CONFIRMATION OF RESPONSIBLE PERSONS

Pursuing Part 2 of Article 21 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Central bank of the Republic of Lithuania for preparation and announcement of periodical and supplementary information, we, the undersigned – President Gintautas Pangonis and Vice President for finance Nina Šilerienė approve that financial statements of AB Grigeo Grigiškės for the year 2015, 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 cash flows, and also that the consolidated annual report for the year 2015 shows fair business environment as well as descriptions of the company's performance and principal risks and uncertainties faced by consolidated companies.

President of AB Grigeo Grigiškės	Gintautas Pangonis
Vice President for finance of AB Grigeo Grigiškės	Nina Šilerienė

Grigeo Grigiškės AB

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015,
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONTENTS

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Independent Auditor's Report

To the Shareholders of Grigeo Grigiškės AB

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of Grigeo Grigiškės AB ("the Company"), which comprise the separate statement of financial position as at 31 December 2015, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5–58. We have also audited the accompanying consolidated financial statements of Grigeo Grigiškės AB and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5–58.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements (hereinafter "the financial statements") in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether these financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of these financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's and Group's preparation and fair presentation of these financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by Company's and Group's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the separate financial statements give a true and fair view of the unconsolidated financial position of Grigeo Grigiškės AB as at 31 December 2015, and of its unconsolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Grigeo Grigiškės AB and its subsidiaries as at 31 December 2015, and of the consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated annual report of Grigeo Grigiškės AB for the year ended 31 December 2015, set out on pages 59–100 of the financial statements, and have not identified any material inconsistencies between the financial information included in the annual report and the financial statements of Grigeo Grigiškės AB for the year ended 31 December 2015.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Rūta Kupinienė
Certified Auditor

Vilnius, the Republic of Lithuania
1 April 2016

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
ASSETS					
Non-current assets					
Property, plant and equipment	4	76,632,995	70,234,803	44,214,480	41,842,072
Investment property	6	834,983	865,565	834,983	865,565
Intangible assets	5	3,993,666	4,325,758	254,265	352,680
Investments into subsidiaries	1	-	-	11,803,731	11,803,731
Investments into other companies	1	28,962	28,962	28,962	28,962
Non-current receivables	8	459,037	480,538	951,338	1,537,966
Deferred income tax assets	23	-	-	393,700	162,715
Total non-current assets		**81,949,643**	**75,935,626**	**58,481,459**	**56,593,691**
Current assets					
Inventories	7	10,116,683	7,794,257	5,288,538	3,273,689
Accounts receivable	8	12,332,335	10,842,863	6,517,611	6,160,099
Other current assets		191,337	228,805	117,481	131,313
Current tax assets		7,488	17,739	-	-
Cash and cash equivalents	9	760,322	1,406,207	12,261	302,841
Total current assets		**23,408,165**	**20,289,871**	**11,935,891**	**9,867,942**
TOTAL ASSETS		**105,357,808**	**96,225,497**	**70,417,350**	**66,461,633**

(cont'd on the next page)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Notes	Group		Company	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
EQUITY AND LIABILITIES					
Equity					
Share capital	10	19,053,000	19,028,035	19,053,000	19,028,035
Share premium	10	1,118,906	1,118,906	1,118,906	1,118,906
Legal reserve	10	1,807,949	1,638,100	1,807,949	1,638,100
Foreign currency translation reserve		(1,925,635)	(1,480,198)	-	-
Retained earnings		26,721,855	20,474,314	15,261,790	13,895,531
Equity attributable to equity holders of the parent		**46,776,075**	**40,779,157**	**37,241,645**	**35,680,572**
Non-controlling interests		673,968	626,283	-	-
Total equity		**47,450,043**	**41,405,440**	**37,241,645**	**35,680,572**
Liabilities					
Non-current liabilities					
Grants and subsidies	12	4,484,121	5,252,281	2,983,606	3,457,467
Non-current borrowings	13	23,546,527	19,316,792	11,375,970	7,465,142
Finance lease obligations	14	598,557	691,593	238,490	314,817
Loans from subsidiaries		-	-	3,185,820	1,303,290
Deferred income tax liability	23	186,216	504,756	-	-
Non-current employee benefits	15	163,263	196,999	92,855	98,925
Long-term trade payables and other non-current liabilities		-	124,194	126,449	33,163
Total non-current liabilities		**28,978,684**	**26,086,615**	**18,003,190**	**12,672,804**
Current liabilities					
Current portion of long term loans	13	7,206,754	7,638,138	3,847,734	5,020,502
Current borrowings	13	3,196,401	2,590,110	2,407,179	1,487,853
Current portion of finance lease obligations	14	610,633	592,037	333,841	331,117
Loans from subsidiaries		-	-	-	1,158,480
Income tax payable		454,661	338,044	56,182	58,122
Trade and other payables	16	17,460,632	17,575,113	8,527,579	10,052,183
Total current liabilities		**28,929,081**	**28,733,442**	**15,172,515**	**18,108,257**
Total liabilities		**57,907,765**	**54,820,058**	**33,175,705**	**30,781,061**
TOTAL EQUITY AND LIABILITIES		**105,357,808**	**96,225,497**	**70,417,350**	**66,461,633**

The accompanying notes are an integral part of these financial statements.
The financial statements were approved by the management on 1 April 2016 and signed on its behalf by:

Gintautas Pangonis
President

Nina Šilerienė
Vice President, Finance

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Company	
		2015	**2014**	**2015**	**2014**
Revenue	17	103,295,133	99,530,042	54,116,780	48,400,499
Cost of sales		(82,811,912)	(81,122,776)	(45,220,527)	(39,991,957)
Gross profit		**20,483,221**	**18,407,266**	**8,896,253**	**8,408,542**
Other operating income	18	1,459,710	1,241,035	1,073,904	953,386
Selling and distribution expenses	20	(8,443,682)	(7,481,854)	(4,711,204)	(3,461,980)
General and administrative expenses	21	(4,460,412)	(4,314,693)	(2,094,096)	(1,942,875)
Other operating expenses	19	(92,799)	(255,347)	(239,814)	(251,806)
Profit from operations		**8,946,038**	**7,903,729**	**2,925,043**	**3,705,267**
Finance income	22	15,385	72,441	280,401	52,730
Finance expenses	22	(522,884)	(481,941)	(308,908)	(201,804)
Profit before income tax		**8,438,539**	**7,494,229**	**2,896,536**	**3,556,193**
Income tax	23	(560,074)	(626,510)	(46,428)	(159,216)
NET PROFIT		**7,878,465**	**6,867,719**	**2,850,108**	**3,396,977**
Other comprehensive income					
Items that will never be reclassified to profit or loss		**-**	**-**	**-**	**-**
Items that are or may be reclassified to profit or loss		**(454,879)**	**(1,226,203)**	**-**	**-**
Exchange differences on translation of foreign operations		(454,879)	(1,226,203)	-	-
Total comprehensive income for the year, net of tax		**7,423,586**	**5,641,516**	**2,850,108**	**3,396,977**
Profit attributable to:					
The shareholders of the Company		7,731,390	6,787,820	**2,850,108**	**3,396,977**
Non-controlling interests		147,075	79,899	-	-
		7,878,465	**6,867,719**	**2,850,108**	**3,396,977**
Total comprehensive income attributable to:					
The shareholders of the Company		7,285,953	5,586,552	2,850,108	3,396,977
Non-controlling interests		137,633	54,964	-	-
		7,423,586	**5,641,516**	**2,850,108**	**3,396,977**
Basic and diluted earnings per share	24	**0.12**	**0.10**	**0.04**	**0.05**

The accompanying notes are an integral part of these financial statements.
The financial statements were approved by the management on 1 April 2016 and signed on its behalf by:

Gintautas Pangonis
President

Nina Šilerienė
Vice President, Finance

STATEMENTS OF CHANGES IN EQUITY

Group	Equity attributable to equity holders of the parent						Non-controlling interest	Total equity:
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Retained earnings	Total:		
Balance as at 31 December 2013	**19,028,035**	**1,118,906**	**1,541,579**	**(278,930)**	**14,738,757**	**36,148,347**	**629,218**	**36,777,565**
Net profit for the year	-	-	-	-	6,787,820	6,787,820	79,899	6,867,719
Other comprehensive income (expenses)	-	-	-	(1,201,268)	-	(1,201,268)	(24,935)	(1,226,203)
Total comprehensive income (expenses)	**-**	**-**	**-**	**(1,201,268)**	**6,787,820**	**5,586,552**	**54,964**	**5,641,516**
Change in NCI	-	-	-	-	(4,340)	(4,340)	(10,807)	(15,147)
Transfer to legal reserve	-	-	96,521	-	(96,521)	-	-	-
Dividends approved (Note 25)	-	-	-	-	(951,402)	(951,402)	(47,092)	(998,494)
Transactions with owners of the Company	**-**	**-**	**96,521**	**-**	**(1,052,263)**	**(955,742)**	**(57,899)**	**(1,013,641)**
Balance as at 31 December 2014	**19,028,035**	**1,118,906**	**1,638,100**	**(1,480,198)**	**20,474,314**	**40,779,157**	**626,283**	**41,405,440**
Net profit for the year	-	-	-	-	7,731,390	7,731,390	147,075	7,878,465
Other comprehensive income (expenses)	-	-	-	(445,437)	-	(445,437)	(9,442)	(454,879)
Total comprehensive income (expenses)	**-**	**-**	**-**	**(445,437)**	**7,731,390**	**7,285,953**	**137,633**	**7,423,586**
Recalculation of the share capital to EUR	24,965	-	-	-	-	24,965	-	**24,965**
Transfer to legal reserve	-	-	169,849	-	(169,849)	-	-	-
Dividends approved (Note 25)	-	-	-	-	(1,314,000)	(1,314,000)	(89,948)	(1,403,948)
Transactions with owners of the Company	**24.965**	**-**	**169,849**	**-**	**(1,483,849)**	**(1,289,035)**	**(89,948)**	**(1,378,983)**
Balance as at 31 December 2015	**19,053,000**	**1,118,906**	**1,807,949**	**(1,925,635)**	**26,721,855**	**46,776,075**	**673,968**	**47,450,043**

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share capital	Share premium	Legal reserve	Retained earnings	Total equity:
Balance as at 31 December 2013	**19,028,035**	**1,118,906**	**1,541,579**	**11,546,477**	**33,234,997**
Net profit for the year	-	-	-	3,396,977	3,396,977
Other comprehensive income (expenses)	-	-	-	-	-
Total comprehensive income (expense)	**-**	**-**	**-**	**3,396,977**	**3,396,977**
Issue of ordinary shares	-	-	-	-	-
Dividends approved (Note 25)	-	-	-	(951,402)	(951,402)
Transfer to legal reserve	-	-	96,521	(96,521)	-
Transactions with owners of the Company	**-**	**-**	**96,521**	**(1,047,923)**	**(951,402)**
Balance as at 31 December 2014	**19,028,035**	**1,118,906**	**1,638,100**	**13,895,531**	**35,680,572**
Net profit for the year	-	-	-	2,850,108	2,850,108
Other comprehensive income (expenses)	-	-	-	-	-
Total comprehensive income (expense)	**-**	**-**	**-**	**2,850,108**	**2,850,108**
Recalculation of the share capital to EUR	24,965	-	-	-	24,965
Dividends approved (Note 25)	-	-	-	(1,314,000)	(1,314,000)
Transfer to legal reserve	-	-	169,849	(169,849)	-
Transactions with owners of the Company	**24,965**	**-**	**169,849**	**(1,483,849)**	**(1,289,035)**
Balance as at 31 December 2015	**19,053,000**	**1,118,906**	**1,807,949**	**15,261,790**	**37,241,645**

The accompanying notes are an integral part of these financial statements.
The financial statements were approved by the management on 1 April 2016 and signed on its behalf by:

Gintautas Pangonis
President

Nina Šilerienė
Vice President, Finance

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		2015	2014 (restated)	2015	2014 (restated)
Cash flows from (to) operating activities					
Profit before income tax		8,438,539	7,494,229	2,896,536	3,556,193
Adjustments for non-cash items					
Depreciation and amortisation net of grants		9,365,190	7,953,699	5,497,498	4,341,463
Elimination of finance (income) expenses	22	(380)	409,499	28,124	149,074
Loss (gain) on disposal and write-off of property, plant and equipment		(48,954)	(119,616)	(31,065)	(74,430)
Loss (profit) on disposal of emission rights		(624,034)	(602,500)	(624,034)	(602,500)
Property, plant and equipment impairment losses (reversal)		-	(906)	-	(906)
Allowance for doubtful accounts receivable (reversal)	8	(35,474)	114,187	(26,135)	(14,053)
		17,094,887	**15,248,592**	**7,740,924**	**7,354,841**
Changes in working capital					
(Increase) decrease in trade and other receivables		(1,432,497)	504,393	(761,246)	(907,066)
(Increase) decrease in inventories		(2,183,564)	(201,334)	(2,163,720)	29,003
(Increase) decrease in other assets		37,468	(24,903)	510,579	(44,186)
Increase (decrease) in trade and other payables		(179,180)	(1,118,741)	(793,425)	1,667,359
		(3,757,773)	**(840,585)**	**(3,207,812)**	**745.110**
Interest (paid)		(566,150)	(457,963)	(294,117)	(142,249)
Income tax (paid)		(382,267)	8,356	(134,862)	-
Net cash flows from (to) operating activities		**12,388,697**	**13,958,400**	**4,104,133**	**7,957,702**

(cont'd on the next page)

STATEMENTS OF CASH FLOWS (CONT'D)

	No-tes	Group		Company	
		2015	2014	2015	2014
Cash flows from (to) investing activities					
(Acquisition) of property, plant and equipment and intangible assets	4, 5	(15,975,570)	(20,514,434)	(8,505,123)	(13,289,798)
(Acquisition) of other investments		-	(28,962)	-	(28,962)
Proceeds from sale of property, plant and equipment		107,828	169,442	37,346	74,432
Grants and subsidies received	12	37,333	1,636,564	37,333	1,227,840
Proceeds from disposal of emission allowances		676,700	602,500	676,700	602,500
Dividends received		-	-	228.243	-
Loans repaid (granted) to related companies		-	-	579,240	(796,455)
Net cash flows (to) investing activities		**(15,153,709)**	**(18,134,890)**	**(6,948,261)**	**(12,210,443)**
Cash flows from (to) financing activities					
Dividends (paid)		(1,438,320)	(998,493)	(1,368,331)	(951,402)
Loans (repaid)		(5,577,428)	(3,266,294)	(3,147,940)	(1,150,632)
Proceeds from borrowings		9,375,779	9,555,065	5,886,000	6,479,408
Received (repaid) credit lines		606,291	117,273	919,326	(870,909)
Loans received from subsidiaries and related companies		-	-	724,050	1,303,290
Finance lease (payments)		(847,195)	(547,201)	(459,557)	(337,717)
Net cash flows from financing activities		**2,119,127**	**4,860,350**	**2,553,548**	**4,472,038**
Net increase (decrease) in cash and cash equivalents		**(645,885)**	**683,860**	**(290,580)**	**219,297**
Cash and cash equivalents at the beginning of the year		**1,406,207**	**722,347**	**302,841**	**83,544**
Cash and cash equivalents at the end of the year		**760,322**	**1,406,207**	**12,261**	**302,841**
Supplemental information of cash flows:					
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		732,667	848,612	375,260	127,293
Liability for property, plant and equipment outstanding as at year end		3,864,685	3,923,652	2,645,980	3,131,117

The accompanying notes are an integral part of these financial statements.
The financial statements were approved by the management on 1 April 2016 and signed on its behalf by:

Gintautas Pangonis
President

Nina Šilerienė
Vice President, Finance

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Grigeo Grigiškės AB (hereinafter referred to as the Company) is a public limited liability company registered in the Republic of Lithuania on 23 May 1991. The Company is engaged in production of toilet paper, paper towels, paper napkins, corrugated cardboard and products from corrugated cardboard. Paper mill in GRIGIŠKĖS was established in 1823.

The address of the Company's registered office is as follows: Vilniaus St. 10, Grigiškės, Vilnius Mun., Lithuania.

Shares of the Company are included into the Baltic Main List of NASDAQ OMX Vilnius Stock Exchange (ISIN Code of the shares is LT0000102030). Trading Code of the shares on NASDAQ OMX Vilnius Stock Exchange is GRG1L.

On 16 October 2015 the amended Articles of Association of Grigeo Grigiškės AB were registered with the Register of Legal Entities. From that day, the new Company's name is Grigeo Grigiškės AB, the nominal value of one share of the Company is EUR 0.29 (twenty nine cents) and the amount of the authorized capital of the Company is EUR 19,053,000 (nineteen million fifty three thousand euro).

As at 31 December 2015, the number of employees of the Group was 792 (as at 31 December 2014 – 814). As at 31 December 2015, the number of employees of the Company was 348 (as at 31 December 2014 – 336).

