mio (EUR 4.1 Mio) or 4.6% over the not audited consolidated turnover of the year 2011. The Group's profit before taxes will reach LTL 15 Mio (EUR 4.3 Mio) and will be by LTL 2 Mio (EUR 0.6 Mio) or 15.4% higher than unaudited consolidated profit before taxes, after the elimination of the impact of property valuation, of the year 2011 is.

It is also planned that GRIGISKES AB in the year 2012 will reach a turnover of LTL 117 Mio (EUR 33.9 Mio) and will be less by LTL 42.3 Mio (EUR 12.3 Mio) than not audited sales of the year 2011 are. The company will earn profit before taxes of LTL 4.6 Mio (EUR 1.3 Mio).

In planning the activities for the year 2012 among the other factors the Company has evaluated the impact of on December 2, 2011 disclosed and on December 31, 2011 implemented transference of a part of activities (wood fiber board manufacture) to a subsidiary Baltwood UAB. Up to 31.12.2011 GRIGISKES AB had three main operating business units – reportable segments: „Paper and paper products", „Hardboard and hardboard products" and also „Corrugated cardboard and related products" and since the year 2012 company will have two business units – reportable segments: „Paper and paper products" and „Corrugated cardboard and related products". Namely the mentioned transference has led to the reduction of forecasted turnover by LTL 42.3 Mio (EUR 12.3 Mio) and profit before taxes by LTL 3.1 Mio (EUR 0.9 Mio) for the year 2012 compared to not audited results of the year 2011, including the elimination of the impact of valuation of property.

13.8. Financial indicators

Financial ratios	2009, audited		2010, audited		2011, not audited	
	Group	Company	Group	Company	Group	Company
EBITDA	21.904.985	20.569.459	35.720.867	16.221.612	42.229.088	23.139.835
EBITDA profitability	18,4%	18,7%	14,5%	12,5%	13,7%	14,5%
Gross margin	17,0%	17,0%	13,3%	10,9%	15,9%	14,4%
Operating margin	4,3%	4,8%	6,1%	1,8%	6,5%	5,7%
Net margin	2,2%	2,7%	3,1%	1,2%	6,0%	8,2%
ROE, %	4,0%	4,5%	9,8%	2,0%	19,2%	15,2%
ROA, %	2,0%	2,4%	4,2%	1,1%	7,4%	8,7%
Current ratio	0,85	1,12	0,81	0,71	0,78	0,74
Quick ratio	0,50	0,74	0,52	0,45	0,45	0,55
Cash to current liabilities	0,015	0,007	0,020	0,009	0,028	0,002
P/E	21,22	18,57	21,29	105,65	5,22	7,33
Earnings per share	0,04	0,05	0,13	0,03	0,31	0,22
Debt to equity ration	0,80	0,69	1,64	0,76	1,39	0,55
Debt to total assets ratio	0,44	0,41	0,60	0,41	0,56	0,33

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.
Mena Pak OAO – subsidiary of Grigiškės AB.
AGR Prekyba UAB – subsidiary of Grigiškės AB.
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.
Naujieji Verkiai UAB – subsidiary of the group not subject to consolidation.
Klaipėda Recycling UAB – subsidiary of the group not subject to consolidation.
Grigiškių energija UAB – subsidiary of the group not subject to consolidation.

13.9.1. table. Group's transactions with related persons during twelve months of 2011. Balances of amounts receivable/payable in relation thereto on the 31st of December 2011 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	390	218.873		90.088
Didma UAB	3.373	475.147		
Naras UAB	3.959			
Naujieji Verkiai UAB	11.303		1.254	
Total	**19.025**	**694.020**	**1.254**	**90.088**

