

GRIGIŠKĖS AB
CONSOLIDATED ANNUAL REPORT
FOR THE YEAR 2009

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

Annual report has been prepared for the year 2009.

2. AUDIT INFORMATION

The annual consolidated report of Grigiškės AB covering the twelve months of 2009 is audited.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

Grigiškės AB (further the Company or the Issuer) has three subsidiaries: Baltwood UAB; Ekotara UAB; Naujieji Verkiai UAB.

Status	Issuer	Subsidiary	Subsidiary	Subsidiary
Name	Public Limited Liability Company „Grigiškės“	Private Limited Liability Company „Baltwood“	Private Limited Liability Company „Ekotara“	Private Limited Liability Company „Naujieji Verkiai“
Company's ID number	110012450	126199731	302329061	300015674
Authorised capital	60.000.000 Lt	9.950.000 Lt	10.000 Lt	100.000 Lt
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius
Phone	(8~5) 243 58 01	(8~5) 243 59 45	(8~5) 243 58 01	(8~5) 243 59 33
Fax	(8~5) 243 58 02	(8~5) 243 58 98	(8~5) 243 58 02	(8~5) 243 58 02
E-mail	info@grigiskes.lt	info@baltwood.lt	info@grigiskes.lt	info@grigiskes.lt
Internet address	www.grigiskes.lt	www.baltwood.lt	www.ekotara.lt	-
Legal form	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	10 April, 2003	10 April, 2009	6 April, 2004
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

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

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

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, packing from corrugated board. The company has not been operating in year 2009.

Core business activities of Naujieji Verkiai UAB are as follows: building and development of real estate. The company has not been operating in year 2009. Note: the company's name and core business activities have been changed on 09.11.2009. The former name of the company is Grigiškių transporto centras UAB. The former business activities are sale and repair services of motor vehicles. The company has not been operating since year 2006.

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

The Company has signed a contract with Finasta AB (financial brokerage company) (Maironio str. 11, Vilnius, tel. (8~5) 203 2233, fax: (8~5) 203 2244, info@finasta.lt) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2008 financial years.

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

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

6. AUTHORISED CAPITAL OF THE ISSUER

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

6.1.1. Table. Structure of the authorized capital

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

All shares of the Issuer are fully paid up.

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

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

6.3. Rights and obligations conferred by the shares

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

- 1) to receive a part of the Company's profit - dividend;
- 2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
- 5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
- 6) to receive a part of assets of the Company in liquidation;
- 7) to bequeath all or a part of the shares to the ownership of the other people;
- 8) to transfer all or part of the shares to ownership of other people;
- 9) to attend the general meetings of shareholders;

- 10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of 1 (one) litas gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On the 31st of December 2009 there were 2.488 shareholders of Grigiškės AB.

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

7.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 31st of December 2009.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 2009			31 December 2008		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „Ginvildos investicija“ Turniškių g. 10a-2, Vilnius 125436533	29.272.228	48,79	48,79	28.775.979	47,96	47,96
ROSEMOUNT HOLDING LLC 3533 Fairview Industrial Drive SE, Salem, OR 97302, United States of America	5.639.967	9,40	9,40	5.639.967	9,40	9,40
DAILIUS JUOZAPAS MIŠEIKIS	5.997.932	10,00	10,00	4.672.432	7,79	7,79

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. Agreements between/among the shareholders

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

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

Registered ordinary shares of Grigiškės AB are listed on the secondary lists of NASDAQ OMX VILNIUS (ticker – GRG1L).