Structure of the Group

As at 31 December 2015 and 2014 Grigeo Grigiškės AB group consists of Grigeo Grigiškės AB and the following subsidiaries (hereinafter referred to as the Group):

Name	2015				2014		Address	Principal activity
	Share of the stock held by the Group	Size of investment (cost)	Profit (loss) for the reporting period	Equity at the end of the reporting period (100%)	Share of the stock held by the Group	Size of investment (cost)		
Subsidiaries directly controlled by the Company:								
UAB Grigeo Baltwood	100%	7,991,196	1,504,845	11,039,195	100%	7,991,196	Vilniaus St. 10, Grigiškės, Vilnius Mun., Lithuania	Wood processing: production of hardboards and coloured hardboards of wood fibre.
UAB Ekotara	100%	2,896	-	2,896	100%	2,896	Vilniaus St. 10, Grigiškės, Vilnius Mun., Lithuania	Corrugated board and packaging from corrugated board manufacturing. No operations in 2015 and 2014.
UAB Naujieji Verkiai	100%	-	1,793	(14,023)	100%	-	Popieriaus St. 15, Vilnius, Lithuania	Building and development of real estate.
UAB AGR Prekyba	100%	3,806,743	1,984,568	9,126,911	100%	3,806,743	Vilniaus St. 10, Grigiškės, Vilnius Mun., Lithuania	Investment activities and corporate governance.
UAB Grigiškių Energija	100%	2,896	-	33	100%	2,896	Vilniaus St. 14, Grigiškės, Vilnius Mun., Lithuania	Heat production and sale. No operations in 2015 and 2014.
Total		**11,803,731**				**11,803,731**		

1. General information (cont'd)

Name	2015				2014		Address	Principal activity
	Share of the stock held by the Group	Size of investment (cost)	Profit (loss) for the reporting period	Equity at the end of reporting period (100%)	Share of the stock held by the Group	Size of investment (cost)		
Subsidiaries indirectly controlled by the Company:								
AB Grigeo Klaipėdos Kartonas	95.78%	-	3,750,073	16,978,171	95.78%	-	Nemuno St. 2, Klaipėda, Lithuania	Manufacturing of raw materials for production of corrugated board – test liner and fluting, production of paper honeycomb used in furniture industry.
UAB Grigeo Recycling	95.78%	-	(269,125)	65,559	94.18%	-	Vilniaus St. 10, Grigiškės, Vilnius Mun., Lithuania	Waste-paper procurement.
PAT Mena Pak	93.79%	-	5,047	1,256,943	93.79%	-	Koshevovo St. 6, Chernigovo distr., Mena, Ukraine	Corrugated board and packaging from corrugated board manufacturing.

Changes in the Group in 2015 and 2014

There were no significant changes in the Group in 2015 and 2014.

2. Accounting policies

2.1. Basis of preparation

The financial statements of the Group and the Company are prepared in accordance with International Financial Reporting Standards effective as at 31 December 2015 that have been adopted for use in the European Union.

These financial statements have been prepared on a historical cost basis.

The Company's management authorised these financial statements on 1 April 2016. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

Changes in accounting policies

Except for the changes below, and except for the reclassifications made to the separate and consolidated cash flow statements, as explained in Note "Presentation changes", the Group and the Company have consistently applied the accounting policies set out in Note 2 to all periods presented in these consolidated and separate financial statements.

The Group and the Company have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

The following new standards and amendments with the effective date of 1 January 2015 did not have any impact on these separate and consolidated financial statements:

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

2. Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

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

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

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

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

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

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

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

The Group and the Company expect that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group and the Company.

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

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

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

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

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

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

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

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

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

2. Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

Standards, interpretations and amendments to published standards that are not yet effective (cont'd)

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

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

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

(vii) Annual improvements to IFRSs

The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the financial statements of the Group and the Company.

Changes of presentation

The Group and the Company changed the presentation of separate and consolidated statements of cash flows for the year 2014. Debts for non-current assets are shown under investing activities as acquisition of property, plant and equipment and intangible assets instead of being shown as decrease in trade and other receivables under operating activities. Loans granted to subsidiaries and loans repaid by subsidiaries are shown as loans repaid (granted) to subsidiaries under investing activities instead of showing them as decrease in trade and other receivables under operating activities.

Changes of presentation were as follows:

	Group			Company		
	2014	Adjustment	2014 (restated)	2014	Adjustment	2014 (restated)
Net cash flow from (to) operating activities	12,885,543	1,072,857	13,958,400	9,203,089	(1,245,387)	7,957,702
Net cash flow from (to) investing activities	(17,062,033)	(1,072,857)	(18,134,890)	(13,455,830)	1,245,387	(12,210,443)
Net cash flow from (to) financing activities	4,860,350		4,860,350	4,472,038		4,472,038
Net increase (decrease) in cash flow	**683,860**		**683,860**	**219,297**		**219,297**
Cash and cash equivalents at the beginning of the year	**722,347**		**722,347**	**83,544**		**83,544**
Cash and cash equivalents at the end of the year	**1,406,207**		**1,406,207**	**302,841**		**302,841**

2.2. Going concern

These financial statements for the year ended 31 December 2015 have been prepared under the assumption that the Group and the Company will continue as a going concern.

2. Accounting policies (cont'd)

2.3. Basis of consolidation

The consolidated financial statements of the Group include Grigeo Grigiškės AB and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company or the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

2.4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units (refer to Note 2.24).

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.

2. Accounting policies (cont'd)

2.5. Measurement and presentation currency

On 1 January 2015 the Republic of Lithuania joined the euro zone and the Lithuanian national currency litas was replaced by the euro. As a result, Grigeo Grigiškės AB converted its financial accounting to euros as from 1 January 2015 and the financial statements for subsequent years will be prepared and presented in euros. The comparative information of the previous periods was translated into euros using the official exchange rate of LTL 3.4528 to EUR 1. As a result of conversion, the Company incurred expenses of EUR 25 thousand, which were mainly related to the recalculation of the size of authorized capital.

The amounts shown in these financial statements are presented in euro, unless otherwise stated.

The functional currency of the Company and its subsidiaries operating in Lithuania is euro. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign subsidiaries are translated into euro at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on this translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in the statement of comprehensive income.

2.6. Investments in subsidiaries (the Company)

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

At the end of 2011 the Company transferred a segment of its operations to one of its 100% subsidiaries. From the point of view of separate financial statements of Grigeo Grigiškės AB, this is in-kind contribution to the existing subsidiary. There is no guidance under IFRS on how to account for business contributions by the parent in its separate financial statements.

The Company made a decision to determine an appropriate accounting treatment. The policy followed was to recognise an increased investment in the subsidiary based on the fair value of the additional shares received and therefore recognise a gain/loss on disposal of the net assets of the segment transferred to the subsidiary (measured as the difference between fair value of shares received and the carrying values of the assets transferred).

2.7. Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is stated at fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite.

After initial recognition, intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives:

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

2. Accounting policies (cont'd)

2.7. Intangible assets other than goodwill (cont'd)

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.

2.8. Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost – see below) less accumulated depreciation and impairment losses.

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

As at 31 December 2010, according to the exception available under IFRS 1, part of buildings, acquired before 1 January 1996, were measured at fair values, determined as at that date by independent property valuer, and these values were used as deemed cost at that date.

After 31 December 2010 all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

2. Accounting policies (cont'd)

2.9. Investment property

Investment property, including part of buildings and structures, is held for earning rentals and / or for capital appreciation rather than for use in the production, provision of services, or for administration purposes or sale.

Investment property is stated at historical cost less accumulated depreciation and adjusted for impairment loss, if any. Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life: 10–50 years.

Transfers to and from investment property are made only when there is an evidence of change in an asset's use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value of investment property at the date of change in use. If owner-occupied property becomes an investment property the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The deemed cost for subsequent investment property accounting is the carrying value at the time of assets' transfer.

2.10. Emission allowances

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase ran for the three-year period from 2005 to 2007; the second runs for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period; the third – for 8 years from 2013 to 2020. The scheme works on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme; this cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tonnes of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

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

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

The Company and the Group apply a net liability approach in accounting for the emission allowances received. It records the emission allowances granted to it at a nominal (nil) amount. When actual emissions exceed allocated emission allowances, the obligation of purchasing additional allowances is recognized as a provision measured at the market value of the allowances as at the reporting date. The Company and the Group have chosen a system that measures deficits on the basis of an annual allocation of emission allowances.

The outright sale of emission allowances is recorded as a sale at the fair value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit an additional liability is recognised in the statement of financial position.

2.11. Borrowing costs

Borrowing costs are interest and other costs that the Company and the Group incur in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as costs when incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

2. Accounting policies (cont'd)

2.11. Borrowing costs (cont'd)

Borrowing costs may include:
- interest expense calculated using the effective interest,
- finance charges in respect of finance leases and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

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

2.12. Financial assets

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

Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in statement of comprehensive income.

The Group and the Company do not have any financial instruments at fair value through profit or loss as at 31 December 2015 and 2014.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group / the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

The Group and the Company do not have any held-to-maturity investments as at 31 December 2015 and 2014.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Allowance for doubtful receivables is evaluated when the indications leading to the impairment of accounts receivable are noticed and the carrying amount of the receivable is reduced through use of an allowance account – refer to Note 2.25 for measurement of impairment losses. Impaired debts are derecognised (written off) when they are assessed as uncollectible.

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

2. Accounting policies (cont'd)

2.12. Financial assets (cont'd)

Available-for-sale financial assets

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

The Group and the Company do not have any available for sale financial assets as at 31 December 2015 and 2014.

2.13. Offsetting financial assets and financial liabilities

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

2.14. 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.

2.15. Inventories

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

2. Accounting policies (cont'd)

2.16. 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.

2.17. 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.

2.18. Finance lease and operating lease

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

Finance lease – Group and the Company as a lessee

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases.

The Group and the Company recognise finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate of finance lease payment, when it is possible to determine it, in other cases, Company's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the Group's and the Company's statement of comprehensive income for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than lease term, unless the Group or the Company, according to the lease contract, gets transferred their ownership after the lease term is over.

Operating lease – the Group and the Company as lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is an operating lease and the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

2. Accounting policies (cont'd)

2.18. Finance lease and operating lease (cont'd)

Operating lease – the Group and the Company as lessor

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

2.19. Non-current employee benefits

According to the requirements of Lithuanian Labour Code, each employee leaving the Group or the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.

The past service costs are recognised as an expense on a straight-line basis in profit or loss immediately after the assessment of such liability. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

2.20. Financial guarantee contracts

Financial guarantees provided for the liabilities of the sister companies (i.e. companies controlled by the same parent) during the initial recognition are accounted at estimated fair value as distribution to shareholder and financial liability in the balance sheet.

Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the sister company's financial liability to the bank. If there is a possibility that the sister company may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2.21. Grants and subsidies

Grants and subsidies (hereinafter "grants") intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the asset related grants is recognised in profit and loss gradually according to the depreciation rate of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.22. Trade and other payable

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

The nominal or cost value of the other payables is assumed to appropriate their fair value, if these are current liabilities.

2. Accounting policies (cont'd)

2.23. Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and Ukraine.

Income tax rate of 15% has been introduced starting from 1 January 2010 for companies operating in the Republic of Lithuania. Standard income tax rate in Ukraine for the year 2015 was 18% (2014 – 18%).

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments and for the losses accumulated in the Ukrainian company (under the Ukrainian law, losses can be carried forward for 4 years). Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

From 2014 tax losses carried forward shall not exceed 70 percent of the taxable profit of a taxable period according to Lithuanian laws.

Deferred taxes are calculated using the liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

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

2.24. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from services is recognised when services are rendered.

Dividend income from subsidiaries is recognised in the Company's stand-alone financial statements when the dividends are declared by the subsidiary.

Interest income is recognised on an accrual basis (using the effective interest rate). Interest income is included in financial and investing activities result in statement of comprehensive income.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

2. Accounting policies (cont'd)

2.25. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each date of the statement of financial position.

For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the statement of profit or loss. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of profit or loss. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment of non-financial assets

Non-financial assets, except for goodwill, inventories and deferred tax, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of profit or loss as the impairment loss. An impairment loss of the goodwill is recognised in the statement of profit or loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.26. Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Notes 2.8, 2.9, 4, 6), amortisation (Note 2.7 and Note 5), impairment of buildings (Note 2.8, Note 4), non-current employee benefits (Note 2.19 and Note 15), impairment evaluation of goodwill (Note 2.4, Note 5), recognition of deferred income tax asset (Note 2.23, Note 23), and impairment evaluation of other assets (Note 2.25, Note 8). Future events may occur which will cause the assumptions used in arriving at the estimates to change. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.27. Fair value measurement

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

2. Accounting policies (cont'd)

2.27. Fair value measurement (cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability:

Note 6 – Investment property
Note 3 – Financial instruments – fair values and risk management

2.28. Contingencies

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

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

2.29. 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.

3. Financial instruments – fair values and risk management

The Group and the Company are exposed to the financial risk in their operations, i.e. credit risk, liquidity risk and market risk (foreign currency risk, interest rate risk). To manage these risks, the Group and the Company seek to minimize potential adverse effects which could negatively impact the financial performance of the Group and the Company.

Credit risk

The Group and the Company do not have any significant concentration of trading counterparties. The Group's receivables from two major customers as at 31 December 2015 amounted to 8.6% and 9.9% respectively (16.65% and 0.98% as at 31 December 2014) of the total Group's trade receivables. The Company's receivables from two major customers as at 31 December 2015 amounted to 0% (paid) and 17.6% respectively (24.51% and 2.01% as at 31 December 2014) of the total Company's trade receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, consequently, the Company's management considers that its maximum exposure is reflected by the amount of current and non-current trade and other receivables, net of allowance for doubtful accounts and cash and cash equivalents recognised at the date of the statement of financial position. Credit risk or risk that a counterparty will not fulfil its obligations, is controlled by credit terms and monitoring procedures, using services of external credit insurance and debt recovery agencies.

3. Financial instruments – fair values and risk management (cont'd)

Credit risk (cont'd)

The Group's and the Company's trade debtors ageing analysis is provided in Note 8.

The maximum exposure to credit risk of the Group's and the Company's cash and cash equivalents is equal to the fair value of cash and cash equivalents classified as cash and cash equivalents at the date of the preparation of the statements of financial position. The management of the Group and the Company considers that the risk arising from placement of cash and cash equivalents at bank accounts and other short-term financial instruments is not significant, as placements are made only in commercial banks in Lithuania, which have high credit ratings.

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing borrowings	-	1,977,764	8,922,241	24,107,229	-	35,007,234	33,949,682
Finance lease obligations	-	178,238	446,032	605,736	-	1,230,006	1,209,190
Trade payables	-	14,642,216	481,210	-	-	15,123,426	15,123,426
Other current liabilities	312,380	386,733	-	-	-	699,113	699,113
Balance as at 31 December 2015	**312,380**	**17,184,951**	**9,849,483**	**24,712,965**	-	**52,059,779**	**50,981,411**
Interest bearing borrowings	-	2,015,602	8,832,644	18,186,945	1,880,675	30,915,866	29,545,041
Finance lease obligations	-	184,441	424,376	704,154	-	1,312,971	1,283,630
Trade payables	-	15,410,685	-	-	-	15,410,685	15,410,685
Other current liabilities	342,824	245,238	-	-	-	588,063	588,062
Balance as at 31 December 2014	**342,824**	**17,855,966**	**9,257,020**	**18,891,099**	**1,880,675**	**48,227,585**	**46,827,418**

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing borrowings	-	1,076,285	5,441,565	11,557,367	-	18,075,217	17,630,883
Finance lease obligations	-	107,175	232,645	240,704	-	580,524	572,331
Payables to related parties	-	583,408	56,182	3,312,269	-	3,895,677	3,895,677
Trade payables	-	7,043,906	-	-	-	7,043,906	7,043,906
Other current liabilities	117,143	20,324	-	-	-	137,467	137,467
Balance as at 31 December 2015	**117,143**	**8,831,098**	**5,730,392**	**15,110,340**	-	**29,732,791**	**29,280,264**
Interest bearing borrowings	-	911,922	5,801,348	7,599,924	-	14,313,194	13,973,497
Finance lease obligations	-	88,151	250,411	318,401	-	656,963	645,934
Payables to related parties	-	1,233,663	1,214,230	1,318,453	-	3,766,346	3,766,346
Trade payables	-	7,781,440	-	-	-	7,781,440	7,781,440
Other current liabilities	171,349	123,116	-	-	-	294,465	294,465
Balance as at 31 December 2014	**171,349**	**10,138,292**	**7,265,989**	**9,236,778**	-	**26,812,408**	**26,461,682**

3. Financial instruments – fair values and risk management (cont'd)

Liquidity risk (cont'd)

The interest payments on variable interest rate loans in the table above reflect average market interest rates at the period end, and these amounts may change as market interest rates change. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As at 31 December 2015 the Company had a guarantee issued to the bank to secure the loans of EUR 3,017 thousand of its subsidiary Grigeo Klaipėdos Kartonas AB (as at 31 December 2014 – the loans of EUR 3,555 thousand of its subsidiary Grigeo Klaipėdos Kartonas AB and of its subsidiary Grigeo Baltwood UAB EUR 2,088 thousand).

As described in Note 29, as at 31 December 2015 current liabilities of the Group and the Company exceeded its current assets. The Company uses overdrafts and other short-term credits; furthermore as described in Note 29, some repayment terms for the current loans have been already rescheduled subsequently and other are planned to be rescheduled.

Interest rate risk

The major part of the Group's and the Company's borrowings (loans and finance lease obligations) are subject to variable rates, related to LIBOR, EURIBOR, which creates an interest rate risk (Notes 13 and 14). There are no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as at 31 December 2015 and 2014. As disclosed in Note 28, in 2016 the Group and the Company entered into interest rate swap agreements with the bank establishing variable interest rates on loans.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates, with all other variables held constant (through the impact on floating rate borrowings). There is no impact on the Group's equity, other than impact on the net result.

	Increase/decrease in basis points	Effect on the profit before the income tax
2015		
EUR	+100	(315,589)
EUR	-100	315,589
2014		
EUR	+100	(206,236)
EUR	-100	206,236
LTL	+100	(102,051)
LTL	-100	102,051

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates, with all other variables held constant (through the impact on floating rate borrowings). There is no impact on the Company's equity, other than current year profit impact.

	Increase/decrease in basis points	Effect on the profit before the income tax
2015		
EUR	+100	(182,032)
EUR	-100	182,032
2014		
EUR	+100	(88,096)
EUR	-100	88,096
LTL	+100	(58,098)
LTL	-100	58,098

3. Financial instruments – fair values and risk management (cont'd)

Foreign exchange risk

The Group's and the Company's monetary assets and liabilities as at 31 December 2015 and 2014 are mainly denominated EUR, consequently the management of the Company believes that foreign exchange risk is insignificant.