13.9.2. table. Company's transactions with related persons during twelve months of 2011. Balances of amounts receivable/payable in relation thereto on the 31st of December 2011 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	4.501.283	2.325.979	3.680.710	
Ginvildos Investicija UAB	390	218.873		90.088
Didma UAB	3.373	475.147		
Naras UAB	3.959			
Klaipėdos kartonas AB	407.965	10.542.891	84.707	1.752.916
Naujieji Verkiai UAB	11.303		1.254	
Total	**4.928.273**	**13.562.890**	**3.766.671**	**1.843.004**

14. FINANCIAL INFORMATION

14.1. Balance sheet

LTL

	Notes	The Group		The Company	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS					
Non-current assets:					
Property, plant and equipment	14.7.	178.418.646	165.998.075	86.295.419	96.644.280
Investment property	14.8.	4.722.791	4.949.000	4.722.791	4.949.000
Intangible assets	14.9.	14.670.357	12.771.370	218.649	129.213
Investments in subsidiaries	14.10			37.950.923	5.358.923
Loans granted					
Other accounts receivables		229.327	61.847		13.347.028
TOTAL NON CURRENT ASSETS		198.041.121	183.780.292	129.187.782	120.428.444
CURRENT ASSETS:					
Cash and cash equivalents	14.12	2.134.808	1.378.635	71.238	361.192
Loans granted		-	-	-	-
Trade and other accounts receivables	14.11	30.277.525	32.357.453	15.831.848	18.038.094
Inventories	14.13	25.218.200	19.623.910	5.580.809	9.960.609
Prepayments and deferred expenses		1.134.956	1.513.830	365.015	482.562
TOTAL CURRENT ASSETS		58.765.489	54.873.828	21.848.910	28.842.457
TOTAL ASSETS		256.806.610	238.654.120	151.036.692	149.270.901
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	14.14	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		(103.175)	(53.388)		
Retained earnings		37.007.852	20.273.624	27.745.102	15.962.278
Non controlling interest		2.886.248	2.822.509		
TOTAL EQUITY		104.012.844	87.188.679	91.967.021	80.108.212
GRANTS		8.732.291	8.410.520	8.732.291	8.410.520
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	14.15	61.233.144	63.098.888	16.249.993	11.147.580
Obligations under finance leases		4.052.409	7.156.940	3.626.050	6.813.065
Deferred tax liability		2.921.778	3.927.139	900.614	2.052.891
Non-current employee benefits		789.363	730.067	170.095	370.053
TOTAL NON-CURRENT LIABILITIES		68.996.694	74.913.034	20.946.752	20.383.589
CURRENT LIABILITIES:					
Bank loans and mortgages	14.15	28.460.680	22.724.791	9.637.793	11.789.141
Obligations under finance leases		3.752.086	4.242.460	2.936.417	3.787.762
Income tax payable		130.222	120.376	82.053	3.572
Trade and other accounts payable	14.16	42.721.793	41.054.260	16.734.365	24.788.105
TOTAL CURRENT LIABILITIES		75.064.781	68.141.887	29.390.628	40.368.580
TOTAL EQUITY AND LIABILITIES		256.806.610	238.654.120	151.036.692	149.270.901