8.1. Key characteristics of the shares of the Company

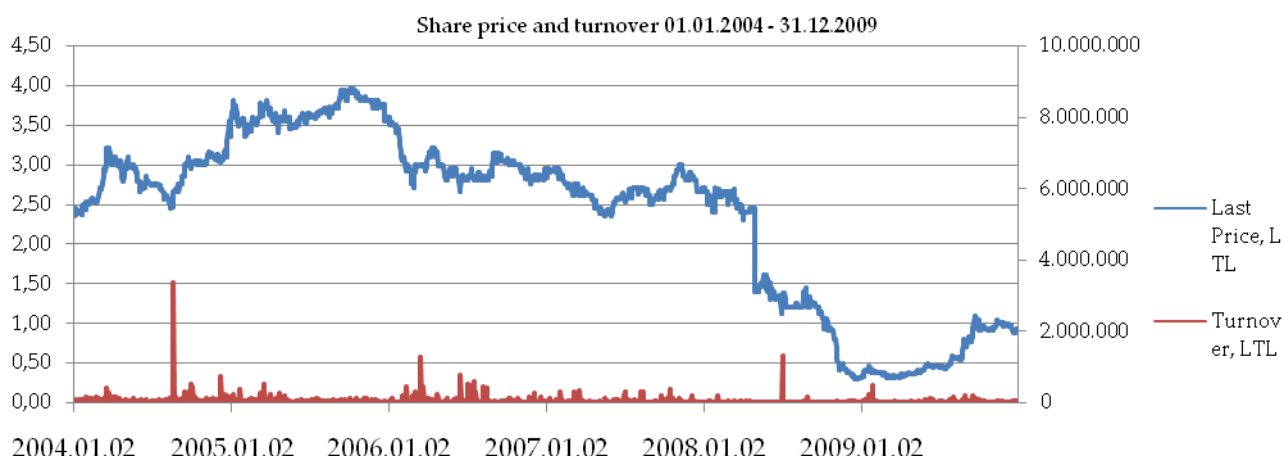
8.1. table. Key characteristics of the shares of the Company

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

8.2. Share trading information

8.2. table. Share trading information

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

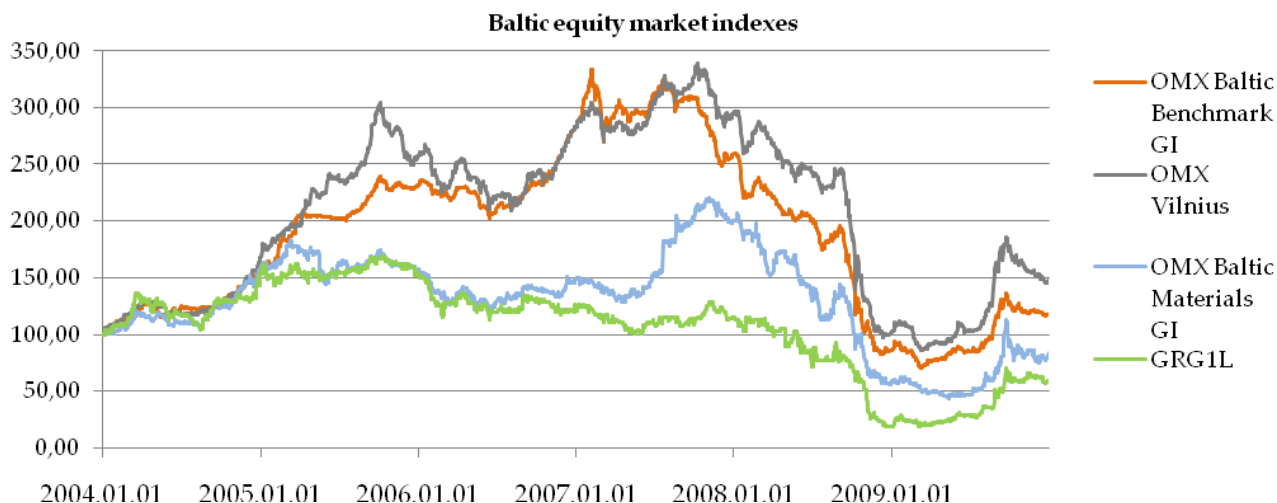


7.2.1. Fig. Share price and turnover 1 January 2004 – 31 December 2009

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

give the newly issued ordinary registered shares of the nominal value of 1 (one) litas to the shareholders for free.