Monetary assets and liabilities of the Group denominated in various currencies as at 31 December 2015 were as follows (equivalent in EUR):

Group	UAH	USD	EUR	Other
Receivables	79,432	-	12,711,551	389
Cash and cash equivalents	29,095	-	731,227	-
Borrowings and finance lease obligations	-	-	(35,158,872)	-
Payables	(24,469)	-	(15,798,070)	-
Total	**84,058**	**-**	**(37,514,164)**	**389**

Monetary assets and liabilities of the Group denominated in various currencies as at 31 December 2014 were as follows (equivalent in EUR):

Group	UAH	USD	EUR	Other
Receivables	252,658	-	4,974,339	53,452
Cash and cash equivalents	20,997	-	1,300,052	-
Borrowings and finance lease obligations	-	-	(20,623,598)	-
Payables	(53,216)	-	(5,721,361)	-
Total	**220,439**	**-**	**(20,070,568)**	**53,452**

The following table demonstrates the sensitivity to a reasonably possible change in currency exchange rates, with all other variables held constant, of the Group's profit before tax:

	Increase/decrease in basis points	Effect on the profit before the income tax
2015		
USD	+10	-
USD	-10	-
UAH	+10	3,268
UAH	-10	(3,268)
2014		
USD	+10	-
USD	-10	-
UAH	+10	2,204
UAH	-10	(2,204)

3. Financial instruments – fair values and risk management (cont'd)

Fair value of financial instruments

The carrying values of the Group's and the Company's principal financial instruments, trade and other payables, long-term and short-term borrowings, approximates their fair values.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The carrying of financial assets and financial liabilities not measured at fair value approximates their fair value.

31 December 2015:

Group	Note	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents		760,322	760,322	-	-	760,322
Trade and other receivables		12,332,335	-	-	12,332,335	12,332,335
Non-current receivables		459,037	-	-	459,037	459,037
Total financial assets		**13,551,694**	**760,322**	**-**	**12,791,372**	**13,551,694**
Financial liabilities						
Interest bearing loans and borrowings		(33,949,682)	-	(33,949,682)	-	(33,949,682)
Finance lease obligations		(1,209,190)	-	(1,209,190)	-	(1,209,190)
Trade payables		(15,123,426)	-	-	(15,123,426)	(15,123,426)
Other current liabilities		(699,113)	-	-	(699,113)	(699,113)
Total financial liabilities		**(50,981,411)**	**-**	**(35,158,872)**	**(15,822,539)**	**(50,981,411)**

31 December 2014:

Group	Note	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents		1,406,207	1,406,207	-	-	1,406,207
Trade and other receivables		10,842,863	-	-	10,842,863	10,842,863
Non-current receivables		480,538	-	-	480,538	480,538
Total financial assets		**12,729,608**	**1,406,207**	**-**	**11,323,401**	**12,729,608**
Financial liabilities						
Interest bearing loans and borrowings		(29,545,041)	-	(29,545,041)	-	(29,545,041)
Finance lease obligations		(1,283,629)	-	(1,283,629)	-	(1,283,629)
Trade payables		(15,410,685)	-	-	(15,410,685)	(15,410,685)
Other current liabilities		(588,063)	-	-	(588,063)	(588,063)
Total financial liabilities		**(46,827,418)**	**-**	**(30,828,670)**	**(15,998,748)**	**(46,827,418)**

3. Financial instruments – fair values and risk management (cont'd)

Fair value of financial instruments (cont'd)

31 December 2015:

Company	Note	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents		12,261	12,261	-	-	12,261
Trade and other receivables		6,517,611	-	-	6,517,611	6,517,611
Non-current receivables (including loan granted to related party)		951,338	-	-	951,338	951,338
Total financial assets		**7,481,210**	**12,261**	**-**	**7,468,949**	**7,481,210**
Financial liabilities						
Interest bearing loans and borrowings		(17,630,883)	-	(17,630,883)	-	(17,630,883)
Finance lease obligations		(572,331)	-	(572,331)	-	(572,331)
Loans from subsidiaries		(3,185,820)	-	-	(3,185,820)	(3,185,820)
Trade payables		(7,627,314)	-	-	(7,627,314)	(7,627,314)
Other current liabilities		(137,467)	-	-	(137,467)	(137,467)
Total financial liabilities		**(29,153,815)**	**-**	**(18,203,214)**	**(10,950,601)**	**(28,153,815)**

31 December 2014:

Company	Note	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents		302,841	302,841	-	-	302,841
Trade and other receivables		6,160,099	-	-	6,160,099	6,160,099
Non-current receivables		1,537,966	-	-	1,537,966	1,537,966
Total financial assets		**8,000,906**	**302,841**	**-**	**7,6,98,065**	**8,000,906**
Financial liabilities						
Interest bearing loans and borrowings		(13,973,497)	-	(13,973,497)	-	(13,973,497)
Finance lease obligations		(645,934)	-	(645,934)	-	(645,934)
Loans from subsidiaries		(2,461,770)	-	-	(2,461,770)	(2,461,770)
Trade payables		(9,086,016)	-	-	(9,086,016)	(9,086,016)
Other current liabilities		(294,465)	-	-	(294,465)	(294,465)
Total financial liabilities		**(26,461,682)**	**-**	**(14,619,431)**	**(11,842,251)**	**(26,461,682)**

There were no transfers between levels of the fair value hierarchy in 2015 and 2014 at the Group and the Company. However, the Company and the Group reassessed the allocation of trade and other receivables and trade and other payables from Level 2 to Level 3 fair value category.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a) The carrying amount of current trade and other accounts receivable, current accounts payable and short-term borrowings approximates fair value;
b) The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

The fair value of financial instruments is determined based on observable market inputs, apart from market quoted prices; therefore, the fair value of interest bearing loans and borrowings as well as finance lease obligations is attributed to Level 2; the value of cash is attributed to Level 1. Trade and other receivables as well as trade and other payables are attributed to Level 3 category.

4. Property, plant and equipment

Group	Buildings and structures	Machinery and equipment	Vehicles	Other assets	Construction in progress and prepayments	TOTAL
Cost:						
Balance as at 31 December 2013	27,600,322	57,913,687	1,705,171	1,885,713	12,169,261	101,274,154
Additions	3,279	1,512,730	560,613	247,093	17,924,640	20,248,355
Disposals and write-offs	(14,481)	(2,722,859)	(520,755)	(105,190)	-	(3,363,285)
Transfer from construction in progress to property, plant and equipment	2,820,115	9,784,405	-	3,729	(12,608,249)	-
Reclassifications	(24)	313	3	(292)	-	-
Transfer to assets for resale	-	(1,612,550)	-	-	-	(1,612,550)
Effect of foreign currency translation	(699,433)	(473,754)	(9,020)	(39,468)	-	(1,221,675)
Balance as at 31 December 2014	**29,709,778**	**64,401,972**	**1,736,012**	**1,991,585**	**17,485,652**	**115,324,999**
Additions	23,556	575,209	270,300	259,148	15,535,048	16,663,261
Disposals and write-offs	(42,308)	(657,743)	(298,370)	(128,535)	(43,124)	(1,170,080)
Transfer from construction in progress to property, plant and equipment	6,784,497	16,188,015	14,688	-	(22,987,200)	-
Transfer to intangible assets	-	-	-	-	(39,649)	(39,649)
Transfer to inventories for sale	-	(626,634)	-	-	-	(626,634)
Effect of foreign currency translation	(267,519)	(182,185)	(7,863)	(14,507)	-	(472,074)
Balance as at 31 December 2015	**36,208,004**	**79,698,634**	**1,714,767**	**2,107,691**	**9,950,727**	**129,679,823**
Accumulated depreciation and impairment:						
Balance as at 31 December 2013	**4,885,760**	**34,849,115**	**1,184,912**	**1,148,531**	**-**	**42,068,318**
Depreciation	1,333,788	6,151,739	224,009	307,363	-	8,016,898
Impairment loss/(reversal)	(906)	-	-	-	-	(906)
Disposals and write-offs	(14,480)	(2,567,112)	(458,047)	(103,046)	-	(3,142,685)
Reclassifications						
Transfer to inventories for sale	-	(1,352,938)	-	-	-	(1,352,938)
Effect of foreign currency translation	(237,975)	(244,873)	(1,373)	(14,270)	-	(498,491)
Balance as at 31 December 2014	**5,966,187**	**36,835,931**	**949,500**	**1,338,578**	**-**	**45,090,196**
Depreciation	1,531,694	7,651,990	248,733	310,776	-	9,743,193
Impairment loss/(reversal)	-	-	-	-	-	-
Disposals and write-offs	(42,303)	(628,617)	(271,398)	(125,845)	-	(1,068,163)
Reclassifications	-	-	-	-	-	-
Transfer to inventories for sale	-	(487,666)	-	-	-	(487,666)
Effect of foreign currency translation	(108,516)	(113,304)	(1,714)	(7,197)	-	(230,731)
Balance as at 31 December 2015	**7,347,062**	**43,258,334**	**925,121**	**1,516,311**	**-**	**53,046,828**
Net book value as at 31 December 2014	**23,743,591**	**27,566,041**	**786,512**	**653,007**	**17,485,652**	**70,234,803**
Net book value as at 31 December 2015	**28,860,942**	**36,440,300**	**789,646**	**591,380**	**9,950,727**	**76,632,995**

4. Property, plant and equipment (cont'd)

Company	Buildings and structures	Machinery and equipment	Vehicles	Other assets	Construction in progress and prepayments	TOTAL
Cost:						
Balance as at 31 December 2013	**9,569,769**	**35,256,395**	**550,824**	**874,843**	**6,749,697**	**53,001,528**
Additions	-	318,721	128,741	166,192	14,745,963	15,359,617
Disposals and write-offs	(14,481)	(553,800)	(113,828)	(55,133)	-	(737,242)
Transfer from construction in progress to property, plant and equipment	854,691	3,250,985	-	-	(4,105,676)	-
Reclassifications	-	-	-	-	-	-
Balance as at 31 December 2014	**10,409,979**	**38,272,301**	**565,737**	**985,902**	**17,389,984**	**67,623,903**
Additions	-	277,495	109,309	166,087	7,819,973	8,372,864
Disposals and write-offs	-	(20,975)	(147,493)	(48,354)	-	(216,822)
Transfer from construction in progress to property, plant and equipment	4,966,628	15,651,674	14,688	-	(20,632,990)	-
Transfer to inventories for sale	-	(626,634)	-	-	-	(626,634)
Balance as at 31 December 2015	**15,376,607**	**53,553,861**	**542,241**	**1,103,635**	**4,576,967**	**75,153,311**
Accumulated depreciation and impairment:						
Balance as at 31 December 2013	**1,729,229**	**19,272,452**	**370,281**	**616,681**	**-**	**21,988,643**
Depreciation	580,008	3,765,853	72,494	112,345	-	4,530,700
Impairment loss/(reversal)	(906)	-	-	-	-	(906)
Disposals and write-offs	(14,480)	(553,795)	(113,826)	(54,505)	-	(736,606)
Reclassifications	-	-	-	-	-	-
Balance as at 31 December 2014	**2,293,851**	**22,484,510**	**328,949**	**674,521**	**-**	**25,781,831**
Depreciation	715,887	4,910,032	84,014	145,380	-	5,855,313
Impairment loss/(reversal)	-	-	-	-	-	-
Disposals and write-offs	-	(20,975)	(141,906)	(47,766)	-	(210,647)
Transfer to inventories for sale	-	(487,666)	-	-	-	(487,666)
Reclassifications	-	-	-	-	-	-
Balance as at 31 December 2015	**3,009,738**	**26,885,901**	**271,057**	**772,135**	**-**	**30,938,831**
Net book value as at 31 December 2014	**8,116,128**	**15,787,791**	**236,788**	**311,381**	**17,389,984**	**41,842,072**
Net book value as at 31 December 2015	**12,366,869**	**26,667,960**	**271,184**	**331,500**	**4,576,967**	**44,214,480**

As at 31 December 2015 and 2014, the net book value of the Group's and Company's property, plant and equipment acquired under finance lease was as follows:

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Machinery and equipment	1,456,636	1,454,170	908,381	990,369
Vehicles	631,639	546,112	215,432	197,465
Total	**2,088,275**	**2,000,282**	**1,123,813**	**1,187,834**

4. Property, plant and equipment (cont'd)

The depreciation charge of the Group's and the Company's property, plant and equipment for the years 2015 and 2014 is included in the following items in the statement of comprehensive income:

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Cost of production	9,519,636	7,819,356	5,744,486	4,427,410
General and administrative expenses	116,522	125,909	57,582	70,824
Selling and distribution expenses	107,035	71,633	53,245	32,466
Total	**9,743,193**	**8,016,898**	**5,855,313**	**4,530,700**

As at 31 December 2015, the part of the Group's and the Company's property, plant and equipment with a net book value of EUR 38,358 thousand and EUR 18,963 thousand, respectively (31 December 2014 – EUR 33,479 thousand and EUR 17,256 thousand, respectively) is pledged as a security for repayment of the loans granted by banks (Note 13).

Property, plant and equipment of the Group and the Company with an acquisition cost of EUR 16,565 thousand and EUR 11,121 thousand, respectively, were fully depreciated as at 31 December 2015 (EUR 12,874 thousand and EUR 7,849 thousand as at 31 December 2014, respectively), but were still in active use.

As at 31 December, the Group's and Company's constructions in progress and prepayments include unfinished projects:

Group	2015			2014		
	Carrying amount	Total estimated costs of the project	Estimated date of completion	Carrying amount	Total estimated costs of the project	Estimated date of completion
New paper honeycomb line	1,375,559	1,416,900	2016	-	-	-
Modernization of existing containerboard manufacturing machine	3,977,799	13,646,100	2016	-	-	-
Paper manufacturing machine No 6	-	-	finished	14,918,298	15,349,861	2015
Paper manufacturing machine No 6 infrastructure	-	-	finished	1,989,959	2,943,698	2015
Modernization of the corrugator and extension of the production facilities	3,585,416	3,652,300	2016	-	-	-
New line of packaging production	274,194	1,593,000	2016	-	-	-
New paper converting line	13,531	6,300,000	2016	-	-	-
Other projects	724,228	1,464,195	2016	577,395	1,248,726	2015
Total	**9,950,727**	**28,072,495**	-	**17,485,652**	**19,542,285**	-

4. Property, plant and equipment (cont'd)

Company	2015			2014		
	Carrying amount	Total estimated costs of the project	Estimated date of completion	Carrying amount	Total estimated costs of the project	Estimated date of completion
Paper manufacturing machine No 6	-	-	finished	14,918,298	15,349,861	2015
Paper manufacturing machine No 6 infrastructure	-	-	finished	1,989,959	2,943,698	2015
Modernization of the corrugator and extension of the production facilities	3,585,416	3,652,300	2016	-	-	-
New line of packaging production	274,194	1,593,000	2016	-	-	-
New paper converting line	13,531	6,300,000	2016	-	-	-
Other projects	703,826	1,412,669	2016	481,725	674,814	2015
Total	**4,576,967**	**12,957,969**		**17,389,982**	**18,968,373**	-

5. Intangible assets

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Goodwill	3,001,072	3,001,072	-	-
Other intangible assets	992,594	1,324,686	254,265	352,680
Total	**3,993,666**	**4,325,758**	**254,265**	**352,680**

Goodwill

On 1 March 2010, the Company acquired the Prekyba AGR group, consisting of AGR Prekyba UAB, Avesko UAB, Grigeo Klaipėdos Kartonas AB and Mena Pak PAT.

At the acquisition of these subsidiaries goodwill of EUR 3,001,072 has been accounted for. The goodwill appeared due to expected synergies. Goodwill is not amortised, but tested annually for impairment.

For the purpose of impairment evaluation, the goodwill as at 31 December 2015 and 2014 was allocated to Grigeo Klaipėdos Kartonas AB cash generating unit. The recoverable amount of cash generating unit as at 31 December 2015 and 2014 was determined based on the discounted cash flow projections based on the five-year financial forecasts prepared by the management. Significant assumptions used for the assessment of the value in use in 2015 and 2014 are described further.

The forecasted revenues were estimated based on the management assumptions as at 31 December 2015 and 2014 assuming that the growth in revenue will be in line with the estimated inflation rate, ongoing investment in manufacturing equipment productivity and efficiency gain and the actions of sale activation. The costs were projected based on the actual cost level taking into account estimated inflation. Cash flows beyond the five-year period were extrapolated using 1% growth rate that reflects the best estimate of the management based on the current situation in the respective industry. The discount rate used by the management was estimated for cash generating unit as a weighted average cost of capital for that particular cash generating unit and is equal to 8% (pre-tax) for cash generating units located in Lithuania. The main assumptions applied in goodwill impairment evaluation were the same in 2015 and 2014.

The assessment of the recoverable amount of the CGU as at 31 December 2015 and 2014 resulted in no impairment of goodwill.