14.2. Income (loss) statement

LTL

	notes	The Group				The Company			
		January – December 2011	January – December 2010	October–December 2011	October–December 2010	January – December 2011	January – December 2010	October–December 2011	October–December 2010
Sales		307.665.283	245.785.467	72.512.096	75.729.066	159.277.539	129.742.468	38.846.494	38.911.069
Cost of sales		258.809.435	213.055.227	57.087.601	62.211.251	136.304.010	115.663.202	31.173.364	34.237.860
Gross profit		**48.855.848**	**32.730.240**	**15.424.495**	**13.517.815**	**22.973.529**	**14.079.266**	**7.673.130**	**4.673.209**
Other operating income	14.16.	3.902.503	4.545.526	334.763	476.565	3.799.950	4.330.109	317.841	320.594
Selling and distribution		19.483.949	10.756.558	5.069.721	3.365.974	10.984.819	9.025.765	2.678.646	2.476.923
Administrative expenses		12.887.734	11.129.268	4.765.824	4.439.282	6.497.939	6.844.537	1.767.230	2.498.857
Other operating expenses	14.17.	252.342	430.472	(17.481)	(272.543)	231.525	150.924	78.016	(450.552)
Profit from operations		**20.134.326**	**14.959.468**	**5.941.194**	**6.461.667**	**9.059.196**	**2.388.149**	**3.467.079**	**468.575**
Interest income		317	497	49	99	3.612	119.125	101	118.987
Interest costs		3.136.315	2.486.959	834.217	714.738	1.265.123	859.236	343.583	231.351
Net foreign exchange (loss)		(4.018.984)	(3.784.258)	(449.905)	(3.988.963)	(89.047)	(38.007)	(16.245)	(12.840)
Other finance income		5.864.067	3.360	5.847.739	(6.731)	5.839.973	2.383	5.839.957	0
Other finance expenses		88.917	37.970	71.717	16.171	54.798	5.013	41.985	1.214
Profit before income tax		**18.754.494**	**8.654.138**	**10.433.143**	**1.735.163**	**13.493.813**	**1.607.401**	**8.905.324**	**342.157**
Income tax expense		410.698	1.111.856	(740.526)	952	435.004	87.692	66.320	(76.644)
NET PROFIT		**18.343.796**	**7.542.282**	**11.173.669**	**1.734.211**	**13.058.809**	**1.519.709**	**8.839.004**	**418.801**
Other comprehensive									
Exchange differences on translation of		(59.499)	(53.388)	(62.021)	167.464			0	0
Total comprehensive income for the		**18.284.297**	**7.488.894**	**11.111.648**	**1.901.675**	**13.058.809**	**1.519.709**	**8.839.004**	**418.801**

	notes	The Group				The Company			
		January – December 2011	January – December 2010	October– December 2011	October– December 2010	January – December 2011	January – December 2010	October– December 2011	October– December 2010
Profit attributable to:									
Group's interest		18.280.057	7.200.526	11.111.705	1.745.883	13.058.809	1.519.709	8.839.004	418.801
Non controlling interest		63.739	341.756	61.964	(11.672)	0	0	0	0
Total of attributable profit		**18.343.796**	**7.542.282**	**11.173.669**	**1.734.211**	**13.058.809**	**1.519.709**	**8.839.004**	**418.801**
Comprehensive income attributable to:									
Group's interest		18.221.772	7.147.138	11.050.898	1.692.495	13.058.809	1.519.709	8.839.004	418.801
Non controlling interest		62.525	341.756	60.750	209.180	0	0	0	0
Total attributable comprehensive		**18.284.297**	**7.488.894**	**11.111.648**	**1.901.675**	**13.058.809**	**1.519.709**	**8.839.004**	**418.801**
Basic and diluted earnings per share		0,306	0,126	0,186	0,029	0,218	0,025	0,147	0,007

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			150.269			(150.269)	
Other comprehensive income (expenses)						(1.200.000)	**(1.200.000)**
Other comprehensive income (expenses)				(53.388)			**(53.388)**
Acquisition of new subsidiaries					2.480.753		**2.480.753**
Impact of IFRS 1 adoption						11.090.387	**11.090.387**
Net profit					341.756	7.200.526	**7.542.282**
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)				(49.787)			**(49.787)**
Dividends paid						(1.469.844)	**(1.469.844)**
Net profit					63.739	18.280.057	**18.343.796**
31 December 2011		**60.000.000**	**4.221.919**	**(103.175)**	**2.886.248**	**37.007.852**	**104.012.844**

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)**
Impact of IFRS 1 adoption						11.090.387	**11.090.387**
Net profit						1.519.709	**1.519.709**
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						13.058.809	13.058.809
31 December 2011		**60.000.000**	**4.221.919**			**27.745.102**	**91.967.021**