Shares of Grigiškės AB are included in calculations of OMX Vilnius and OMX Baltic Benchmark (raw material market as per GCIS classification) indexes.



8.2.2. pav. Baltic equity market indexes 01.01. 2004 - 12.31. 2009.

8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	107.882.974
31.03.2008	99.092.509
30.06.2008	66.600.000
30.09.2008	68.400.000
31.12.2008	18.000.000
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
31.12.2009	55.800.000

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

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

8.5. Own shares buy out

The Company has not bought out own shares.

8.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

8.7. Official takeover bid

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

9. EMPLOYEES

During the first half of 2009 the number of the Group employees decreased gradually due to natural fluctuation: relocation, retirement, etc. In the first half of 2009 the significant decrease of volume of production orders caused by complicated economic situation also was one of the reasons for number of employees to decrease. Demand of new employees also decreased because of the optimization of manufacturing units work and also due to in 2008 successfully introduced progressive technologies that capacitated to reach large volume of production with fewer employees.

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

	2009	2008
Number of employees	585	694

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

	2009	2008
Number of employees	511	602

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

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

9.4. table. Number of employees of the Group, average salary and grouping of employees by education in 2008.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	2.049	13	86	358	83	5
Managers	4.901	45	10	-	-	-
Specialists	2.886	73	18	3	-	-
Total	2.384	131	114	361	83	5

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

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

9.6. table. Number of employees of the Company, average salary and grouping of employees by education in 2008.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary

Workpeople	2.093	13	84	293	75	5
Managers	4.809	44	10	-	-	-
Specialists	2.966	60	15	3	-	-
Total	2.463	117	109	296	75	5

10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

11. SIGNIFICANT AGREEMENTS

The issuer has not made any significant agreements in which one of parties would be the Company and which will be effective, will change or break if Company's control changes.

The issuer and its managing bodies have not made any agreements which foreseen compensations for resigned persons from managing bodies and employees or they be laid off without any reason or their job finishes if Grigiškes AB control changes.

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 (director general), the collegial managing body – supervisory council and the collegial managing body – the board.

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

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

12.1. Members of the managing bodies

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

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

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

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

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

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

Employers	Positions
Lietuvos Telekomas AB (current name TEO LT AB)	Chief Finance Manager
Grigiškės AB	Director of Finance Department, 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	Director	Didma UAB	51,00
			Naras UAB	62,48
			Ginvildos investicija UAB	21,0
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
	Grigiškės UAB	Member of the board		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,91
	Grigiškės AB	Member of the board		
	Naujieji verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Member of the board		
Audris Vilčinskas	Lavista UAB	Director	Lavista UAB	100,0
	Grigiškės AB	Member of the board		
Nina Šilerienė	Grigiškės AB	Director of Finance Department	Grigiškės AB	0,07
	Grigiškės AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		

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

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

12.5. Information about payments and loans 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 reported period.

	Salaries LTL	Tantiemme LTL	Dividends LTL	Other payments LTL
Totally for all members of the supervisory council	-	-	-	-
In average per one member of the supervisory council	-	-	-	-
Totally for all members of the board	-	-	-	-
In average per one member of the board	-	-	-	-
Totally for all members of the administration	439.131	-	-	-
In average per one member of the administration	146.377	-	-	-

The members of the Supervisory Council, Board and Administration of the Issuer, have not received salaries, tantiemmes and other payments during reported period from profit of companies where the share of the Issuer in the authorised capital exceeds 20 per cent.

12.6. Loans, guarantees and warranties granted to the members of the Issuer managing bodies to secure fulfilment of their obligations

None.

13. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

January The Board meeting on 9 January 2009 approved a budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 150 mln. (EUR 43.4 mln.). Comparing with the forecasted results of the year 2008 the sales in 2009 will increase by LTL 4 mln. (EUR 1.2 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 0,3 mln. (EUR 0.1 mln.).

The Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD planned results for year 2009 were calculated in pursuance of sales maintaining on the level of year 2008. Prices of raw material were forecasted according to the recent price trends. Also we believe, that price of the natural gas which has a significant impact on the Group's results will not exceed the price level what was reached in autumn 2008. According to that we believe that plan for year 2009 and planned results adopted by the Grigiškės AB Board meeting are real and achievable.

February On 3 February 2009 „Grigiskės“, AB has signed a contract with an audit company “Tezaurus auditas”, UAB to carry out an audit of JSC Grigiškės financial statements and consolidated financial statements for year ended on 31 December 2008.

The Board meeting on 13 February 2009 decided to establish a subsidiary company that will produce and realize corrugated carton and products made from it.

March Management Board of Joint-stock company “GRIGIŠKĖS” passed the following decision on the 17th of March, 2009: the General Meeting will take place on the 21st of April 2009 at 11 a.m. at the company's administration building (Vilnius str. 10, Grigiškės, Vilnius city municipality).

Accounting day is 14th April 2009.

On the agenda:

1. 1) Company's annual report 2008.
2. 2) Company's auditor's report 2008.
3. 3) Approval of the financial statements for the year 2008.
4. 4) Net Profit appropriation for the year 2008.
5. 5) Selection of the firm of auditors and fixing of the conditions of the remuneration for the audit services.

April The Management Board meeting on 10 04 2009 approved the audited Company's annual report, heard the auditor's opinion on the company's activities year 2008, evaluated positive and decided to supply for approval the projects of annual financial statement and profit appropriation for Annual General Meeting.

The Grigiškės AB General Meeting was held on 21 04 2009. Resolutions of the meeting:

1. Stated, that the annual report for the year 2008 was heard;
2. Stated, that the Auditor's report for the year 2008 was heard;
3. Decides to approve the Company's financial statements for the year 2008;
4. Decides to approve the appropriation of Company's profit (loss) for the year 2008.

5. Decides to recall an audit company "KPMG Baltics", UAB elected for the financial year 2007-2008 by General Meeting on 20th of April 2007.
6. Decides to confirm the decision of the Board by which an audit company „Tezaurus auditas“, UAB (code 122740926) was elected for the financial year 2008 and a sum payable for the audit services 37 500 LTL (plus VAT) was fixed.
7. Decides to elect an audit company "Tezaurus auditas", UAB (code 122740926) for the financial year 2009 and fixes a sum payable for the audit services 33 750 LTL (plus VAT).

June

JSC Grigiskes has allotted a tender to receive a Cohesion fund grant for the heat generation equipment modernize project value of which is 19.1 million Lit. With the EU grant Company plans to obtain a 15 MW wood fuel steam boiler. It is supposed that the new steam boiler will produce 83 thousand MWh of heat energy per year. The objectives of the project are to provide energy more defensively and to reduce business risks. Following the recommendations of Ministry of Economy JSC Grigiskes received the approbation from National Control Commission for Prices and Energy for the project.

On 25 June 2009 „Grigiskes“, AB has signed a contract with an audit company "Tezaurus auditas", UAB to carry out an audit of JSC Grigiškės financial statements and consolidated financial statements for year will be ended on 31 December 2009. A sum payable for the audit services - 33750 litas excluding VAT.

The Board meeting on 25 June 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 112.8 mln. (EUR 32.7 mln.), comparing with the 2008 year the sales will decline by LTL 32.7 mln. (EUR 9.5 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 0.8 mln. (EUR 0.23 mln.). Planed results for the year 2009 are corrected after not audited financial results of the thirst quarter of the year 2009, the trends of Group sales and the reduction of consumption in Lithuanian and foreign markets were evaluated.