With regard to the assessment of the recoverable amount of the above mentioned cash generating unit as at 31 December 2015 and 2014, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

5. Intangible assets (cont'd)

Other intangible assets

Group	Land lease right	Licenses, patents	Software	Other assets and prepayments	Total
Cost:					
Balance as at 31 December 2013	**695,088**	**37,325**	**927,344**	**820,241**	**2,479,998**
Additions	-	-	7,992	102,769	110,761
Disposals, write-offs	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfer from prepayments to intangible assets	-	-	142,029	(142,029)	-
Effect of foreign currency translation	-	-	(1,749)	-	(1,749)
Balance as at 31 December 2014	**695,088**	**37,325**	**1,075,616**	**780,981**	**2,589,010**
Additions	-	2,200	21,996	1,462	25,658
Disposals, write-offs	-	-	(30,201)	-	(30,201)
Transfers from property, plant and equipment	-	-	39,649	-	39,649
Transfer from prepayments to intangible assets	-	19,986	33,676	(53,662)	-
Effect of foreign currency translation	-	-	(649)	-	(649)
Balance as at 31 December 2015	**695,088**	**59,511**	**1,140,087**	**728,781**	**2,623,467**
Accumulated amortisation:					
Balance as at 31 December 2013	**79,807**	**21,603**	**439,513**	**322,632**	**863,555**
Amortisation	7,722	6,573	220,717	166,088	401,100
Disposals, write-offs	-	-	-	-	-
Reclassifications	-	-	-	-	-
Effect of foreign currency translation	-	-	(331)	-	(331)
Balance as at 31 December 2014	**87,529**	**28,176**	**659,899**	**488,720**	**1,264,324**
Amortisation	7,724	12,542	212,438	164,205	396,909
Disposals, write-offs	-	-	(30,191)	-	(30,191)
Reclassifications	-	-	(144)	144	-
Effect of foreign currency translation	-	-	(169)	-	(169)
Balance as at 31 December 2015	**95,253**	**40,718**	**841,833**	**653,069**	**1,630,873**
Net book value as at 31 December 2014	**607,559**	**9,149**	**415,717**	**292,261**	**1,324,686**
Net book value as at 31 December 2015	**599,835**	**18,793**	**298,254**	**75,712**	**992,594**

5. Intangible assets (cont'd)

Other intangible assets (cont'd)

Company	Licenses, patents	Software	Other assets and prepayments	TOTAL
Cost:				
Balance as at 31 December 2013	**37,325**	**497,474**	**270,062**	**804,861**
Additions	-	4,517	94,801	99,318
Disposals, write-offs	-	-	-	-
Reclassifications	-	-	-	-
Transfer from construction in progress	-	115,770	(115,770)	-
Balance as at 31 December 2014	**37,325**	**617,761**	**249,093**	**904,179**
Additions	2,200	20,720	1,462	**24,382**
Disposals, write-offs	-	-	-	-
Reclassifications	-	-	-	-
Transfer from construction in progress	19,986	23,463	(43,449)	-
Balance as at 31 December 2015	**59,511**	**661,944**	**207,106**	**928,561**
Accumulated amortisation:				
Balance as at 31 December 2013	**21,603**	**338,234**	**64,928**	**424,765**
Amortisation	6,573	85,620	34,541	126,734
Disposals, write-offs	-	-	-	-
Reclassifications	-	-	-	-
Balance as at 31 December 2014	**28,176**	**423,854**	**99,468**	**551,498**
Amortisation	12,542	77,136	33,119	122,797
Disposals, write-offs	-	-	-	-
Reclassifications	-	-	-	-
Balance as at 31 December 2015	**40,718**	**500,990**	**132,588**	**674,296**
Net book value as at 31 December 2014	**9,149**	**193,907**	**149,624**	**352,680**
Net book value as at 31 December 2015	**18,793**	**160,954**	**74,518**	**254,265**

The Group and the Company have not capitalised any internally generated intangible assets. Amortisation expenses of intangible assets are included in the following captions in the statement of comprehensive income:

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Cost of production	308,448	333,033	64,646	87,843
General and administrative expenses	78,351	64,638	58,151	38,890
Selling and distribution expenses	10,110	3,429	-	-
Total	**396,909**	**401,100**	**122,797**	**126,733**

Part of the non-current intangible assets of the Group and the Company with the acquisition value of EUR 927 thousand and EUR 374 thousand, respectively as at 31 December 2015 was fully amortised (EUR 241 thousand and EUR 107 thousand as at 31 December 2014, respectively) but was still in use.

As at 31 December 2015, the Group's land lease rights with a carrying value of EUR 600 thousand (EUR 608 thousand as at 31 December 2014) are pledged as a security for repayment of the loan granted by banks (Note 13).

6. Investment property

Group

Cost:	Buildings
Balance as at 31 December 2014	**1,048,424**
Additions	-
Disposals	-
Balance as at 31 December 2015	**1,048,424**
Accumulated depreciation:	
Balance as at 31 December 2014	**182,859**
Depreciation	30,582
Disposals	-
Balance as at 31 December 2015	**213,441**
Net book value as at 31 December 2014	**865,565**
Net book value as at 31 December 2015	**834,983**

Company

Cost:	Buildings
Balance as at 31 December 2014	**1,048,424**
Additions	-
Disposals	-
Balance as at 31 December 2015	**1,048,424**
Accumulated depreciation:	
Balance as at 31 December 2014	**182,859**
Depreciation	30,582
Disposals	-
Balance as at 31 December 2015	**213,441**
Net book value as at 31 December 2014	**865,565**
Net book value as at 31 December 2015	**834,983**

Investment property represents buildings, located at Vilniaus St. 10 and Popieriaus St. in Naujieji Verkiai. Part of the investment properties are rented to third parties. Rent contracts are open-ended. Depreciation charge is included in general and administrative expenses.

Fair value measurement

The cost of investment property was determined based on the independent valuation of the property carried out on 31 December 2010. Management assessed that the changes in the real estate market during 2015 and 2014 did not have significant impact of the net book value of the investment property.

The fair value measurement for investment property has been categorised as a Level 3 fair value.

Group and Company	Carrying amount		Fair value (Level 3)	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Investment property	834,983	865,565	834,983	865,565
Total	**834,983**	**865,565**	**834,983**	**865,565**

7. Inventories

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Raw materials	5,149,748	3,857,821	2,404,918	1,214,400
Work in progress	1,279,990	446,847	930,546	338,382
Finished goods	3,470,486	3,200,194	1,802,991	1,363,936
Goods in transit	197,688	131,210	30,970	69,238
Prepayments	18,771	158,185	119,113	287,733
Total:	**10,116,683**	**7,794,257**	**5,288,538**	**3,273,689**

The cost of the Group's and the Company's inventories was decreased by EUR 340 thousand and EUR 332 thousand, respectively (31 December 2014 – EUR 234 thousand and EUR 229 thousand, respectively) to net realisable value. Net realisable value adjustment was accounted for under cost of sales.

As described in the Note 13, as at 31 December 2015 the Group and the Company have pledged inventory with a carrying value of EUR 5,840 thousand and EUR 1,158 thousand respectively (31 December 2014 – EUR 5,851 thousand and EUR 1,158 thousand, respectively) as a collateral to the banks for the loans received.

8. Accounts receivable

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Trade receivables, gross	12,233,676	10,230,113	6,472,801	5,762,019
Loans issued to subsidiary	-	-	668,161	1,205,123
Other non-current receivables	459,037	480,538	283,177	332,843
Other receivables, gross	324,867	874,432	95,041	474,446
	13,017,580	**11,585,083**	**7,519,180**	**7,774,431**
Less: allowance for doubtful trade receivables	(226,208)	(261,682)	(50,231)	(76,366)
Total amounts receivable, net	**12,791,372**	**11,323,401**	**7,468,949**	**7,698,065**
from this amount:				
Total non-current receivables	**459,037**	**480,538**	**951,338**	**1,537,966**
Total current receivables	**12,332,335**	**10,842,863**	**6,517,611**	**6,160,099**

Information on loans provided to related parties are presented under Note 26.

Change in allowance for doubtful trade receivables for the year 2015 and 2014 has been included into general and administrative expenses.

Trade receivables are non-interest bearing and are generally collectible on 7–120 days terms. The carrying amount of the Group's and the Company's trade and other receivables approximates their fair value. For further analysis of credit risk related to non-current and current receivables, please refer to Note 3. Information on receivables from related parties is presented under Note 26.

8. Accounts receivable (cont'd)

Movements in the allowance for impairment of the receivables (individually impaired) were as follows:

	Group		Company	
	2015	2014	2015	2014
At the beginning of the period	261,682	147,494	76,366	90,419
Charge for the year	-	143,588	-	15,347
Reversed during the year	5,919	-	5,778	-
Receivables written off as uncollectible	(32,954)	(29,400)	(31,913)	(29,400)
Effect of foreign currency translation	(8,439)	-	-	-
At the end of the period	**226,208**	**261,682**	**50,231**	**76,366**

Impairment allowance booked by the Group and the Company is related to trade receivables as at 31 December 2015 and 2014.

The ageing analysis of the Group's trade receivables (presented net of allowance for impaired receivables) as at 31 December is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					Total
		Less than 30 days	30–60 days	60–90 days	90–360 days	More than 360 days	
2014	9,512,009	1,697,810	71,074	22,127	20,381	-	11,323,401
2015	11,086,529	1,584,107	103,320	103	17,313	-	12,791,372

The ageing analysis of the Company's trade receivables (presented net of allowance for impaired receivables) as at 31 December is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					Total
		Less than 30 days	30–60 days	60–90 days	90–360 days	More than 360 days	
2014	6,951,989	720,098	21,653	3,167	1,158	-	7,698,065
2015	6,492,318	873,886	102,642	103	-	-	7,468,949

9. Cash and cash equivalents

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Cash at bank	748,206	1,405,112	1,389	301,850
Cash on hand	12,116	1,095	10,872	991
TOTAL:	**760,322**	**1,406,207**	**12,261**	**302,841**

As at 31 December 2015 and 2014 bank accounts of the Group amounting to EUR 556 thousand (2014: EUR 1,177 thousand) and the Company amounting to EUR 40 thousand (2014: EUR 300 thousand) are pledged to banks for loans, as described further in Note 13. As at 31 December 2014 and 2013, there were no restrictions on use of cash balances held in the pledged accounts.

10. Share capital and reserves

Share capital

The share capital of the Company was EUR 19,028,035 as at 31 December 2014 (LTL 65.700.000). The share capital of the Company was EUR 19,053,000 as at 31 December 2015 after the national currency litas was replaced by the euro on 1 January 2015 and the conversation was made in accordance with rules laid down. It is divided into 65,700 thousand ordinary registered shares with the nominal value of EUR 0.29 each.

All shares of the Company are fully paid. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no restrictions of share rights or special control rights for the shareholders set in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital as at 31 December 2015 and 2014.

As at 31 December 2015 and 31 December 2014 the shareholders of the Company were:

	2015		2014	
	Number of shares	Proportion of ownership, %	Number of shares	Proportion of ownership, %
Lithuanian legal entities	31,292,531	47.6	25,990,733	39.6
Lithuanian individuals	30,382,240	46.2	30,031,016	45.7
Foreign legal entities	2,687,107	4.1	8,340,672	12.7
Foreign individuals	1,338,122	2.1	1,337,579	2.0
TOTAL:	**65,700,000**	**100**	**65,700,000**	**100**

Three major shareholders as at 31 December 2015 and 31 December 2014 are listed below:

	2015		2014	
	Number of shares	Proportion of ownership, %	Number of shares	Proportion of ownership, %
UAB Ginvildos Investicija	28,582,407	43.50	25,582,407	38.94
Mišeikienė Irena Ona	7,857,585	11.96	7,472,585	11.37
Raiffeisen Bank International AG	-	-	5,469,967	8.33
Norimantas Stankevičius	2,898,628	4.41	2,898,628	4.41
TOTAL:	**39,338,620**	**59.87**	**41,423,587**	**63.05**

Share premium

The Company's authorised capital was increased after the new issue of shares of the total nominal value of LTL 5,700,000 (EUR 1,650,834), following the resolutions of the annual general meeting of shareholders of the Company held on 26 April 2013. The nominal value per share is EUR 0.29 (before LTL 1), while the emission of shares was issued for EUR 0.51 per share (equivalent in LTL – 1.76). Share premium is a difference between the nominal value and emission price of shares, less expenses related to emission of shares.

Reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of distributable retained earnings calculated for statutory reporting purposes are required until the reserve reaches 10% of the share capital.

The foreign currency translation reserve is used for translation differences arising on consolidation of financial statements of the foreign subsidiary (Note 2.5).

11. Capital management

The primary objectives of the Group's and the Company's capital management are to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintain healthy capital ratios in order to support their business and to maximise shareholders' value (capital in the meaning of IAS 1 comprises equity, attributable to equity holders of the parent, presented in the financial statements).

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of their activities. To maintain or adjust the capital structure, the Group and the Company may issue new shares, adjust the dividend payment to shareholders, return capital to shareholders. No changes were made in the objectives, policies or processes of capital management during the years ended 31 December 2015 and 2014.

The Group and the Company are obliged to maintain its equity at not less than 50% of its share capital (comprised of share capital and share surplus), as imposed by the Law on Companies of the Republic of Lithuania. There were no other externally imposed capital requirements on the Group and the Company. As at 31 December 2015 and 2014 the Company was not in breach of the above mentioned requirement.

The Group and the Company monitor capital using debt to equity ratio. Capital includes ordinary shares, reserves, retained earnings attributable to the equity holders of the parent.

	Group		Company	
	2015	2014	2015	2014
Non-current liabilities (excluding subsidies, grants and deferred tax liability)	24,308,347	20,329,578	15,019,584	9,215,337
Current liabilities	28,929,081	28,733,442	15,172,515	18,108,257
Total liabilities	**53,237,428**	**49,063,020**	**30,192,099**	**27,323,594**
Equity, attributable to equity holders of the parent	**46,776,075**	**40,779,157**	**37,241,645**	**35,680,572**
Debt to equity ratio	**114%**	**120%**	**81%**	**77%**

12. Grants and subsidies

Change in grants and subsidies in the Group and the Company is as follows:

	Group	Company
Balance as at 31 December 2013	**4,098,122**	**2,563,704**
Received	1,649,980	1,241,256
Amortisation	(495,821)	(347,493)
Balance as at 31 December 2014	**5,252,281**	**3,457,467**
Received	37,333	37,333
Amortisation	(805,493)	(511,194)
Balance as at 31 December 2015	**4,484,121**	**2,983,606**

The grants mainly consist of the funds received from the EU for the purpose of construction of structures, acquisition of machinery and equipment (non-current assets).

The Group gad no subsidized projects in 2015. Grants were received in 2014 and in 2015 after completion of the Projects.

The amortisation of grants is accounted for under cost of sales in the statement of comprehensive income and reduces the depreciation of related asset expenses.

13. Borrowings

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Non-current borrowings:				
Bank borrowings secured by the Group's/Company's assets	23,546,527	19,316,792	11,375,970	7,465,142
	23,546,527	**19,316,792**	**11,375,970**	**7,465,142**
Current borrowings:				
Current portion of non-current bank borrowings secured by the Group's/Company's assets	7,206,754	7,638,138	3,847,734	5,020,502
Current bank borrowings secured by the Group's/Company's assets	3,196,401	2,590,110	2,407,179	1,487,853
	10,403,155	**10,228,248**	**6,254,913**	**6,508,355**
TOTAL:	**33,949,682**	**29,545,040**	**17,630,883**	**13,973,497**

Borrowings at the end of the year in functional and foreign currencies:

	Group		Company	
	2015	2014	2015	2014
LTL	-	10,205,072	-	5,809,788
EUR	33,949,682	19,339,968	17,630,883	8,163,709
TOTAL:	**33,949,682**	**29,545,040**	**17,630,883**	**13,973,497**

As at 31 December 2015 the Group and the Company had unused non-current borrowings and overdrafts of EUR 17,189 thousand and EUR 9,019 thousand, respectively (31 December 2014: EUR 5,670 thousand and EUR 5,324 thousand, respectively).

Information on borrowings from related parties is presented under Note 26.

<u>Compliance with loan covenants</u>

Based on the terms of the loan and overdraft agreements, the Group and the Company have to comply with certain financial and non-financial covenants, such as: debt service coverage ratio, EBITDA to financial liabilities ratio, capital ratio, free cash flow indicator, and a minimum set volume of the Company's and certain of its subsidiaries bank transactions shall be performed through the bank.

As at 31 December 2015 and 2014 the Company and the Group complied with all the mentioned debt covenants.

<u>Terms and debt repayment schedule</u>

The Group and the Company face risk due to possible interest rate fluctuation. Actual interest rates are close to effective interest rates. As at 31 December 2014 the Company's and the Group's interest rates are variable and depend on VILIBOR, LIBOR or EURIBOR and on the margin agreed with the bank which meets the market conditions. As at 31 December 2015 the Company's and the Group's interest rates are variable and depend on EURIBOR and on the margin agreed with the bank which meets the market conditions. In 2015 and 2014, the period of re-pricing of floating interest rates on borrowings varies from 1 month to 6 months.

For analysis of liquidity risk please refer to Note 3.

13. Borrowings (cont'd)

Pledged assets

For bank loans the Group and the Company have pledged property, plant and equipment (Note 4), intangible assets (Note 5), inventories (Note 7), trade accounts receivable (Note 8), bank accounts (Note 9). Shares of AGR Prekyba UAB and Grigeo Klaipėdos Kartonas AB are also pledged for the bank loans.

The following interest rate bases are set for the borrowings as at 31 December 2015:

Group	Currency	Nominal interest rate base	Repayment period	Carrying amount
Overdraft	EUR	EURIBOR	2016	2,407,179
Overdraft	EUR	EURIBOR	2016	579,239
Overdraft	EUR	EURIBOR	2016	209,983
Secured bank loan	EUR	EURIBOR	2018	2,437,657
Secured bank loan	EUR	EURIBOR	2021	11,396,004
Secured bank loan	EUR	EURIBOR	2016–2017	1,695,916
Secured bank loan	EUR	EURIBOR	2014–2018	1,618,519
Secured bank loan	EUR	EURIBOR	2015–2017	8,592,653
Secured bank loan	EUR	EURIBOR	2014–2016	106,042
Secured bank loan	EUR	EURIBOR	2012–2018	1,826,771
Secured bank loan	EUR	EURIBOR	2015–2017	1,558,719
Secured bank loan	EUR	EURIBOR	2016–2018	1,521,000
TOTAL:				**33,949,682**

Company	Currency	Nominal interest rate base	Repayment period	Carrying amount
Overdraft	EUR	EURIBOR	2016	2,407,179
Secured bank loan	EUR	EURIBOR	2014–2018	1,618,519
Secured bank loan	EUR	EURIBOR	2015–2017	8,592,653
Secured bank loan	EUR	EURIBOR	2014–2016	106,042
Secured bank loan	EUR	EURIBOR	2012–2018	1,826,771
Secured bank loan	EUR	EURIBOR	2015–2017	1,558,719
Secured bank loan	EUR	EURIBOR	2016–2018	1,521,000
TOTAL:				**17,630,883**

13. Borrowings (cont'd)

The following interest rate bases are set for the borrowings as at 31 December 2014:

Group	Currency	Nominal interest rate base	Repayment period	Carrying amount
Overdraft	LTL	VILIBOR	2015	1,487,853
Secured bank loan	EUR	EURIBOR	2014–2015	1,900,000
Secured bank loan	EUR	EURIBOR	2015–2017	5,744,000
Secured bank loan	EUR	EURIBOR	2014–2016	519,709
Secured bank loan	LTL	VILIBOR	2012–2018	2,511,810
Secured bank loan	LTL	VILIBOR	2016	1,810,125
Secured bank loan	LTL	VILIBOR	2016	1,969,416
Secured bank loan	LTL	VILIBOR	2015	118,488
Overdraft	LTL	VILIBOR	2015	334,109
Overdraft	LTL	VILIBOR	2015	479,321
Overdraft	LTL	VILIBOR	2015	288,827
Secured bank loan	EUR	EURIBOR	2018	3,075,657
Secured bank loan	EUR	EURIBOR	2012–2019	9,305,725
TOTAL:				**29,545,040**

Company	Currency	Nominal interest rate base	Repayment period	Carrying amount
Overdraft	LTL	EURIBOR	2015	1,487,853
Secured bank loan	EUR	EURIBOR	2014–2015	1,900,000
Secured bank loan	EUR	EURIBOR	2015–2017	5,744,000
Secured bank loan	EUR	EURIBOR	2014–2016	519,709
Secured bank loan	LTL	EURIBOR	2012–2018	2,511,810
Secured bank loan	LTL	EURIBOR	2016	1,810,125
TOTAL:				**13,973,497**

Terms of repayment of non-current debt are as follows:

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Within one year	7,206,754	7,638,138	3,847,734	5,020,502
In the period of two to five years	23,546,527	17,455,659	11,375,970	7,465,142
After 5 years	-	1,861,133	-	-
TOTAL:	**30,753,281**	**26,954,930**	**15,223,704**	**12,485,644**

14. Finance lease obligations

The assets leased by the Group and the Company under finance lease contracts mainly consist of vehicles, machinery and equipment. The terms of the finance lease agreements are from 1 to 5 years. The currency of the finance lease agreements is EUR.