14.4. Cash flow statement

LTL

	The Group		The Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
OPERATING ACTIVITIES				
Profit before income tax	18.754.494	8.654.138	13.493.813	1.607.401
Adjustments for:				
Depreciation and amortization	22.094.762	20.761.399	14.080.639	13.833.463
Elimination of financial activity results	(317.607)	2.883.565	(4.918.910)	740.110
Loss (profit) on disposal of fixed assets	(110.719)	(38.945)	(110.479)	13.925
Loss (profit) on disposal of emission rights	(2.370.751)	(2.503.450)	(2.370.751)	(2.503.450)
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(95.231)	(79.969)	(95.231)	(79.969)
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	(626.650)		(673.810)	(1.691)
Property, plant and equipment impairment losses (reversal)	(84.247)	150.959	(84.247)	
TOTAL	**37.244.051**	**29.827.697**	**19.321.024**	**13.609.789**
Changes in current assets and liabilities:				
(Increase) decrease in other assets	378.874	(542.196)	117.547	48.329
Decrease (increase) in trade and other accounts receivables	2.603.546	(5.994.041)	5.809.689	(638.634)
Decrease (increase) in inventories	(5.499.059)	(4.028.409)	4.475.031	(892.193)
Increase (decrease) in trade and other accounts payable	62.862	9.656.213	(8.957.320)	8.290.985
TOTAL	**(2.453.777)**	**(908.433)**	**1.444.947**	**6.808.487**
Interest paid	(3.136.315)	(3.331.828)	(1.265.123)	(859.236)
Income tax paid	(1.239.594)	(1.471.673)	(204.650)	
NET cash from operating activities	**30.414.365**	**24.115.763**	**19.296.198**	**19.559.040**
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(31.709.869)	(18.356.653)	(25.117.302)	(15.897.292)
Transference of noncurrent assets and intangible assets to a subsidiary			27.514.099	
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		2.347.079	(32.592.000)	(343.923)
Proceeds on disposal noncurrent assets	200.495	37.898	200.212	37.898
Grants and subsidies received	321.771	7.609.944	321.771	7.609.944
Proceeds on disposal of emission rights	2.370.751	2.503.450	2.370.751	2.503.450
Interest received	317	1.475	3.612	119.125
Repayment of loans granted			10.000.000	(13.017.031)
Net cash (used in) investing activities	**(28.816.535)**	**(5.856.807)**	**(17.298.857)**	**(18.987.829)**
FINANCING ACTIVITIES				
Dividends paid	(1.469.844)	(997.809)	(1.200.000)	(997.809)
Repayments of loans and mortgages	(16.875.681)	(21.096.310)	(8.549.301)	(4.627.975)
Proceeds from loans and mortgages	20.745.826	10.420.729	20.545.826	10.420.729
Transference of proceeds from loans and mortgages to a subsidiary			(9.045.460)	
Repayments of finance lease liabilities	(3.241.958)	(5.668.532)	(3.419.578)	(5.163.545)
Transference of repayments of finance lease liabilities to a subsidiary			(618.782)	
Net cash (used in) financing activities	**(841.657)**	**(17.341.922)**	**(2.287.295)**	**(368.600)**
Net (decrease)/increase in cash	**756.173**	**917.034**	**(289.954)**	**202.611**
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	**2.134.808**	**1.378.635**	**71.238**	**361.192**