July

AB "Grigiškės" is going to implement the Project „The modernisation of the heat sector through the greater use of renewable energy resources“ in order to increase competitiveness of production and the use of waste of the manufacturing process for the production of energy. During the implementation of the Project the new steam-boiler with the heating power of 15-18 MW using bio fuel is intended to be installed. The heat produced by the new steam-boiler will replace the heat produced by the existing natural gas steam-boilers. It is planned that the new bio fuel steam-boiler will produce about 55 percent of heat (in the form of steam) needed for the technological processes in the company.

In 2008 AB „Grigiškės“ had provided Lithuanian Business support Agency with an application in order to receive financial assistance for the implementation of the Project. The support of up to 9 445 284 litas from the European Structural Funds and the budget of Lithuanian Republic for the implementation of the Project was granted by the order No. 4-346 of the minister of economy of the Republic of Lithuania enacted on the 10th of July, 2009. The total value of the Project is about 19.1 million Lt.

Over the six months this year the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 58.0 million (EUR 16.8

million) which is by LTL 19.1 million or 24.7 % less comparing with the same period of 2008, when the Group's turnover outmeasured LTL 77,1 million (EUR 22.3 million). Over the six months of 2009 the Group earned not audited profit before taxes of LTL 0.84 million (EUR 0.24 million). Over the same period of 2008 the Group reached a loss of LTL 0.13 million (EUR 0.04 million).

It is planned, that Group's turnover in 2009 will be lower by 22.5 % than in 2008 because of economic conditions in the Group's sales markets.

AB Grigiškės signed a market making agreement with FMI Orion Securities, UAB for making the market for the shares of AB Grigiškės. Market making activity is intended to increase the liquidity of shares, which has fallen recently due to global financial and economic crisis as well as general negative sentiment in NASDAQ OMX Vilnius Stock Exchange. Market making facilitates trading of the shares and indicates that the company cares about the interests of small investors. Market making activity will start on the 3rd of August, 2009.

August On the 31st of August 2009 AB "Grigiškės", ministry of economy of the Republic of Lithuania and Lithuanian Business support Agency has signed the agreement on budgeting the financial support to the project „The modernisation of the heat sector through the greater use of renewable energy resources“. The aims of the project are to increase competitiveness of production and the usage of waste of the manufacturing process for the production of energy. During the implementation of the Project the new steam-boiler with the heating power of 15-18 MW using bio fuel is intended to be installed. The heat produced by the new steam-boiler will replace the heat produced by the existing natural gas steam-boilers. It is planned that the new bio fuel steam-boiler will produce about 55 percent of heat (in the form of steam) needed for the technological processes in the company. The total value of the Project is 19.1 million Lt, of which 9.4 million Lt is the support of European Structural Funds and the budget of the Republic of Lithuania.

October The Board meeting on 7 October 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 115.6 mln. (EUR 33.5 mln.), comparing with the 2008 year the sales will decline by LTL 29.9 mln. (EUR 8.7 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 2.5 mln. (EUR 0.72 mln.). Planned results for the year 2009 are corrected after not audited financial results of the thirteenth half of the year 2009, expected results of the third quarter of the year 2009 and the trends of Group sales were evaluated.

November Over the nine months of this year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD reached a turnover of LTL 86.6 mln. (EUR 25.1 mln.), comparing with the same period of 2008 the sales decreased in 22.7 %. The Group earned a profit before taxes of LTL 1.7 mln. (EUR 0.5 mln.). Compared with the nine months of 2008 the Group reached a loss of LTL 2.8 mln. (EUR 0.8 mln.) before taxes.

In 2009 the Group plans to reach a turnover of LTL 115.6 mln. (EUR 33.5 mln.) and to earn a profit before taxes of LTL 3.3 mln. (EUR 0.96 mln.).

Planned results for the year 2009 are corrected after not audited financial results of the nine months of the year 2009, expected results of the fourth quarter of the year 2009 and the trends of Group sales were evaluated.