As at 31 December 2015 the interest rate on the finance lease obligations is 6-month EURIBOR or 6-month EUR LIBOR (as at 31 December 2014 fluctuates from 6-month EURIBOR or 3–6-month EUR LIBOR).

Future minimal lease payments under the above mentioned finance lease contracts are as follows:

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Within one year	624,799	608,819	339,820	338,561
From one to five years	605,507	704,153	240,704	318,401
Total finance lease obligations	**1,230,306**	**1,312,972**	**580,524**	**656,962**
Interest	(21,116)	(29,342)	(8,193)	(11,028)
Present value of finance lease obligations	**1,209,190**	**1,283,630**	**572,331**	**645,934**
Finance lease obligations are accounted for as:				
- current	610,633	592,037	333,841	331,117
- non-current	598,557	691,593	238,490	314,817

The fair value of the Group's and the Company's finance lease liabilities approximate their carrying amount. The Group's and the Company's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 4).

15. Non-current employee benefits

As at 31 December 2015 and 2014 the Group and the Company accounted for non-current employee benefits for employees leaving the Group or the Company at the age of retirement. Related expenses are included into operating expenses in the Group's and the Company's statements of comprehensive income.

	Group	Company
As at 31 December 2013	222,082	87,988
Change during the year 2014	(25,083)	10,937
As at 31 December 2014	196,999	98,925
Change during the year 2015	(33,736)	(6,070)
As at 31 December 2015	163,263	92,855

Actuarial gains and losses during 2015 and 2014 were insignificant; therefore, they were not separated and disclosed in the statement of other comprehensive income.

Main assumptions applied while evaluating the Group's and the Company's non-current employee benefits are as follows:

	As at 31 December 2015	As at 31 December 2014
Discount rate	1.24%	2.84%
Anticipated annual salary increase	5.00%	5.00%

16. Trade payables and other current liabilities

Terms and conditions of the financial liabilities other than borrowings are as follows:
- Trade payables are non-interest bearing and are normally settled on 10 to 120-day terms.
- Other payables are non-interest bearing and have an average term of one month.

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Trade payables	15,123,426	15,410,685	7,627,314	9,086,016
Taxes, salaries and social insurance	1,516,562	1,425,986	700,885	626,985
Advances received	121,531	150,380	61,913	44,717
Other payables	699,113	588,062	137,467	294,465
TOTAL:	**17,460,632**	**17,575,113**	**8,527,579**	**10,052,183**
From this amount:				
Financial liabilities (Note 3)	15,822,539	15,998,748	7,764,781	9,380,481
Non-financial liabilities	1,638,095	1,576,366	762,798	671,702

17. Segment information

Operating segments

For decision taking purposes, the Group and the Company are organized into three operating business units based on their products produced and have three reportable segments: paper and paper products, hardboard and wood processing, raw material for corrugated cardboard and related production. The Group and the Company analyse segment information only up to gross profit, as other operating income and finance income and expenses are not attributed to any segment. Segment information about these business segments is presented below:

Group 2015	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard and related production	Unallocated	Elimination	TOTAL
Sales	35,939,639	17,446,956	49,703,674	204,864	-	103,295,133
Sales between segments	-	(2,454,660)	(6,801,775)	(4,741,146)	13,997,581	-
Non-consolidated segment sales	35,939,639	19,901,616	56,505,449	4,946,010	(13,997,581)	103,295,133
Cost of sales	(29,524,724)	(13,352,913)	(39,770,384)	(163,891)	-	(82,811,912)
Gross profit	**6,414,915**	**4,094,043**	**9,933,290**	**40,973**	-	**20,483,221**
Depreciation and amortisation	3,910,751	1,104,689	4,080,773	1,074,471	-	10,170,684
Segment property, plant and equipment, investment property and intangible assets	31,414,379	7,936,393	33,027,594	6,082,206	-	78,460,572
Goodwill	-	-	3,001,072	-	-	3,001,072
Segment capital expenditure	4,310,501	1,627,680	10,640,877	109,861	-	16,688,919

17. Segment information (cont'd)

Group 2014	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard and related production	Unallocated	Elimination	TOTAL
Sales	31,945,004	19,913,469	47,270,777	400,792	-	99,530,042
Sales between segments	-	(2,910,918)	(6,611,306)	(4,858,313)	14,380,537	-
Non-consolidated segment sales	31,945,004	22,824,387	53,882,083	5,259,104	(14,380,537)	99,530,041
Cost of sales	(25,409,762)	(15,905,641)	(39,540,475)	(266,898)	-	(81,122,776)
Gross profit	**6,535,242**	**4,007,828**	**7,730,302**	**133,894**	**-**	**18,407,266**
Depreciation and amortisation	2,464,985	1,195,955	3,585,359	1,203,221	-	8,449,520
Segment property, plant and equipment, investment property and intangible assets	27,089,811	7,443,920	26,763,960	11,127,364	-	72,425,055
Goodwill	-	-	3,001,072	-	-	3,001,072
Segment capital expenditure	12,213,198	1,030,988	4,218,406	2,896,525	-	20,359,117

1 Unallocated sales include sales not attributable to either of the listed segments, namely sales of heating energy (steam) (as the Company has its own steam house) and other utilities.
2 Unallocated cost of sales includes costs related to unallocated sales, identifiable as expenses for purchases of wood and gas needed for energy production.
3 Unallocated depreciation and amortisation, property, plant and equipment and intangible assets, and capital expenditure are related to energy and other utilities services sales.

Company 2015	Paper and paper products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	35,939,639	13,231,131	4,946,010	54,116,780
Cost of sales	(29,524,724)	(10,931,693)	(4,764,110)	(45,220,527)
Gross profit	**6,414,915**	**2,299,438**	**181,900**	**8,896,253**
Depreciation and amortisation	3,910,751	1,023,471	1,074,470	6,008,692
Segment property, plant and equipment, investment property and intangible assets	31,414,379	7,807,143	6,082,206	45,303,728
Segment capital expenditure	4,310,501	3,976,884	109,861	8,397,246

Company 2014	Paper and paper products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	31,945,004	11,196,390	5,259,105	48,400,499
Cost of sales	(25,409,763)	(9,593,587)	(4,988,607)	(39,991,957)
Gross profit	**6,535,241**	**1,602,803**	**270,498**	**8,408,542**
Depreciation and amortisation	2,464,985	1,020,750	1,203,221	4,688,956
Segment property, plant and equipment, investment property and intangible assets	27,089,811	4,843,142	11,127,364	43,060,317
Segment capital expenditure	12,213,198	349,210	2,896,525	15,458,933

1 Unallocated sales include sales not attributable to either of the listed segments, namely sales of heating energy (steam) (as the Company has its own steam house) and other utilities services.
2 Unallocated cost of sales includes costs related to unallocated sales, identifiable as expenses for purchases of wood needed for energy production and other utilities services.
3 Unallocated depreciation and amortisation, property, plant and equipment, investment property and intangible assets, and capital expenditure are related to energy and sales of other utilities services.

Payroll related expenses included in the Group's and the Company's cost of sales in 2015 amount to EUR 9,536 thousand and EUR 4,190 thousand, respectively (in 2014 – EUR 9,743 thousand and EUR 3,819 thousand, respectively).

17. Segment information (cont'd)

Split by geographical areas

The following tables present geographical information on revenue based on the location of the customers' information for the year ended 31 December:

	Group		Company	
	2015	2014	2015	2014
Domestic market (Lithuania)	33,311,682	32,553,060	25,452,165	24,276,837
Foreign market				
Poland	26,619,584	24,077,795	3,763,220	4,312,885
Denmark	6,950,671	3,801,878	6,097,373	3,341,344
Estonia	6,832,081	6,664,395	5,186,866	4,316,923
Latvia	6,294,961	6,786,731	5,571,259	5,317,921
Finland	5,488,775	3,630,325	3,455,834	2,195,987
Ukraine	4,423,974	6,345,881	415,354	531,611
Sweden	3,654,406	2,863,073	1,422,840	1,317,383
The Netherlands	1,721,617	1,696,308	730,523	841,852
Belarus	1,612,972	3,519,794	482,996	560,042
Czech Republic	1,319,267	1,093,732	7,792	35,832
Great Britain	1,307,751	1,303,127	81,679	-
Germany	1,108,946	1,730,957	104,120	150,221
Russia	846,761	1,067,635	413,779	447,031
Norway	529,553	165,446	529,553	165,446
Hungary	522,523	723,342	261,133	279,344
France	144,954	114,107	-	-
Italy	79,742	749,825	-	-
Slovakia	23,051	214,553	-	155,732
Other countries	501,862	428,078	140,294	154,108
Foreign market, total	**69,983,451**	**66,976,982**	**28,664,615**	**24,123,662**
TOTAL:	**103,295,133**	**99,530,042**	**54,116,780**	**48,400,499**

Property, plant and equipment and investment property location:

	Group		Company	
	2015	2014	2015	2014
Lithuania	76,890,759	70,163,155	45,049,463	42,707,637
Ukraine	577,219	937,213	-	-
TOTAL:	**77,467,978**	**71,100,368**	**45,049,463**	**42,707,637**

18. Other operating income

	Group		Company	
	2015	2014	2015	2014
Income from sale of emission allowances	676,700	602,500	676,700	602,500
Rental income	158,145	75,042	73,050	77,531
Gain on sale of scrap	62,678	119,616	31,188	74,430
Insurance compensations	194,157	127,480	104,004	11,258
Gain from disposal of property, plant and equipment	34,535	21,036	14,533	6,424
Other income	333,495	295,361	174,429	181,243
TOTAL:	**1,459,710**	**1,241,035**	**1,073,904**	**953,386**

19. Other operating expenses

	Group		Company	
	2015	2014	2015	2014
Expenses related to rented property	17,053	-	3,269	3,851
Expenses from insured events	36,287	28,016	13,983	6,697
Other expenses	39,459	227,331	222,562	241,258
TOTAL:	**92,799**	**255,347**	**239,814**	**251,806**

20. Selling and distribution expenses

	Group		Company	
	2015	2014	2015	2014
Fuel and transportation services	5,092,362	4,432,271	2,222,851	1,499,400
Mediation, marketing, promotion and representation	1,353,736	1,007,159	1,283,245	913,150
Salaries and social insurance	1,271,356	1,199,943	798,647	734,869
Asset repair and maintenance	164,012	127,671	131,870	84,353
Depreciation and amortisation	117,145	75,062	53,245	32,466
Other sales expenses	445,071	639,748	221,346	197,742
TOTAL:	**8,443,682**	**7,481,854**	**4,711,204**	**3,461,980**

21. General and administrative expenses

	Group		Company	
	2015	2014	2015	2014
Salaries and social insurance	2,104,505	2,131,766	1,027,824	924,806
Taxes, except for income tax	513,935	446,197	186,719	187,742
Asset repair and maintenance	243,925	270,054	112,983	143,520
Depreciation and amortisation	225,454	222,071	146,315	141,237
Security services	214,715	133,535	55,043	52,179
Insurance services	87,400	116,826	23,601	47,968
Bank charges	80,903	59,398	33,024	19,880
Advertising and representation	62,432	58,672	32,737	28,509
Professional services	55,100	53,186	31,129	29,628
Consulting services	49,892	57,168	46,450	47,440
Fuel and transportation services	44,668	51,716	24,521	27,293
Listing of securities and related costs	32,409	31,098	30,551	28,856
Support	30,512	24,449	18,083	14,167
Communication services	29,549	27,672	8,405	7,619
Allowance (reversal) for impairment of doubtful receivables	(27,035)	139,608	(26,135)	(14,053)
Other administrative expenses	712,049	491,277	342,846	256,084
TOTAL:	**4,460,412**	**4,314,693**	**2,094,096**	**1,942,875**

To provide a more accurate presentation of selling and general and administrative expenses, the Group reclassified the allowance for impairment in doubtful receivables of EUR 153,661 for 2014 from selling expenses to general and administrative expenses.

22. Finance income and expenses

	Group		Company	
	2015	2014	2015	2014
Interest income	14,982	12,570	51,677	51,919
Foreign exchange gains, net value	-	-	99	-
Dividends received	-	-	228,243	-
Other finance income	403	59,871	382	811
Total finance income	**15,385**	**72,441**	**280,401**	**52,730**
Interest on loans and leases	(481,541)	(457,963)	(278,681)	(190,081)
Net foreign exchange losses	(10,469)	(22,070)	-	(10,217)
Other finance expenses	(30,874)	(1,908)	(30,227)	(1,506)
Total finance expenses	**(522,884)**	**(481,941)**	**(308,908)**	**(201,804)**
Finance income and expenses, net	**(507,499)**	**(409,500)**	**(28,507)**	**(149,074)**

The Group and the Company capitalise borrowing costs for all qualifying assets where construction was commenced on or after 1 January 2009. In 2015 the Group and the Company capitalised borrowing costs of EUR 95,419 and 81,296 respectively (in 2014 – EUR 170,023 and EUR 122,526, respectively).

Foreign exchange loss in the Group in 2015 and 2014 is generated by subsidiary Mena Pak PAT, which is operating in Ukraine.

23. Income tax

Components of income tax expenses	Group		Company	
	2015	2014	2015	2014
Current income tax	908,015	830,234	241,772	276,735
Correction of income tax for previous periods	(29,401)	(82,984)	35,641	(48,534)
Deferred income tax (income)	(318,540)	(120,740)	(230,985)	(68,985)
Income tax expenses (income) recorded in the statement of comprehensive income	**560,074**	**626,510**	**46,428**	**159,216**

The reported amount of income tax expenses attributable to the year can be reconciled to the amount of income tax expenses that would result from applying statutory income tax rate to pre-tax income as follows:

	Group		Company	
	2015	2014	2014	2015
Profit before tax	**8,438,539**	**7,494,229**	**2,896,536**	**3,556,193**
Income tax expenses computed at 15%	1,265,781	1,124,134	434,480	533,429
Effect of higher tax rate in Ukraine	(185)	(1,114)	-	-
Effect of change in tax rate	(2,532)	-	-	-
Change in not recognised deferred tax asset	9,420	(126,852)	47,698	(19,755)
Correction of income tax for previous periods	(29,401)	(82,984)	35,641	(48,534)
Effect of utilized tax incentive due to investment projects	(856,828)	(326,735)	(546,750)	(326,735)
Non-deductible expenses	173,819	40,061	75,359	20,811
Income tax expenses (income) reported in the statement of comprehensive income	**560,074**	**626,510**	**46,428**	**159,216**

23. Income tax (cont'd)

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Deferred income tax asset				
Allowance for accounts receivable	33,931	35,328	7,535	11,454
Investment incentive	564,815	326,735	546,750	326,735
Write-down of inventories to net realisable value	50,993	34,394	49,841	34,394
Non-current employee benefits	24,490	29,550	13,929	14,839
Vacation accrual	123,121	119,180	74,313	71,050
Tax loss carry forward	-	-	-	-
Other accruals	23,586	3,188	-	-
Deferred income tax asset before valuation allowance	**820,936**	**548,375**	**692,368**	**458,472**
Less: valuation allowance	(80,745)	(45,849)	(57,376)	(45,849)
Deferred income tax asset, net of valuation allowance	**740,191**	**502,526**	**634,992**	**412,623**
Deferred income tax liability				
Intangible assets (land lease right)	(89,975)	(91,134)	-	-
Property, plant and equipment (investment incentive)	(19,499)	(38,259)	(2,509)	(16,961)
Property, plant and equipment revaluation (deemed cost)	(769,690)	(839,327)	(191,540)	(194,385)
Property, plant and equipment (repairs incentive)	(14,431)	(14,920)	(14,431)	(14,920)
Capitalised borrowing costs	(32,812)	(23,642)	(32,812)	(23,642)
Deferred income tax liability	**(926,407)**	**(1,007,282)**	**(241,292)**	**(249,908)**
Deferred income tax, net	**(186,216)**	**(504,756)**	**393,700**	**162,715**

The Group's deferred tax asset and liability were set-off to the extent they related to the same tax administration institution and the taxable entity.