In 2011 Grigiskes 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 Grigiskes 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 Litas 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 Litas is pegged to Euro at the rate of 3.4528 Litas 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 ound.**). 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 then 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 depreciation[1], amortization[1], valuation of buildings[1], non-current employee benefits[1], impairment evaluation of goodwill[1] and other assets[1]. 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 31st of December 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	928.641	7.327.835	758.294	774.202	20.200.703	**29.989.675**
Asset revaluation effect	(367.151)	5.830.046	144.553	232.510		**5.839.958**
Disposals	(444.090)	(9.503.060)	(492.232)	(777.507)	(871.501)	**(12.088.390**
Transfers	4.039.578	17.175.785	(27.776)	(96.350)	(20.610.888)	**480.349**
Rate of exchange influence	84.446	(37.815)	1.729	(1.876)	736	**47.220**
31 December 2011	**79.729.276**	**177.859.123**	**5.880.751**	**4.467.597**	**16.058.641**	**283.995.388**
Accumulated depreciation and impairment						
31 December 2010	5.185.325	81.956.934	3.699.689	2.886.553		**93.728.501**
Depreciation	3.517.770	16.949.542	692.088	566.175		**21.725.575**
Impairment loss (reversal)	(6.250)	(77.997)				**(84.247)**
Disposals	(85.948)	(9.033.714)	(439.922)	(713.856)		**(10.273.440**
Transfers	(494.374)	1.025.128	(62.449)	12.048		**480.353**
Rate of exchange influence						
31 December 2011	**8.116.523**	**90.819.893**	**3.889.406**	**2.750.920**		**105.576.742**
Carrying amount						
31 December 2010	**70.302.527**	**75.109.398**	**1.796.494**	**1.450.065**	**17.339.591**	**165.998.075**
31 December 2011	**71.612.753**	**87.039.230**	**1.991.345**	**1.716.677**	**16.058.641**	**178.418.646**

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

On the 31st of December 2011, the part of the Group's property, plant and equipment with a carrying value of 78.077 thousand Litas (31 December 2010 – 94.522 thousand Litas) is pledged as a security for repayment of the loans granted by banks.

On the 31st of December 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	798.652	6.433.221	473.473	372.354	15.670.412	**23.748.112**
Asset revaluation effect	(367.151)	5.830.046	144.553	232.510		**5.839.958**
Disposals	(39.397)	(9.462.264)	(459.771)	(713.328)		**(10.674.760**
Transfer of a part of business	(16.517.084)	(34.313.890	(1.781.56	(1.026.57		**(53.639.112**
Transfers	3.919.275	12.842.708	(79.958)	15.974	(16.697.999)	
31 December 2011	**20.320.010**	**102.043.996**	**1.998.677**	**2.307.655**	**15.696.750**	**142.367.088**
Accumulated depreciation and impairment						
31 December 2010	3.048.748	71.980.132	2.644.856	2.774.874		**80.448.610**
Depreciation	1.672.867	11.311.721	475.123	306.003		**13.765.714**
Impairment loss (reversal)	(6.250)	(77.997)				**(84.247)**
Disposals	(39.395)	(9.015.063)	(439.923)	(709.022)		**(10.203.403**
Transfer of a part of business	(1.790.985)	(24.087.082	(1.413.91	(563.027)		**(27.855.005**
Transfers	272.517	(226.041)	(62.449)	15.973		
31 December 2011	**3.157.502**	**49.885.670**	**1.203.696**	**1.824.801**		**56.071.669**
Carrying amount						
31 December 2010	**29.476.967**	**48.734.043**	**1.057.084**	**651.849**	**16.724.337**	**96.644.280**
31 December 2011	**17.162.508**	**52.158.326**	**794.981**	**482.854**	**15.696.750**	**86.295.419**

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

On the 31st of December 2011, the part of the Company's property, plant and equipment with a carrying value of 17.118 thousand Litas (31 December 2010 – 32.990 thousand Litas) is pledged as a security for repayment of the loans granted by banks.