December The Board meeting on 18 December 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 118,8 mln. (EUR 34,4 mln.), and to earn a profit before taxes of LTL 3,3 mln. (EUR 0,96 mln.).

It is planned that JSC Grigiškes will reach a turnover of LTL 109.3 mln. (EUR 31.6 mln.) and will earn a profit before taxes of LTL 3,6 mln. (EUR 1,0 mln.).

Planned results for the year 2009 are corrected after not audited financial results of the eleven months of the year 2009, expected results of the December of the year 2009 and the trends of Group sales were evaluated.

It is planned that The Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD in the year 2010 will reach a turnover of LTL 140,3 mln. (EUR 40,6 mln.), which is LTL 21,5 mln. (EUR 6,2 mln.) or 18% over the expected turnover of 2009. The Group profit before taxes will reach LTL 5.5 mln. (EUR 1,6 mln.) and will be LTL 2.2 mln. (EUR 0,6 mln.) or 68% higher than it is expected for the year 2009.

It is also planned that JSC Grigiskes sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 17,2 mln. (EUR 5,0 mln.) than it is expected for the year 2009. The company will earn a profit before taxes of LTL 5,0 mln. (EUR 1,4 mln.) which will be LTL 1.4 mln. (EUR 0,4 mln.) or 38% higher than it is expected for the year 2009.

In planning the activities for the year 2010 company was focused on the sales of the hygienic paper products. Increase in sales for the year 2010 will be achieved by paying a special attention not only to Lithuanian but and to foreign markets, especially – Scandinavia and neighbouring countries.

13.2. Newest events in the Issuer's activities

January, 2010 "GRIGISKES", AB and "HANNER", AB have signed a selling-purchasing agreement on obtaining of 100% shares of „AGR Prekyba“, UAB. After the terms of the agreement are fulfilled and the authorization from the Competition Council of the Republic of Lithuania is received, „GRIGISKES“, AB will obtain „AGR Prekyba“, UAB, that owns 100% shares of „AVESKO“, UAB. „AVESKO“, UAB owns 96,18% shares of „KLAIPEDOS KARTONAS“, AB.

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

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

February, 2010 In 2009 the Group which consists of Grigiskes AB and daughter enterprise Baltwood UAB and fulfilled the objectives set and achieved a profit growth forecast. The Group reached a turnover of LTL 118,9 mln. (EUR 34,4 mln.) and earned a profit of LTL 3,3 mln. (EUR 0,96 mln.) before taxes.

JSC Grigiskes reached a turnover of LTL 109,7 mln. (EUR 31,8 mln.) and earned a profit of LTL 3,7 mln. (EUR 1,1 mln.) before taxes.

In complicated year 2009 the successful operation results of the Group were reached due to special attention payed to a sanitary and domestic paper production and marketing.

The past year has been extremely useful in cooperation with Scandinavian partners. Grigiskes AB won the major Danish company contest of toilet paper and paper towels produce. We are glad that today the "Grite" products can be bought not only in the Baltic countries but also in Sweden, Poland, Germany, Belarus and Russia.

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

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

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

The objective of this transaction is to expand the business of corrugated board and products made of corrugated board of GRIGIŠKĖS AB.

13.3. Offices and branches

Since 2006 the Company had an office in Latvia with one operating Country sales representative. The office was closed in 2009. This fact shall not have any influence on Company's sale results in Latvia market, because Company still has a Country sales representative operating in Latvia. Company also has two Country sales representatives operating in Estonia and Poland.

No new offices or branches are planned to open in 2010.

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2009.

Economic risk factors

Fibre Hardboard production. After successful growth in construction and furniture market for several years, 2008 and the first half of 2009 showed a decrease in demand. But, in the second half of 2009 there were small signs of growth of fibre hardboard products demand. These signs allow us to expect some rise in sale prices level in 2010.