23. Income tax (cont'd)

The changes of temporary differences before and after tax effect in the Group were as follows:

Group	As at 31 December 2013	Recognised in statement of comprehensive income	As at 31 December 2014	Recognised in statement of comprehensive income	As at 31 December 2015
Intangible assets	(615,282)	7,723	(607,559)	7,723	(599,836)
Property, plant and equipment (investment incentive)	(331,223)	76,164	(255,059)	125,066	(129,993)
Property, plant and equipment	(5,944,181)	348,670	(5,595,511)	464,245	(5,131,266)
Investment incentive	1,702,386	475,846	2,178,232	1,587,200	3,765,432
Property, plant and equipment (repairs incentive)	(103,094)	3,624	(99,470)	3,259	(96,211)
Non-current employee benefits	222,083	(25,084)	196,999	33,736	163,263
Allowance for accounts receivable	152,798	82,723	235,521	(9,313)	226,208
Write-down to net realisable value	342,665	(113,375)	229,290	110,660	339,950
Vacation accrual	857,930	(63,395)	794,535	26,279	820,814
Tax loss carry forward	-	-	-	-	-
Capitalised borrowing costs	(35,228)	(122,385)	(157,613)	(61,135)	(218,748)
Other	13,824	7,428	21,252	135,988	157,240
Total temporary differences before valuation allowance	**(3,737,322)**	**677,939**	**(3,059,383)**	**2,356,236**	**(703,146)**
Valuation allowance	(432,650)	126,996	(305,654)	(232,633)	(538,287)
Total temporary differences	**(4,169,972)**	**804,935**	**(3,365,037)**	**2,123,603**	**(1,241,433)**
Deferred income tax, net	**(625,496)**	**120,740**	**(504,756)**	**318,540**	**(186,216)**
Change in temporary differences		120,740		318,540	

23. Income tax (cont'd)

The changes of temporary differences before and after tax effect in the Company were as follows:

Company	As at 31 December 2013	Recognised in statement of comprehen-sive income	As at 31 December 2014	Recognised in statement of comprehen-sive income	As at 31 December 2015
Property, plant and equipment (investment incentive)	(160,522)	47,448	(113,074)	96,346	(16,728)
Property, plant and equipment	(1,294,523)	(1,375)	(1,295,898)	18,967	(1,276,931)
Investment incentive	1,702,386	475,846	2,178,232	1,466,768	3,645,000
Property, plant and equipment (repairs incentive)	(103,094)	3,623	(99,471)	3,259	(96,212)
Non-current employee benefits	87,988	10,937	98,925	(6,070)	92,855
Allowance for accounts receivable	90,419	(14,053)	76,366	(26,135)	50,231
Write-down of inventories to net realisable value	342,231	(112,941)	229,290	102,985	332,275
Vacation accrual	427,858	45,807	473,665	21,761	495,426
Capitalised borrowing costs	(35,228)	(122,385)	(157,613)	(61,135)	(218,748)
Total temporary differences before valuation allowance	**1,057,515**	**332,907**	**1,390,422**	**1,616,746**	**3,007,168**
Valuation allowance	(432,651)	126,995	(305,656)	(76,850)	(382,506)
Total temporary differences	**624,864**	**459,902**	**1,084,766**	**1,539,896**	**2,624,662**
Deferred income tax, net	**93,730**	**68,985**	**162,715**	**230,985**	**393,700**
Change in temporary differences		68,985		230,985	

Deferred income tax asset and liability, related to entities operating in Lithuania, were accounted for at 15% rate in 2015 and 2014. The deferred tax of the company operating in Ukraine was calculated using 18% tax rate in 2015, 16% in 2014. The expiry date of the use of deferred tax asset from investment incentive applied to entities operating in Lithuania is five years.

24. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares issued and paid during the year. The Company has no diluting instruments, therefore basic and diluted earnings per share are equal. Calculation of basic and diluted earnings per share is presented below:

	Group	
	2015	2014
Net profit (loss) attributable to the shareholders	7,731,390	6,787,820
Weighted average number of ordinary shares	65,700,000	65,700,000
Earnings per share (EUR)	**0.12**	**0.10**

	Company	
	2015	2014
Net profit (loss) attributable to the shareholders	2,850,108	3,396,977
Weighted average number of ordinary shares	65,700,000	65,700,000
Earnings per share (EUR)	**0.04**	**0.05**

25. Dividends per share

	2015	2014
Approved dividends*	1,314,000	951,402
Number of shares**	65,700,000	65,700,000
Approved dividends per share (EUR)	**0.02**	**0.01**

* The year when the dividends are approved.
** At the date when dividends are approved.

26. Related party transactions

The related parties of the Group and the Company are the following:

- Ginvildos Investicija UAB – the main shareholder of the Company;
- Subsidiaries of Grigeo Grigiškės AB (for the list of the subsidiaries, see also Note 1);
- Didma UAB, Remada UAB, Remados Statyba UAB, Bakenas UAB, Statybų Namai UAB, Technikos Namai UAB and Naras UAB (companies related to the members of Supervisory Board).

Transactions with related parties include sales and purchases of goods and services in the ordinary course of business.

As at 31 December 2015 and 2014 the Group had no guarantees or pledges given or received in respect of the related party payables and receivables.

The Company as at 31 December 2015 had no guarantee issued to the bank to secure the loans of its subsidiary Grigeo Baltwood UAB (31 December 2014 – had a guarantee issued to the bank to secure the loans of EUR 2,088 thousand) but had a guarantee issued to the bank to secure the loans of EUR 3,017 thousand (31 December 2014 – the loans of EUR 3,555 thousand) of its subsidiary Grigeo Klaipėdos Kartonas AB.

Related party receivables and payables are expected to be settled in cash or set-off against payables / receivables to / from a respective related party.

Group 2015	Sale of goods and services	Purchase of goods and services	Amounts receivable *	Amounts payable
Entities with significant influence	-	58,972	-	4,598
Subsidiaries	2,694	-	720,223	-
Other related companies	29,331	75,001	-	8,391
TOTAL:	**32,025**	**133,973**	**720,223**	**12,989**

Group 2014	Sale of goods and services	Purchase of goods and services	Amounts receivable *	Amounts payable
Entities with significant influence	5,792	90,553	260,658	3,802
Subsidiaries	2,703	-	223	-
Other related companies	11,617	258,627	4,795	81,812
TOTAL:	**20,112**	**349,180**	**265,676**	**85,614**

* Amounts receivable include prepayments for goods and services.

26. Related party transactions (cont'd)

Company 2015	Sale of goods and services	Purchase of goods and services	Amounts receivable *	Amounts payable **
Entities with significant influence	-	48,788	-	4,598
Subsidiaries	5,159,034	9,190,045	787,108	3,895,677
Other related companies	15,289	50,170	-	4,159
TOTAL:	**5,174,323**	**9,289,003**	**787,108**	**3,904,434**

Company 2014	Sale of goods and services	Purchase of goods and services	Amounts receivable *	Amounts payable **
Entities with significant influence	5,792	51,300	202,734	3,802
Subsidiaries	5,366,755	9,303,732	1,570,018	3,762,544
Other related companies	11,617	258,627	2,057	81,812
TOTAL:	**5,384,164**	**9,613,659**	**1,774,809**	**3,848,158**

* Amounts receivable include prepayments for goods and services and loans issued to subsidiaries.
** Amounts payable include loans received from subsidiaries.

Sales to Grigeo Baltwood UAB mainly include sales of heating energy (steam) and other utilities services. Purchases from Grigeo Baltwood UAB include purchases of packaging materials and biofuel.

Purchases from Grigeo Klaipėdos Kartonas AB include purchase of test liner and fluting used as raw materials in the production. Accounts receivable and accounts payable to the related parties bear the same terms and conditions as receivables and payables to external customers and suppliers.

The Company has a loan receivable from subsidiary Grigeo Klaipėdos Kartonas AB amounting to EUR 668 thousand as at 31 December 2015 (31 December 2014: EUR 1,205 thousand). The loan matures on 30 September 2018 and bears fixed annual interest rate, which approximates to the interest rate payable to the bank.

The Company has a loan payable to subsidiary Grigeo Baltwood UAB amounting to EUR 1,883 thousand as at 31 December 2015 (31 December 2014: EUR 1,158 thousand), which matures on 19 May 2017, and loan payable to subsidiary Grigeo Baltwood UAB amounting to EUR 1,303 thousand as at 31 December 2015 (31 December 2014: EUR 1,303 thousand), which matures on 19 May 2017. The loans bear fixed annual interest rate, which approximates to the interest rate payable to the bank.

<u>Remuneration of the management</u>

For the year ended 31 December, the remuneration of the management was as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Management remuneration	575,549	491,727	309,677	281,812
Average number of managers	11	11	5	5

In 2015 and 2014 the management of the Company did not receive any guarantees; no other payments or property transfers were made or accrued. In 2015 the Company paid bonuses to its Supervisory Board and Management Board in total amount of EUR 90 thousand (in 2014 – EUR 66.6 thousand).

As at 31 December 2015 and 2014, the Group and the Company issued loans to the Management of the Company and the Group, amounting to EUR 327 thousand and EUR 269 thousand respectively (in 2014 – EUR 427 thousand and EUR 290 thousand). Loans bear fixed interest rate and mature in 2017–2019. Loans are not secured.

27. Off-balance sheet items

Information on emission allowances

Emission allowances that were granted to the Company are reflected in the permission to emit greenhouse gasses. Emission allowances are granted free of charge and are recognised as intangible assets at zero value.

The Company received 275,082 units of emission allowances for the period 2013–2020. This period is divided down to the amount of each subsequent year, respectively, from 39,614 emission allowances in 2013 to 29,327 emission allowances in 2020.

Emission allowances	Quantity (not audited)	
	Group	Company
As at 31 December 2013	**118,530**	**127,000**
Emission allowances allocated	87,854	38,074
Purchase of emission allowances	-	-
Emission allowances used	(15,251)	(175)
Sale of emission allowances	(100,000)	(100,000)
As at 31 December 2014	**91,133**	**64,899**
Correction of error	(25,108)	-
Corrected as at 31 December 2014	**66,025**	**-**
Emission allowances allocated	60,786	36,555
Purchase of emission allowances	-	-
Emission allowances used	(9,895)	(2,817)
Sale of emission allowances	(101,000)	(101,000)
As at 31 December 2015	**15,916**	**(2,363)**

28. Subsequent events

After the date of the statement of financial position, on 08/01/2016, the Company entered into an interest rate swap agreement with the bank establishing variable interest rates on loans. The agreement comes into effect on 15 March 2016 and will be effective until 15 March 2021. Also, on 19/01/2016, the Company entered into an interest rate swap agreement with the bank establishing variable interest rates on loans. The agreement comes into effect on 29 January 2016 and will be effective until 30 July 2021.

After the end of the financial year until the date of approval of these financial statements, no other events occurred which would have a material effect on the financial statements or require disclosure.

29. Going concern

As at 31 December 2015 current liabilities of the Group and the Company exceeded their current assets by EUR 5,521 thousand and EUR 3,237 thousand respectively (2014: EUR 8,444 thousand and EUR 8,240 thousand respectively). The net current liability position was mainly influenced by significant investments made to the property, plant and equipment of the Group and the Company, which are expected to be finalized in 2016 (Note 4). The Group invested over EUR 16.7 million to property, plant and equipment in 2015, from this amount the Company invested almost EUR 8.4 million. The investments were financed by own funds as well as from borrowings.

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of credit facilities to meet their commitments at a given date in accordance with its strategic plans. Under effective loan agreements, financial liabilities mature from 2016 to 2021. As at 31 December 2015, current loans of the Company amounting to EUR 2,407 thousand and current loans of the Group amounting to EUR 3,196 thousand mature in 2016. The Group's and the Company's management is discussing the possible extension of these contractual loan maturities; however, formal agreements have not been finalised yet. Taking into account the long-term successful cooperation with the banks the Management of the Group expects to reach the agreement with the banks on the delay of repayment of part of long-term loans for subsequent periods.

29. Going concern (cont'd)

Furthermore, as disclosed in Note 13, as at 31 December 2015 the Group and the Company had unused borrowings and overdrafts of EUR 17,189 thousand and EUR 9,019 thousand, respectively (2014: EUR 5,670 thousand and EUR 5,324 thousand, respectively).

Liquidity management plans are based on further improvement of the Group's and the Company's results and on extension of repayment schedules of current liabilities. The Company has prepared a forecast of the Group's operations for 2016, which allows the management to be confident about the Group's improved operational performance. The forecasted EBITDA of Grigeo Grigiškės AB is expected to reach EUR 11 million in 2016, while the EBITDA of the Group is planned to reach EUR 19.5 million in 2016.

Due to the reasons mentioned above the Management of the Company is confident that the Group and the Company will be able to continue as a going concern for a period of not less than 1 year.

CONSOLIDATED ANNUAL REPORT

TABLE OF CONTENTS

1. Reporting period for which this information has been prepared

Reports have been prepared for the twelve months of 2015.

2. Audit information

The consolidated annual report of Grigeo Grigiškės AB for the year 2015 has been prepared by the Management. The compliance of the financial data presented in the consolidated annual report with the set of consolidated financial statements for the year 2015 has been checked by an independent auditor.

3. Group companies and their contact details

As at 31 December 2015, the Company had eight subsidiaries: Grigeo Klaipėdos kartonas AB, Grigeo Baltwood UAB; Ekotara UAB; Naujieji Verkiai UAB, Mena Pak PAT, AGR Prekyba UAB, Grigeo Recycling UAB and Grigiškių energija UAB.

Status	Issuer	Subsidiary	Subsidiary
Name	**Grigeo Grigiškės** AB	**Grigeo Klaipėdos kartonas** AB	**Grigeo Baltwood** UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	19,053,000 EUR	11,890,550.55 EUR	9,435,730 EUR
Shares directly or indirectly controlled by Grigeo Grigiškės AB	Company has not acquired any own shares	95.78%	100%
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 00
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 59 10
E-mail	info@grigeogrigiskes.lt	info@grigeokartonas.lt	info@grigeobaltwood.lt
Internet address	http://www.grigeo.lt/lt	http://www.grigeo.lt/lt	http://www.grigeo.lt/lt
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers
Status	**Subsidiary**	**Subsidiary**	**Subsidiary**
Name	**Ekotara** UAB	**Naujieji Verkiai** UAB	**Mena Pak** PAT
Company's ID No.	302329061	300015674	00383260
Authorised capital	2,900 EUR	28,960 EUR	4,011,470 UAH
Shares directly or indirectly controlled by Grigeo Grigiškės AB	100%	100%	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@grigeogrigiskes.lt	info@grigeogrigiskes.lt	menapack@ukr.net
Internet address	www.ekotara.lt	-	www.menapack.com.ua
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	10 April, 2009	6 April, 2004	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary	Subsidiary
Name	**AGR Prekyba** UAB	**Grigeo Recycling** UAB	**Grigiškių energija** UAB
Company's ID No.	302416687	302529158	302674488
Authorised capital	3,709,776 EUR	870,000 EUR	2,900 EUR
Shares directly or indirectly controlled by Grigeo Grigiškės AB	100%	95.78%	100%
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 14, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 5 243 3393	+370 5 243 5933
Fax	+370 5 243 58 02	-	+370 5 243 58 02
E-mail	vigmantas.kazukauskas@grigeogrigiskes.lt	info@grigeorecycling.lt	vigmantas.kazukauskas@grigeogrigiskes.lt
Internet address	-	http://www.grigeo.lt/lt	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010	7 October, 2011
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. Mission, vision, values of the companies

We create and deliver our products with a mind of You: our customers, employees, partners and colleagues. We do care on the things that matter to You and the ways we can contribute to Your quality of life enhancement.

Mission – to create and deliver sustainable products enhancing the quality of life.

Vision – to become recognised European manufacturer.

Values

5. Nature of core activities of the group companies

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

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

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

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

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, products from corrugated board. The company has not been operating in year 2015.

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

Core business activity of Grigiškių Energija UAB is planned to be a business of heat production and sale. The company has not been operating in year 2015.

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

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

6. Contracts with intermediaries of public trading in securities and credit institutions

The Company has signed a contract with Finasta AB (financial brokerage company) on payment of dividend to the shareholders for 2004 and subsequent financial years. On 21 December 2015 Finasta AB was joined to Siauliu bankas AB, which from that date became successor to all assets, rights and obligations of Finasta AB.

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

7. Authorised capital of the issuer

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

7.1.1. Table. Structure of the authorized capital as at 31 December 2015.

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

All shares of Grigeo Grigiškės AB are fully paid up.

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

Grigeo Grigiškės AB has not issued any debt securities or derivative securities to be converted into shares.

7.3. Rights and obligations conferred by the shares

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

1) to receive a part of the Company's profit – dividend;
2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
6) to receive a part of assets of the Company in liquidation;
7) to bequeath all or a part of the shares to the ownership of the other people;
8) to transfer all or part of the shares to ownership of other people;
9) to attend the general meetings of shareholders;
10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of EUR 0.29 gives its holder one vote at the general meeting);
11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

8. Shareholders

8.1. Number of shareholders of the Company

As at 31 December 2015 there were 2,787 shareholders of Grigeo Grigiškės AB.

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

8.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer as at 31 December 2015 and/or 31 December 2014.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 2015			31 December 2014		
	Number of ordinary registered shares owned by the sharehol-der	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the sharehol-der	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB Ginvildos investicija Turniškių str. 10a-2, Vilnius, 125436533	28,582,407	43.50	43.50	25,582,407	38.94	38.94
Irena Ona Mišeikienė	7,857,585	11.96	11.96	7,472,585	11.37	11.37
Raiffeisen Bank International AG Am Stadtpark 9, 1030 Wien, Austria	-	-	-	5,469,967	8.33	8.33

As disclosed in more detail in Chapter 12 of the consolidated annual report, as at 31 December 2015 the Company's President indirectly with persons acting in concert controlled 49.03% of votes.