14.8. Investment property

On the 31st of December 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		
31 December 2011	**4.949.000**	**4.949.000**
Accumulated depreciation and impairment		
31 December 2010		
Depreciation	226.209	**226.209**
Impairment loss (reversal)		
Transfers		
31 December 2011	**226.209**	**226.209**
Carrying amount		
31 December 2010	**4.949.000**	**4.949.000**
31 December 2011	**4.722.791**	**4.722.791**

14.9. Intangible assets

On the 31st of December 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			272.629		1.769.337	**2.041.966**
Disposals			(8.776)			**(8.776)**
Transfers		4.550	60.857		(65.407)	
Reappraisal						
31 December 2011	**2.400.000**	**60.788**	**1.229.51**	**10.362.10**	**1.762.723**	**15.815.131**
Accumulated amortization						
31 December 2010	195.555	56.218	750.070		8.728	**1.010.571**
Amortization	26.667		112.587		3.724	**142.978**
Impairment loss/ (reversal)			(8.775)			**(8.775)**
Transfers		4.549	(4.549)			
31 December 2011	**222.222**	**60.767**	**849.333**		**12.452**	**1.144.774**
Carrying amount						
31 December 2010	**2.204.445**	**20**	**154.739**	**10.362.10**	**50.065**	**12.771.370**
31 December 2011	**2.177.778**	**21**	**380.186**	**10.362.10**	**1.750.271**	**14.670.357**

On the 31st of December 2011, the Group's land lease rights with a carrying value of 2.178 thousand Litas (31 December 2010 – 2.204 thousand Litas) are pledged as a security for repayment of the loan granted by banks.

On the 31st of December 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		166.567	1.741.578	**1.908.145**
Disposals		(8.776)		**(8.776)**
Transfer of a part of business			(1.729.992)	**(1.729.992)**
Transfers	4.550	33.098	(37.648)	
31 December 2011	**60.788**	**994.198**	**32.731**	**1.087.717**
Accumulated amortization				
31 December 2010	56.218	724.182	8.727	**789.127**
Amortization		84.992	3.724	**88.716**
Impairment loss/ (reversal)				
Disposals		(8.775)		**(8.775)**
Transfers	4.549	(4.549)		
31 December 2011	**60.767**	**795.850**	**12.451**	**869.068**
Carrying amount				
31 December 2010	**20**	**79.127**	**50.066**	**129.213**
31 December 2011	**21**	**198.348**	**20.280**	**218.649**

Amortization expenses have been included in administrative expenses.

14.10. Investments in subsidiaries

On the 31st of December 2011 investments in subsidiaries consisted of the following, LTL:

	The Company	
	31.12.2011	**31.12.2010**
Grigiškių energija UAB	5.000	
Ekotara UAB	10.000	10.000
AGR Prekyba UAB	10.343.923	343.923
Baltwood UAB	27.592.000	5.005.000
Total investments in subsidiaries	**37.950.923**	**5.358.923**

On December 31, 2011 Grigiškės AB and Baltwood UAB signed an agreement of transferring of the part of activities. Under this agreement Grigiškės AB transferred one of segments of Grigiškės AB activities – the production of wood fiber board – to 100% owned subsidiary Baltwood UAB, in exchange for newly issued shares of the subsidiary. After that the investments of Grigiškės AB in subsidiary Baltwood UAB increased by 22.587.000 LTL, up to 27.592.000 LTL. For more information read chapters *13.1 „Material events in the Issuer's activities"* and *13.2 „Newest events in the Issuer's activities"* of this interim information.

14.11. Trade and other receivables

On the 31st of December 2011 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Trades receivable	26.539.104	31.042.163	14.970.936	17.586.263
Other receivable	4.148.203	2.351.722	1.015.025	1.279.754
	30.687.307	**33.393.885**	**15.985.961**	**18.866.017**
Less: allowance for doubtful amounts receivable	(409.782)	(1.036.432)	(154.113)	(827.923)
Total amounts receivable within one year:	**30.277.525**	**32.357.453**	**15.831.848**	**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	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
On the 1st of January	**1.036.432**	**885.473**	**827.923**	**829.614**
Newly acquired subsidiaries' allowance	47.160	208.509		
Change for the year				
Reversal of allowance	(673.810)	(57.550)	(673.810)	(1.691)
At the end of the period	**409.782**	**1.036.432**	**154.113**	**827.923**