Paper production. Fluctuation of exchange rates had a significant influence on exports of our production in 2008 and 2009. The risk of exchange rates is present in 2010 as well. Billing currency of Grigiškės AB is mostly Euros.

In 2010 we plan sale rise in all Company's sale markets, but because of consumption habitude changes and willing to stay competitive we can't plan a significant sale prices rise in closest future. In 2010 economic risk might be affected by unstable prices of raw material.

Corrugated cardboard and related products. It is planed that the rise of prices of Corrugated cardboard and related products will be caused by staple prices rise and growing consumption.

Social risk factors

Salaries are paid in terms set in collective agreement.

Technical – technological risk factors

On purpose to improve technical production equipment Company's equipment and buildings are streamlined, new equipment is acquired and processes are automated.

Company introduced quality control system and was operating under LST EN ISO 9001:2001 standard requirements before the year 2008. After the successful recertification in May 2008 the validity period of quality certificate was prolonged until 2011. In April 2009 the quality control system was audited. Since then Company is operating under LST EN ISO 9001:2008 standard requirements.

Ecological risk factors

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

13.5. Suppliers

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

Supplier's country	2009	2008
	%	%
Lithuania	75	73
Sweden	1	1
Poland	4	5
Estonia	8	8
Latvia	2	2
Finland	0	1
Austria	1	6
Other countries	9	4
TOTAL	100	100

Main suppliers of energy resources are Lithuanian companies.

13.6. Sales and markets

In 2009 Grigiškės AB developed its production and sales of the products in three major directions:

- Paper production: necessities for consumer market (toilet paper, paper towels, paper napkins) and products for business (toilet paper, paper towels). Sales of paper production rose by 7,5 per cent in 2009, as compared to 2008.
- Fibre hardboard. Sales of these products fell by 40,8 per cent compared to 2008. The fall can be attributed to negative economic setting.
- Corrugated cardboard and related production. Sales of these products fell by 11,5 per cent.

13.6.1. table. Group's sold produce

Produce	2009		2008	
	thousand litas	%	thousand litas	%
Hardboard	36.294,0	30,5	62.090,4	42,7
Paper and paper products	63.771,0	53,6	63.463,3	43,6
Wood processing	10.863,2	9,1	12.981,2	8,9
Other sales	8.001,5	6,8	6.924,5	4,8
TOTAL	118.929,7	100	145.459,4	100

13.6.2. table. Company's sold produce

Produce	2009		2008	
	thousand litas	%	thousand litas	%
Hardboard	36.764,9	33,5	62.109,3	45,8
Paper and paper products	63.779,6	58,1	63.467,0	46,9
Other sales	9.164,8	8,4	9.888,8	7,3
TOTAL	109.709,3	100	135.465,1	100

13.6.3. table. Company's countries of sales

Country	2009		2008	
	thousand litas	%	thousand litas	%
United Kingdom	1.431	1,3	534	0,4
Belarus	564	0,5	1.058	0,8
Czech Republic	1.214	1,1	3.271	2,4
Denmark	6.576	6	1.479	1,1
Estonia	4.594	4,2	7.621	5,6
Latvia	9.126	8,3	8.583	6,3
Poland	7.537	6,9	14.360	10,6
Lithuania	60.169	54,8	79.041	58,3
The Netherlands	3.149	2,9	2.584	1,9
Norway	1.340	1,2	1.168	0,9
Slovakia	2.937	2,7	1.170	0,9
Finland	1.833	1,7	2.341	1,7
Sweden	7.352	6,7	10.189	7,5
Germany	556	0,5	525	0,4
Other countries	1.331	1,2	1.541	1,2
Total	109.709	100	135.465	100

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

It is planned that the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD in the year 2010 will reach a turnover of LTL 140,3 mln. (EUR 40,6 mln.), which is LTL 21,5 mln. (EUR 6,2 mln.) or 18% over the expected turnover of 2009. The Group profit before taxes will reach LTL 5.5 mln. (EUR 1,6 mln.) and will be LTL 2.2 mln. (EUR 0,6 mln.) or 68% higher than it is expected for the year 2009.