8.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

8.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

8.5. Agreements between/among the shareholders

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

9. Information on trading with issuer's securities on the regulated markets

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

9.1. Key characteristics of the shares of the Company

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

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

9.2. Share trading information

9.2. table. Share trading information

Reported period	Price, EUR				Turnover, EUR			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	EUR
2011	**0.868**	**0.450**	**0.462**	**0.712**	**171,760**	**0**	**1,200**	**2,766,090**	**1,968,941**
2012, I Q	0.614	0.462	0.576	0.565	120,810	0	867	1,142,755	645,351
2012, II Q	0.579	0.510	0.526	0.537	29,105	0	631	372,658	200,129
2012, III Q	0.572	0.526	0.534	0.551	18,735	0	696	329,661	181,560
2012, IV Q	0.565	0.522	0.550	0.539	31,081	0	1,973	294,869	158,936
2012	**0.614**	**0.462**	**0.550**	**0.554**	**120,810**	**0**	**1,973**	**2,139,943**	**1,185,976**
2013, I Q	0.627	0.560	0.608	0.606	55,703	0	11,349	635,718	385,054
2013, II Q	0.609	0.563	0.583	0.583	20,406	301	1,299	384,097	224,093
2013, III Q	0.661	0.577	0.630	0.622	34,636	0	4,718	705,898	438,782
2013, IV Q	0.707	0.610	0.707	0.642	252,972	0	27,847	1,764,603	1,131,923
2013	**0.707**	**0.560**	**0.707**	**0.624**	**252,972**	**0**	**27,847**	**3,490,316**	**2,179,853**
2014, I Q	0.795	0.690	0.730	0.748	97,600	0	1,992	1,173,593	877,683
2014, II Q	0.814	0.695	0.798	0.744	243,318	0	1,995	1,340,247	996,743
2014, III Q	0.845	0.798	0.840	0.820	77,804	0	0	757,732	621,547
2014, IV Q	0.997	0.811	0.980	0.866	144,805	0	1,323	1,073,638	929,449
2014	**0.997**	**0.690**	**0.980**	**0.788**	**243,318**	**0**	**1,323**	**4,345,210**	**3,425,422**
2015, I Q	1.160	0.982	1.160	1.047	76,624	0	8,086	619,999	649,240
2015, II Q	1.190	1.100	1.170	1.155	56,780	0	56,780	639,333	738,494
2015, III Q	1.170	1.040	1.070	1.084	331,209	0	212,477	1,498,711	1,624,843
2015, IV Q	1.100	1.030	1.100	1.066	53,523	116	13,903	487,498	519,606
2015	**1.190**	**0.982**	**1.100**	**1.088**	**331,209**	**0**	**13,903**	**3,245,541**	**3,532,183**

9.2. figure. Share price and turnover 01.01.2004 – 31.12.2015.

9.3. Capitalisation of the Company's shares

9.3. table. Capitalisation of the Company's shares.

Last session date	Capitalisation, EUR
31.12.2011	**27,717,000**
31.03.2012	34,563,000
30.06.2012	31,557,000
30.09.2012	32,044,000
31.12.2012	**32,999,000**
31.03.2013	36,475,000
30.06.2013	38,303,000
30.09.2013	41,386,000
31.12.2013	**46,447,000**
31.03.2014	47,970,000
30.06.2014	52,422,000
30.09.2014	55,181,000
31.12.2014	**64,391,000**
31.03.2015	76,212,000
30.06.2015	76,869,000
30.09.2015	70,299,000
31.12.2015	**72,270,000**

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

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

9.5. Own shares buy out

The Company has not bought out own shares.

9.6. Restrictions on shares transfer

There are no restrictions on shares transfer.

9.7. Official takeover bid

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

9.8. Investments made

Information about main investment made in the reporting period and its size is provided in Note 4 to the financial statements and Chapters 13.1-13.2 of the consolidated annual report on material events.

10. Employees

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

10.1. table. Number of employees of the Group.

	31.12.2015	31.12.2014
Number of employees	792	814

10.2. table. Number of employees of the Company.

	31.12.2015	31.12.2014
Number of employees	348	336

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

Employees	Average salary, EUR*	Employees by education			
		University	College	Secondary	Basic
Workpeople	879	52	181	310	18
Managers	2,613	62	5	8	-
Specialists	1,096	125	28	9	-
Total	**1,097**	**239**	**214**	**327**	**18**

10.4. table. Average number of employees, salary and grouping of employees by education of the Group during the twelve months of 2014.

Employees	Average salary, EUR*	Employees by education			
		University	College	Secondary	Basic
Workpeople	822	50	186	340	16
Managers	2,465	58	4	5	-
Specialists	1,133	124	32	10	-
Total	**1,029**	**232**	**222**	**355**	**16**

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

Employees	Average salary, EUR*	Employees by education			
		University	College	Secondary	Basic
Workpeople	869	21	70	125	12
Managers	2,881	29	3	2	-
Specialists	1,149	61	11	6	-
Total	**1,135**	**111**	**84**	**133**	**12**

10.6. table. Average number of employees, salary and grouping of employees by education of the Company during the twelve months of 2014.

Employees	Average salary, EUR*	Employees by education			
		University	College	Secondary	Basic
Workpeople	874	19	61	118	9
Managers	2,742	24	3	1	-
Specialists	1,207	59	11	8	-
Total	**1,123**	**102**	**75**	**127**	**9**

11. Amendments to the articles of association of the issuer

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

12. Information on the managing bodies of the issuer

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

The supervisory council is comprised of 5 members. The members to the supervisory council are elected by the general meeting of shareholders for a period of 4 years. The supervisory council elects and revokes the members of the board. The board of the Company consists of 5 members. The supervisory council elects and revokes the members of the Audit Committee. The Audit Committee of the Company consists of 3 members.

The Supervisory Council represents the shareholders and together with the Audit Committee performs supervisory functions.

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

12.1. Members of the managing bodies

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

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

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

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

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

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

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

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

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Project director	Didma UAB	51.00
			Naras UAB	62.48
			Bakenas, UAB	100.00
			Statybų namai, UAB	62.00
			Technikos namai, UAB	62.00
	Grigeo Grigiškės AB	Chairman of the supervisory council	Grigeo Grigiškės AB	4.41
Vilius Oškeliūnas	Grigeo Grigiškės AB	Member of the supervisory council		
	Gerovės kūrimas UAB	Director		
	Gerovės kūrimas UAB	Member of the board		
	Gerovės valdymas UAB	Wealth manager		
	IM investment UAB	Director		
Romualdas Degutis	Grigeo Grigiškės AB	Member of the supervisory council	Grigeo Grigiškės AB	0.03
	Telesat sprendimai UAB	Member of the board		
	Antena UAB	Chairman of the board		
	InComSystems UAB	Project manager		
	InComSystems UAB	Chairman of the board		
Tautvilas Adamonis	Grigeo Grigiškės AB	Member of the supervisory council	Remada UAB	100.0
	Statnekta UAB	Project manager		
Daiva Duksienė	Grigeo Grigiškės AB	Member of the supervisory council		
	Autodina UAB	Chief accountant		
Gintautas Pangonis	Grigeo Grigiškės AB	President	Ginvildos investicija UAB	100.0
	Ginvildos investicija UAB	Director		
	Grigeo Grigiškės AB	Chairman of the board		
	Grigeo Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Grigeo Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman of the board		
	Grigeo Recycling UAB	Chairman of the board		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	Mena Pak PAT	Chairman of the Supervisory council		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Grigeo Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigeo Grigiškės AB	Vice president, Business Development	Grigeo Grigiškės AB	0.85
	Grigeo Grigiškės AB	Member of the board		
	Grigeo Klaipėdos kartonas AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Naujieji Verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Director		
	Ekotara UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	AGR Prekyba UAB	Director		
	Mena Pak PAT	Member of the Supervisory council		
Vytautas Juška	Grigeo Grigiškės AB	Vice president, Purchasing & Logistics		
	Grigeo Grigiškės AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Grigeo Recycling UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		
Nina Šilerienė	Grigeo Grigiškės AB	Vice President, Finance	Grigeo Grigiškės AB	0.24
	Grigeo Grigiškės AB	Member of the board		
	Grigeo Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		

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

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

12.5. Information about payments to the members of the managing bodies

12.5. table. Information on the salaries, tantiemmes and other payments from profit paid by the Issuer within the 2015.

	Salaries, EUR	Tantiemme, EUR	Dividends, EUR	Other payments, EUR
Totally for all members of the supervisory council	-	13,500	58,312	-
In average per one member of the supervisory council	-	2,700	11,662	-
Totally for all members of the board	-	76,500	-	-
In average per one member of the board	-	15,300	-	-
Totally for all members of the administration	309,677	-	18,385	-
In average per one member of the administration	61,935	-	3,677	-

13. Review of activity of the group companies

13.1. Material events in the Issuer's activities

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

27.02.2015 During the twelve months of 2014, the Group achieved the consolidated sales turnover of LTL 343.7 million (EUR 99.5 million). During the same period in question, the Company's sales amounted to LTL 167.1 million (EUR 48.4 million).
During the reporting period, the Group earned LTL 25.9 million (EUR 7.5 million) and the Company earned LTL 12.3 million (EUR 3.6 million) profit before taxes.

24.03.2015 GRIGIŠKĖS AB successfully completed one more investment project – erection of new paper production machine.

01.04.2015 The Annual General Meeting of Shareholders of GRIGIŠKĖS AB is convened by initiative and the decision of the Board of GRIGIŠKĖS AB on 30 April 2015 at 11 a.m.

24.04.2015 GRIGIŠKĖS AB received a letter with a nominee to the Company's Supervisory council from the shareholder, which holds shares carrying more than 1/20 of all votes.

30.04.2015 Decisions of the General Meeting of shareholders of GRIGIŠKĖS AB held on 30.04.2015:
- to approve the set of consolidated annual financial statements and annual financial statements of the Company for the year 2014.
- to elect to the Supervisory council of GRIGIŠKĖS AB: Mr. Vilius Oškeliūnas, Mr. Norimantas Stankevičius, Mr. Romualdas Degutis, Mr. Tautvilas Adamonis, Mrs. Daiva Duksienė.

30.04.2015 Mr. Gintautas Pangonis, Mrs. Nina Šilerienė, Mr. Vigmantas Kažukauskas, Mr. Vytautas Juška and Mr. Normantas Paliokas were elected to the Board of the Company for a 4-year term.

18.05.2015 During the 1st quarter of 2015, the Group achieved the consolidated sales turnover of EUR 25.6 million. During the same period in question, the Company's sales amounted to EUR 13.2 million.
During the reporting period, the Group earned EUR 2.5 million and the Company earned EUR 1.1 million.

04.06.2015 GRIGIŠKĖS AB is present at conference "CEO Meets Investor" held by NASDAQ OMX Vilnius AB. Here, in this event, activities, results of the activities, plans and prospect of the Company are presented by Mr. Gintautas Pangonis, President of GRIGIŠKĖS AB.

11.06.2015 GRIGIŠKĖS AB received a notification from the managers/related persons on the transactions in issuer's securities.

10.07.2015 Klaipėdos kartonas AB, a subsidiary of GRIGIŠKĖS AB, started an essential project for the modernisation of their paper production machine. The aim of the project is to double the company's production capacity within 3-5 years.

31.07.2015 During the 1st half of 2015, the Group achieved the consolidated sales turnover of EUR 51.2 million. During the same period in question, the Company's sales amounted to EUR 26.3 million.
During the reporting period, the Group earned EUR 4.5 million and the Company earned EUR 2 million.

28.08.2015 GRIGIŠKĖS AB received a notification from the managers/related persons on the transactions in issuer's securities.

31.08.2015 GRIGIŠKĖS AB received a notification from the managers/related persons on the transactions in issuer's securities.

08.09.2015 The Extraordinary General Meeting of Shareholders of GRIGIŠKĖS AB is convened by initiative and the decision of the Board of the Company on 13 October 2015, at 10.00 a.m.

22.09.2015 GRIGIŠKĖS AB received a notification from the managers/related persons on the transactions in issuer's securities.

28.09.2015 The agenda of the Extraordinary General Meeting of Shareholders of GRIGIŠKĖS AB scheduled for 13 October 2015, at 10.00 a.m. was supplemented by the proposal and the decision of the Board of the Company, one of which was related to the change of the Company's name.

13.10.2015 The Extraordinary General Meeting of shareholders of GRIGIŠKĖS AB made the following decisions:

- To change the name of the Company GRIGIŠKĖS AB to Grigeo Grigiškės AB.
- To redenominate the authorized capital and the nominal value of the shares of the Company shown in the Articles of Association of the Company from litas to euro.

16.10.2015 The amended Articles of Association of Grigeo Grigiškės AB were registered with the Register of Legal Entities.

02.11.2015 During the nine months of 2015, the Group achieved the consolidated sales turnover of EUR 78.2 million. During the same period in question, the Company's sales amounted to EUR 40.5 million. During the reporting period, the Group earned EUR 6.8 million and the Company earned EUR 2.5 million.

10.11.2015 Grigeo Grigiškės AB received a notification from the managers/related persons on the transactions in issuer's securities.

14.11.2015 Grigeo Grigiškės AB met potential investors in Estonia.

22.12.2015 The Board of Grigeo Grigiškės AB reviewed expected results for the year 2015 and planned financials indicators for the year 2016.

30.12.2015 Grigeo Grigiškės AB presented preparation of Interim information and release dates in 2016.

13.2. Newest events in the Issuer's activities

This section contains summary of all Grigeo Grigiškės AB published reports on material event. Full text of reports could be found on the Company's website:
http://www.grigeo.lt/

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

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

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

29.02.2016 Having assessed the market prospects and opportunities, and considered the needs of its customers, the company has successfully completed a new project in an investment of EUR 3.8 million with the aim of improving the quality of its products and raising efficiency of its production. This time, Grigeo Grigiškės AB has invested in the expansion of its production, storage, and administration premises and in an upgrade to its corrugation unit. When operating in three shifts, the unit will allow the output of corrugated cardboard to be increased by more than fifty percent.

13.3. Offices and branches

The Company has Country marketing representatives operating in Latvia and Estonia. No new offices or branches are planned to be opened in 2016.

13.4. Group's markets and risk factors

Information about financial risk management is provided in notes to the audited consolidated financial statements.

Economic risk factors

Paper production. In 2015, the hygienic paper market grew by 13% compared with 2014. Sales extended to 19 countries. Baltic tissue market in 2015 grew by 2.3%, in which paper towel category grew the most – even 6.8%. GRITE brand of Grigeo Grigiškės AB (without other private labels products produced by the Company) accounted for 20.6% of the Baltic tissue market.

The highest growth of sales was achieved in Estonia, Denmark and Finland market.

It is forecasted that in 2016 the hygienic paper market of the Baltic countries will increase by up to 4%; likely, mostly in the category of paper towels. It is also planned that the updated range of products and supporting by marketing tools will help to increase GRITE brand market share.

In 2016 greater emphasis in increasing sales will be placed on cellulosic products sales in neighbouring markets.

The Company's paper production export, which accounts for around 67.5 percent of all paper products sales, is affected by exchange rate fluctuations, as well as changes in transport and raw material prices. Since the main export sales currency is euro, exchange rate risk is at a minimum.

Corrugated cardboard packaging products market. In 2015, Grigeo Grigiškės AB sold 19% more packaging than in 2014 while the overall market growth was about 8% according to our assumptions. Increasing market share is settled by the success of investments and consistent focus on improving product quality, process optimization and increase in labour productivity. After the modernization of the corrugated cardboard production line and extension of the production facilities the Company plans following investment in processing equipment renewal, acquisition of packaging production line and search of new markets. The growth in 2016 is planed even higher based on these investments if compared to 2015.

Grigeo Grigiškės AB Group of companies has a complete packaging processing cycle: we purchase waste paper, produce raw cardboard paper, then corrugated cardboard from raw cardboard paper, and finally, packaging from cardboard according to individual needs. The complete packaging processing cycle enables us to offer our customers stable supply and highest quality assurance and traceability from the packaging up to the paper from which the packaging was manufactured as well as competitive prices. In 2015, the main packaging markets included Lithuania, Latvia, Estonia, Finland, and Russia.

Since the main export sales currency is euro, exchange rate risk is at a minimum.

Main risks of this business come from changes in raw materials' prices.

Raw cardboard paper market. In 2015, the sales of Grigeo Klaipėdos Kartonas AB increased by 1% compared with 2014. The growth in the company's income in 2015 was mostly influenced by increased market prices. The company earned its major part of income in the markets of Baltic and Western-Central Europe countries (respectively 43% and 47%). The rest of income came from the markets of Scandinavia and CIS countries.

Western European countries market. In 2015, sales in the Western-Central European countries grew by 22%. Reasons of which are: active and successful sales operations redirecting an increasing part of the production from eastern to western market due to the unstable situation in the eastern market.

CIS countries market. In 2015 the turnover decreased by 54 percentage points compared to 2014. Reasons of which are: the geopolitical situation, economic instability and decision to further expand sales in Western European markets.

Baltic countries market. In 2015, the Company's sales in the markets of the Baltic countries remained on the same level as in 2014 and accounted for 43% of overall sales.

Since the main export sales currency is euro, exchange rate risk is at a minimum.

Wood products market. In 2015, the sales revenue of Grigeo Baltwood UAB amounted to EUR 19.9 million. 75% of production was exported. Other 25% was sold in Baltic countries. The main wood product export markets included the Poland, Sweden, United Kingdom and Finland. In 2015, the company plans further expansion in foreign markets and growth of hardboard sales by 7%.

Hardboard production accounts for a major part of wood products. The main buyers of these products are cabinet and cushioned furniture manufacturers, special packaging manufacturers and users, the DIY (Do-It-Yourself) sector, and construction companies.

Since the main export sales currency is euro, exchange rate risk is at a minimum.

Ukrainian Business Environment Ukraine's political and economic situation has deteriorated significantly since the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union in late November 2013. In February 2014, following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions and also announced a transition to a floating foreign exchange rate regime. The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

The management of the Group companies believes it is taking all appropriate measures to support the sustainability of the Group's business. Although the impact of the ongoing instability of the business environment is difficult to determine, but the Group's management believes that it will not have a significant negative impact on the Group's results.

Social risk factors

Salaries are paid in terms set in collective agreement.

Technical – technological risk factors

In order to improve the technical production assurance level, the Company continuously modernizes its equipment and facilities, purchases new equipment, and automates process management.

In 2015 the Company completed a new paper machine construction. As a result of these investments Company significantly reduced the use of power resources and technological materials in papermaking.

Also, in 2015 corrugated cardboard production line in Vilnius was modernized. This investment will reduce the adhesive usage to glue cardboard layers, the amount of corrugated cardboard strips and the usage of power resources as well.

Ecological risk factors

The Company carrying out business activities, follows "Pollution integrated prevention and control" principles. Rational use of energy and natural resources, applying modern production and environmental components cleaning technologies without compromising product quality.

The Company pays taxes for used natural resources (water) and for environment pollution (air pollution caused by steam shop, technological equipment and mobile pollution sources, water pollution caused by rain outflows).

Polluted water is cleaned in mechanical way and pumped to Vilnius city biological cleaning complex.

The Company operates the biodegradable waste composting site, which enables natural composting of organic waste in the field environment with the use of industrial and domestic wastewater treatment sludge and wood chips for compost production. The produced compost is used for the reclamation of quarries and other needs.