14.12. Cash and cash equivalents

On the 31st of December 2011 cash and cash equivalents consisted of the following:

	The Group		The Company	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Cash at bank	2.097.059	1.339.035	43.517	332.429
Cash on hand	37.749	39.600	27.721	28.763
Total	**2.134.808**	**1.378.635**	**71.238**	**361.192**

14.13. Inventories

On the 31st of December 2011 inventories consisted of the following:

	The Group		The Company	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Materials	9.680.004	7.729.979	2.727.646	3.505.847
Work in progress	5.359.754	4.005.095	1.757.314	2.479.607
Finished goods	10.943.878	8.571.378	1.861.285	4.835.824
Goods in transit		178.127		
	25.983.636	**20.484.579**	**6.346.245**	**10.821.278**
Less: write-down to net realizable value	(765.436)	(860.669)	(765.436)	(860.669)
Total	**25.218.200**	**19.623.910**	**5.580.809**	**9.960.609**

On the 31st of December 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).

14.14. Share capital and legal reserve

On the 31st of December 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 31st of December 2011 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	29.839.973	49,7
Lithuanian individuals	21.827.685	36,4
Foreign legal entities	8.124.108	13,5
Foreign individuals	208.234	0,4
Total	**60.000.000**	**100,0**

On the 31st of December 2011 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	51.667.658	86,1
USA	6.012.266	10,0
Sweden	1.807.490	3,0
other countries	512.586	0,9
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.

14.15. Loans and mortgages

	The Group		The Company	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
The loans and mortgages are repayable as				
Within one year	28.460.680	22.724.791	9.637.793	11.789.141
In the second year	19.361.439	11.286.502	12.411.476	4.318.344
In the third to fifth years inclusive	41.871.705	51.812.386	3.838.517	6.829.236
	89.693.824	**85.823.679**	**25.887.786**	**22.936.721**
Less: amount due for settlement within one year	(28.460.680)	(22.724.791)	(9.637.793)	(11.789.141)
Amount due for settlement after one year	**61.233.144**	**63.098.888**	**16.249.993**	**11.147.580**

14.16. Trade and other payables

	The Group		The Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Trade payables	32.674.141	31.524.025	13.031.364	20.143.153
Taxes, salaries and social insurance payable	5.363.568	4.754.736	1.900.804	2.038.276
Advances paid	1.412.798	885.715	105.793	196.772
Other payables	3.271.286	3.889.784	1.696.404	2.409.904
Total	**42.721.793**	**41.054.260**	**16.734.365**	**24.788.105**

14.17. Other operating income

	The Group		The Company	
	01.01.2011-31.12.2011	01.01.2010-31.12.2010	01.01.2011-31.12.2011	01.01.2010-31.12.2010
Gain from disposal of emission rights	2.370.751	2.253.450	2.370.751	2.503.450
Rent income	683.730	408.800	683.730	545.796
Gain from disposal of fixed assets	110.719	43.953	110.479	4.923
Proceeds from the sale of low-value inventory				892.889
The reversal of inventory written off, scrap recognition	341.784	259.564	185.004	376.588
Insurance compensation	32.286	2.360		6.463
Write off of accounts payables		13.847		
Other income	363.233	1.086.987	449.986	
Total	**3.902.503**	**4.068.961**	**3.799.950**	**4.330.109**

14.18. Other operating expenses

	The Group		The Company	
	01.01.2011-31.12.2011	01.01.2010-31.12.2010	01.01.2011-31.12.2011	01.01.2010-31.12.2010
Rent expenses	169.662	119.217	169.662	143.100
Other expenses	82.680	583.798	61.863	7.824
Total	**252.342**	**703.015**	**231.525**	**150.924**

14.19. Off balance articles

Emission rights movement for 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	(49.021)	(13.985)
Sale of emission rights	(70.000)	(70.000)
30 September 2011	**(19.510)**	**(15.989)**

14.20. Court and arbitration proceedings

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