It is also planned that JSC Grigiskes sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 17,2 mln. (EUR 5,0 mln.) than it is expected for the year 2009. The company will earn a profit before taxes of LTL 5,0 mln. (EUR 1,4 mln.) which will be LTL 1.4 mln. (EUR 0,4 mln.) or 38% higher than it is expected for the year 2009.

In planning the activities for the year 2010 company was focused on the sales of the hygienic paper products. Increase in sales for the year 2010 will be achieved by paying a special attention not only to Lithuanian but and to foreign markets, especially – Scandinavia and neighbouring countries.

13.8. Financial indicators

Financial ratios	2007		2008		2009	
	Group	Company	Group	Company	Group	Company
EBITDA	19.828.555	18.180.039	12.550.059	12.312.244	21.904.985	20.569.459
EBITDA profitability	13,8%	13,6%	8,6%	9,1%	18,4%	18,7%
Gross margin	18,8%	18,9%	10,9%	11,2%	17,0%	17,0%

Financial ratios	2007		2008		2009	
	Group	Company	Group	Company	Group	Company
Operating margin	6,0%	6,3%	-0,8%	0,1%	4,3%	4,8%
Net margin	3,6%	4,1%	-2,7%	-1,8%	2,2%	2,7%
ROE, %	7,4%	8,0%	-5,8%	-3,6%	4%	4,5%
ROA, %	4,0%	4,8%	-2,9%	-2,0%	2,0%	2,4%
Current ratio	0,84	1,01	0,73	0,88	0,85	1,12
Quick ratio	0,47	0,64	0,41	0,55	0,50	0,74
Cash to current liabilities	0,009	0,009	0,003	0,003	0,015	0,007
P/E	21,036	19,558	-4,601	-7,233	21,220	18,567
Earnings per share	0,09	0,09	-0,07	-0,04	0,04	0,05
Debt to equity ration	0,86	0,71	1,16	1,01	0,79	0,68
Debt to total assets ratio	0,46	0,41	0,54	0,50	0,44	0,40

13.9. Patents, licenses and research

The Company and the Group have no patents and licenses.

13.10. Environment protection

Emission rights movement for the year 2009

The Group/The Company	Amount
	Pcs.
31 December 2008	(12.617)
Emission rights allocated	53.356
Emission rights used	(33.356)
Sale of emission rights	(38.000)
31 December 2009	(30.617)

More information about environment protection is provided under ecological risk factors.

14. RELATED PARTY TRANSACTIONS

All transactions with related persons were carried out at market prices

Baltwood UAB – subsidiary of Grigiškės AB.

Ginvildos Investicija UAB – major shareholders of Grigiškės AB.

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

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

Naujiejį Verkių UAB (the former name of the company is Grigiškių transporto centras UAB) – subsidiary of the group not subject to consolidation.

14.1. table. Group's transactions with related persons in 2009. Balances of amounts receivable/payable in relation thereto on the 31st of December 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	329	161.276		11.754
Didma UAB	362.453	190.581	129.985	
Remada UAB	873		5.228	
Naras UAB	53.260		9.842	
Ekotara UAB				
Naujiejį Verkių UAB				
Total	416.915	351.857	145.055	11.754

14.2. table. Company's transactions with related persons in 2009. Balances of amounts receivable/payable in relation thereto on the 31st of December 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	1.782.502	1.411.285	4.187.969	
Ginvildos Investicija UAB	329	154.850		11.754
Didma UAB	3.274	173.781	237	
Remada UAB	873		5.228	
Naras UAB	53.260		9.842	
Ekotara UAB				
Naujieji Verkiiai UAB		9.500		3.500
Total	1.840.238	1.749.416	4.203.276	15.254

15. COURT AND ARBITRATION PROCEEDINGS

During the twelve months of 2009 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.