Management system operating in accordance with ISO 14001 was implemented in 2012. The recertification audit of management systems performed in 2015 by DNV GL Lietuva UAB confirmed that the Company's management systems comply with the requirements of LST EN ISO 9001 and LST EN ISO 14001.

13.5. Suppliers

13.5.1 table. Countries of suppliers' of main raw materials and materials for the Company over the twelve months of the year

Supplier's country	2015	2014
	%	%
Lithuania	59.5	53.8
Sweden	11.2	2.2
Italy	7.4	25.6
Finland	5.9	1.8
Poland	5.6	4.1
Estonia	2.9	5.2
Austria	2.5	1.6
Germany	1.6	1.8
Latvia	1.3	0.6
The Netherlands	1.2	0.4
Denmark	0.4	0.1
Belarus	0.4	1.1
Other countries	0.1	1.7
TOTAL	**100.0**	**100.0**

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

It is planned that the Group which consists of companies Grigeo Grigiškės AB, Grigeo Baltwood UAB, Grigeo Klaipėdos kartonas AB, Mena Pak PAT and Grigeo Recycling UAB in the year 2016 will reach a turnover of EUR 112 million. The Group's profit before taxes will reach EUR 11.1 million. It is also planned that EBITDA of the Group will reach EUR 19.5 million in 2016.

It is planned that Grigeo Grigiškės AB in the year 2016 will reach a turnover of EUR 68.3 million. The Company will earn a profit before taxes of EUR 5.1 million. It is also planned that EBITDA of Grigeo Grigiškės AB will reach EUR 11 million in 2016.

These forecasts are not audited.

13.7. Financial indicators

13.7.1. table. Group's financial and performance indicators.

Financial ratios	2011	2012	2013	2014	2015
EBITDA	11,814,239	10,306,473	12,608,884	15,857,428	18,311,228
EBITDA profitability	13.3%	12.3%	13.2%	15.9%	17.7%
Gross margin	15.1%	15.7%	15.8%	18.5%	19.8%
Operating margin	6.3%	4.6%	5.2%	7.9%	8.7%
Net margin	4.2%	3.2%	4.0%	6.9%	7.5%
ROE profitability	13.8%	9.1%	11.3%	17.6%	17.4%
ROA profitability	5.2%	3.7%	4.8%	7.6%	7.7%
Current ratio	0.87	0.66	0.79	0.71	0.81
Quick ratio	0.50	0.40	0.51	0.44	0.46
Cash to current liabilities	0.032	0.015	0.028	0.049	0.026
P/E	7.49	12.21	12.29	9.49	9.35
Earnings per share	0.061	0.046	0.061	0.103	0.118
Dividend per share	0.006	0.006	0.014	0.020	*
Dividend payout ratio	0.09	0.13	0.25	0.19	*
Debt to equity ratio	1.45	1.32	1.20	1.20	1.13
Debt to total assets ratio	0.57	0.55	0.52	0.52	0.51

* - indicator for the year 2015 will be calculated after the Ordinary General Shareholders' Meeting has approved dividends for the year 2015.

13.7.2. table. Company's financial and performance indicators.

Financial ratios	2011	2012	2013	2014	2015
EBITDA	6,518,522	5,968,707	6,585,359	8,046,730	8,422,541
EBITDA profitability	14.1%	18.6%	15.3%	16.6%	15.6%
Gross margin	14.4%	18.1%	15.9%	17.4%	16.4%
Operating margin	5.7%	8.3%	5.2%	7.7%	5.4%
Net margin	8.5%	7.6%	4.5%	7.0%	5.3%
ROE profitability	15.7%	8.8%	6.2%	9.9%	7.8%
ROA profitability	9.0%	5.4%	3.8%	5.7%	4.2%
Current ratio	0.68	0.49	0.88	0.54	0.79
Quick ratio	0.49	0.33	0.61	0.38	0.44
Cash to current liabilities	0.002	0.005	0.008	0.017	0.001
Earnings per share	0.067	0.041	0.032	0.052	0.043
Dividend per share	0.006	0.006	0.014	0.020	*
Dividend payout ratio	0.09	0.17	0.49	0.39	*
Debt to equity ratio	0.54	0.57	0.54	0.77	0.81
Debt to total assets ratio	0.33	0.35	0.33	0.41	0.43

* - indicator for the year 2015 will be calculated after the Ordinary General Shareholders' Meeting has approved dividends for the year 2015.

The indicators are calculated in accordance with Nasdaq Vilnius AB recommended formulas:

EBITDA profitability = EBITDA / Revenue
Gross margin = Gross profit / Revenue
Operating margin = Profit from operations / Revenue
ROE profitability = Net profit / average equity
ROA profitability = Net profit / average assets
Current ratio = Current assets / current liabilities
Quick ratio = (Current assets – Inventories)/ current liabilities
Cash to current liabilities = cash / current liabilities
P/E = the market price of share / Total of attributable profit
Earnings per share = (Net profit - preferred stock dividends)/ weighted average number of ordinary shares in circulation
Debt to equity ratio = liabilities / Equity
Debt to total assets ratio = liabilities / assets

13.8. Patents, licenses, surveys

The Company and the Group have no patents and licenses.

13.9. Related party transactions

All transactions with related persons were carried out at market prices.
Grigeo Klaipėdos Kartonas AB – subsidiary of Grigeo Grigiškės AB.
Grigeo Baltwood UAB – subsidiary of Grigeo Grigiškės AB.
Mena Pak PAT – subsidiary of Grigeo Grigiškės AB.
AGR Prekyba UAB – subsidiary of Grigeo Grigiškės AB.
Ginvildos Investicija UAB – major shareholder of Grigeo 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.
Grigeo Recycling UAB – subsidiary of Grigeo Grigiškės AB.
Grigiškių Energija UAB – subsidiary of the Group not subject to consolidation.

13.9.1. table. The Group's transactions with related parties over the twelve months of 2015. Balances of amounts receivable/payable in relation thereto as at 31 December 2015.

Group 2015	Sale of goods and services	Purchase of goods and services	Amounts receivable *	Amounts payable
Entities with significant influence	-	58,972	-	4,598
Subsidiaries	2,694	-	720,223	-
Other related companies	29,331	75,001	-	8,391
TOTAL:	**32,025**	**133,973**	**720,223**	**12,989**

* Amounts receivable include prepayments for goods and services.

13.9.2. table. The Company's transactions with related parties over the twelve months of 2015. Balances of amounts receivable/payable in relation thereto as at 31 December 2015.

Company 2015	Sale of goods and services	Purchase of goods and services	Amounts receivable *	Amounts payable **
Entities with significant influence	-	48,788	-	4,598
Subsidiaries	5,159,034	9,190,045	787,108	3,895,677
Other related companies	15,289	50,170	-	4,159
TOTAL:	**5,174,323**	**9,289,003**	**787,108**	**3,904,434**

13.10. Court and arbitration proceedings

Over the twelve months of 2015 the Group and the Company were not involved in court or arbitration proceedings which would have a material impact on the financial position of Grigeo Grigiškės AB.

INFORMATION ON COMPLIANCE WITH GOVERNANCE CODE

The public company Grigeo Grigiškės AB (hereinafter – "the Company"), following Article 21(3) of the Law on Securities of the Republic of Lithuania and item 24.5 of the Trading Rules of the stock exchange NASDAQ Vilnius AB, discloses its compliance with the Governance Code, approved for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLIC A-BLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company fully complies with this recommendation. Plans and forecasted result of the Company are published on an annual basis.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	All supreme managing and supervision bodies of the Company are focused on the implementation of the main objectives and tasks of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The one-person managing body – the head of the Company, the collegial managing body – the management board and the supervisory body – the council of observers (supervisory board) cooperate in view of seeking the best benefit for the Company and its shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company fully complies with these recommendations.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Company fully complies with this recommendation, as its bodies consist of the single-person managing body (the head of the Company), the collegial managing body (the management board) and the supervisory body (the council of observers).
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The management board is responsible for strategic management of the Company and parries out other essential managerial functions in the Company. The council of observers (supervisory board) is responsible for the efficient supervision of the managing bodies of the Company.

2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Not applicabl e	Both the council of observers (supervisory board) and the management board are formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	Yes	The collegial supervisory body, as elected by the general meeting of shareholders, is formed and operates in the procedure laid down in guidelines III and IV; guidelines III and IV also apply to the management board, insofar this does not contradict the essence and purpose of the mentioned body.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	Yes	The management board of Company consists of 5 members. The council of observers (supervisory board) also consists of 5 members. This is set forth in the Articles of Association of the Company. The Articles of Association shall be approved by the supreme managing body of the Company, i.e., the general meeting of shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	In accordance with the Articles of Association of the Company, the council of observers shall be elected by the general meeting of shareholders for the maximum period of 4 years. This is the maximum period permitted by the legislation of the Republic of Lithuania. The general meeting of shareholders is entitled to revoke all or individual members of the council of observers before expiration of their tenure.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairperson of the council of observers, as formed in the Company, has not been the head of the Company.

[1]Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

[2]Definitions *'executive director'* and *'non-executive director'* are used in cases when a company has only one collegial body.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The collegial body elected by the general meeting of shareholders is elected in compliance with the procedure prescribed by the legislation of the Republic of Lithuania. Concurrently, the interests of small shareholders, disinterested and unbiased supervision of the managing bodies are ensured.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	The Company discloses information about the nominees to the collegial bodies to shareholders immediately after it receives proposals for candidates to the collegial body. Information about the members of the council of observers and the management board is disclosed by the Company in its periodical reports. Accordingly, there is enough time for the shareholders to decide on which nominee they will vote.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	The Company complies with the provisions laid down in this recommendation. Information about the members to the council of observers is disclosed by the Company in its periodical reports.
3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	The members to the collegial body of the Company, as formed by the general meeting of shareholders, are elected taking into consideration the structure and types of activities of the Company; the members have versatile knowledge, opinions and experience necessary for the proper performance of their tasks.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an	Yes	New members elected to the collegial bodies of the Company are made familiar with the Company, its organization, activity specifics, etc.

[3]Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

annual review to identify fields where its members need to update their skills and knowledge.		
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	No	Independency of the members of the council of observers has not been evaluated in the Company so far; the Company has not discussed the contents of the concept of "sufficiency" of independent members.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner,	Yes	According to the criteria laid down in paragraph 3.7, there is an independent member in the council of observers of the Company.

[4]The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

[5]It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; He/she has not been in the position of a member of the collegial body for over than 12 years; He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	The Company has not defined the concept of independency.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	The Company has not applied so far the practice of evaluation and announcement of independency of the members of the council of observers.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	The Company has not applied so far the practice of evaluation and announcement of independency of the members of the council of observers.

3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds[6]. The general shareholders' meeting should approve the amount of such remuneration.	Yes		Members of the collegial bodies were remunerated for their work from the funds of the Company by tantjemes.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting
The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	Yes		The council of observers makes recommendations to the managing bodies of the Company and monitors their activities.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes		To the best knowledge of the Company, all members of the council of observers act in a good will in respect of the Company, comply with the interests of the Company (not those of third parties) and take efforts to maintain independency in decision making.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes		Members of the collegial body properly perform the functions delegated to them: actively participate at the sitting of the collegial body and devote sufficient time for the performance of their duties as the members of the collegial body.

[6]It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.
[7]See Footnote 3.
[8] See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.
[9]It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The collegial body treat all shareholders in a fair and unbiased manner. There have been no conflicts of interests so far.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	The Company complies with the provisions laid down in this recommendation.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies.[10] Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The collegial body is independent in making decision important for the activities and strategy of the Company. Also, there are no restrictions for the collegial body to receive information of the Company's employees.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination,	Yes	An Audit committee is formed in the Company and is responsible for issues related to the company's audit control and evaluation and is not responsible for issues related to the company's directors and the appointment of directors' remuneration determination. Conflicts of interests in the fields relating to audit control and evaluation of the Company have been avoided so far.

[10]In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.		
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Yes	An Audit committee is formed in the Company.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes	An Audit committee of the Company is composed of 3 members of the Company's Supervisory Council.

[11]The Law on Audit of the Republic of Lithuania (*Official Gazette*, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Yes	The authority of the Audit committee is determined by Supervisory Council by approving the Audit committee's internal rules.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes	According to the Audit Committee's internal rules the Audit Committee has the right to invite to its meetings the Chairman of the Supervisory Board and certain employees of the Company, the external auditor.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; Properly consider issues related to succession planning; Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company	No	No nomination committee has been formed in the Company so far.

should be consulted by, and entitled to submit proposals to the nomination committee. 4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5)Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6)Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;	No	No remuneration committee has been formed in the Company so far.

Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1)Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2)At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5)Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having	Yes	The Company has formed an audit committee whose main functions are in line with these recommendations.

regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;
6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.
4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.
4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.
4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.
4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.
4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.
4.14.7. The audit committee should report on its activities to the collegial body at least once in every six

months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	Such practice has not been applied in the Company.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company fully complies with these recommendations.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.[12]	Yes	Sittings of the collegial bodies of the Company are held at such intervals as are necessary to ensure uninterrupted tackling of essential issues relating to the management and supervisory of activity of the Company.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members	Yes	Members of the collegial bodies are notified on the sitting in advance by sending them the agenda and all needed materials of the meeting, so that they'd have enough time to properly prepare for consideration of the issues to be addressed at the meeting and share in useful discussions leading to adoption of proper resolutions.

[12]The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

of the collegial body are present or certain issues of great importance to the company require immediate resolution.		
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	In order to coordinate operations of the collegial bodies of the Company and to ensure efficient decision-making process, chairpersons of the collegial supervisory and managing bodies of the Company agree upon the dates and agendas of future sittings, closely cooperate in tackling other issues relating to the management of the Company.
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company is comprised of 65.700.000 ordinary shares. The par value of one share is EUR 0.29. All shareholders of the Company enjoy equal rights.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company fully complies with this recommendation.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	In order to ensure continuous and effective activities of the company and to avoid unnecessarily frequent consideration of transactions at the meeting of shareholders, transactions that are important to the company and its shareholders, such as transfer, investment, mortgage or other encumbrance are approved by the decision of the board without the approval of the meeting shareholders.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	Procedures of convocation and holding the general meetings of shareholders of the Company create the shareholders equal opportunities to attend the meetings and do not violate their rights and interests. Notices of convocation of the general meeting are published following the procedure established by the Republic of Lithuania Law on Securities in the Central database of regulated information administrated by Nasdaq Vilnius AB, on the Company's website and additionally in the Lietuvos Rytas daily. The general meetings of shareholders of the Company are convened at the address of the Company's registered and operational address at Vilniaus str. 10, Grigiškės, Vilnius, the place, date and time do

[13]The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

		not preclude the active shareholders' participation at the meeting.
6.5. If possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The Company fully complies with this recommendation.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company fully complies with this recommendation.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The Company does not comply with the provisions of this recommendation, because there have been no such request on the part of the shareholders.

Principle VII: The avoidance of conflicts of interest and their disclosure The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Company fully complies with these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	The Company fully complies with these recommendations.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	The Company fully complies with these recommendations.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The Company fully complies with these recommendations.

Principle VIII: Company's remuneration policy Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	Such practice has not been applied in the Company so far.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	Such practice has not been applied in the Company so far.
8.3. Remuneration statement should leastwise include the following information: Explanation of the relative importance of the variable and non-variable components of directors' remuneration; Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; An explanation how the choice of performance criteria contributes to the long-term interests of the company; An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; Sufficient information on deferment periods with regard to variable components of remuneration; Sufficient information on the linkage between the remuneration and performance; The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; Sufficient information on the policy regarding termination payments; Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; A description of the main characteristics of supplementary pension or early retirement schemes for directors; Remuneration statement should not include commercially sensitive information.	No	Such practice has not been applied in the Company so far.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and	No	Such practice has not been applied in the Company so far.

members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.		
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; The remuneration and advantages received from any undertaking belonging to the same group; The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;	No	Such practice has not been applied in the Company so far.

When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.13. Shares should not vest for at least three years after their award.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.

8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	The remuneration policy of disclosure practice has not been applied in the Company so far.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	No	Such practice has not been applied in the Company so far.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: Grant of share-based schemes, including share options, to directors; Determination of maximum number of shares and main conditions of share granting; The term within which options can be exercised; The conditions for any subsequent change in the exercise of the options, if permissible by law; All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	No	Such practice has not been applied in the Company so far.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is	No	Such practice has not been applied in the Company so far.

determined, should also be subject to the shareholders' approval.		
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	No	Such practice has not been applied in the Company so far.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	No	Such practice has not been applied in the Company so far.

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.

Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		
10.1. The company should disclose information on: The financial and operating results of the company; Company objectives; Persons holding by the right of ownership or in control of a block of shares in the company; Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; Material foreseeable risk factors; Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; Material issues regarding employees and other stakeholders; Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The Company complies with this recommendation.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	The Company complies with this recommendation.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Partly	The Company regularly discloses information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company as well as potential conflicts of interest that may have an effect on their decisions.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	The Company complies with this recommendation.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the NASDAQ Vilnius AB Stock Exchange, so that all the company's shareholders and investors should have equal access	Yes	The Company publishes information through the Central database of regulated information administrated by NASDAQ Vilnius AB in Lithuanian and English simultaneously, of possible. The Stock Exchange places the received information on its home page and trade system, thus ensuring simultaneous placement of information to all readers. In addition, the Company, if possible, publishes its information prior to or after trade sessions of the

to the information and make informed investing decisions.		stock exchange NASDAQ OMX Vilnius and provides information for all markets where securities of the Company are traded simultaneously. The Company does not publish in commentaries, interviews or otherwise any information likely to affect the price of its emitted securities until such information is announced through the Central database of regulated information administrated by NASDAQ OMX Vilnius. The mentioned information is also placed on the website of the Company: www.grigeo.lt.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Essential events, press releases, activity reports and other information important for the shareholders are published on the website of the Company in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company fully complies with this recommendation.

Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements	Yes	The Company complies with this recommendation, except for audited of interim financial statement.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	An audit company is proposed to the general meeting of shareholders by the council of observers.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	The Company complies with this recommendation. In 2015 Audit company has not rendered other services for the company.