

**GRIGIŠKĖS AB**

*Interim information for the three months of 2010*

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

Reports have been prepared for the three months of 2010.

## 2. AUDIT INFORMATION

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

## 3. GROUP COMPANIES AND THEIR CONTACT DETAILS

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

Status	Issuer	Subsidiary	Subsidiary	Subsidiary
Name	<b>Grigiškės AB</b>	<b>Klaipėdos kartonas AB</b>	<b>Baltwood UAB</b>	<b>Ekotara UAB</b>
Company's ID No.	110012450	141011268	126199731	302329061
Authorised capital	60.000.000 LTL	45.333.330 LTL	9.950.000 LTL	10.000 LTL
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 45	+370 5 243 58 01
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 58 98	+370 5 243 58 02
E-mail	<a href="mailto:info@grigiskes.lt">info@grigiskes.lt</a>	<a href="mailto:info@kartonas.lt">info@kartonas.lt</a>	<a href="mailto:info@baltwood.lt">info@baltwood.lt</a>	<a href="mailto:info@grigiskes.lt">info@grigiskes.lt</a>
Internet address	<a href="http://www.grigiskes.lt">www.grigiskes.lt</a>	<a href="http://www.kartonas.lt">www.kartonas.lt</a>	<a href="http://www.baltwood.lt">www.baltwood.lt</a>	<a href="http://www.ekotara.lt">www.ekotara.lt</a>
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003	10 April, 2009
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers
Status	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Name	<b>Naujieji Verkiai UAB</b>	<b>Mena Pak OAO</b>	<b>AGR Prekyba UAB</b>	<b>Avesko UAB</b>
Company's ID No.	300015674	00383260	302416687	300145810
Authorised capital	100.000 LTL	511.470 UAH	10.000 LTL	20.010.000 LTL
Address	Popieriaus str. 15, Vilnius	Koshevo str. 6, Chernigov dist., Mena, Ukraine	Konstitucijos av. 7 Vilnius	Konstitucijos av. 7 Vilnius
Phone	+370 5 243 59 33	+380 4644 21341	+370 5 243 5933	+370 5 243 59 33
Fax	+370 5 243 58 02	+380 4644 21341	+370 5 243 58 02	+370 5 243 58 02
E-mail	<a href="mailto:info@grigiskes.lt">info@grigiskes.lt</a>	<a href="mailto:menapack@ukr.net">menapack@ukr.net</a>	<a href="mailto:vikz@grigiskes.lt">vikz@grigiskes.lt</a>	<a href="mailto:vikz@grigiskes.lt">vikz@grigiskes.lt</a>
Internet address	-	<a href="http://www.menapack.com.ua">www.menapack.com.ua</a>	-	-
Legal form	Private Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	6 April, 2004	12 December, 1993	10 July, 2009	20 September, 2005
Administrator of the register	State Enterprise Centre of Registers	-	State Enterprise Centre of Registers	State Enterprise Centre of Registers

#### 4. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

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

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

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

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

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

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

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

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

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

The Company has signed a contract with Orion Securities UAB (financial brokerage company) (A.Tumėno str. 4, Vilnius, tel. (8~5) 231 3833, fax: (8~5) 231 3840, [info@orion.lt](mailto: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 31<sup>st</sup> of March 2010 there were 2.608 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 31<sup>st</sup> of March 2010.

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

## 7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

## 7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

## 7.5. Agreements between/among the shareholders

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

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

Registered ordinary shares of Grigiškės AB 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
<b>2008</b>	<b>2,70</b>	<b>0,29</b>	<b>0,30</b>	<b>1.311.782</b>	<b>0</b>	<b>6.593</b>	<b>2.473.405</b>	<b>2.684.081</b>
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
<b>2009</b>	<b>1,09</b>	<b>0,30</b>	<b>0,93</b>	<b>458.897</b>	<b>0</b>	<b>5.460</b>	<b>10.252.774</b>	<b>5.460.887</b>
2010, I Q	1,33	0,92	1,27	643.163	0	14596,94	3.109.465	3.731.893

8.2. figure. Share price and turnover 01.01.2004 – 31.03.2010.



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

## 8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	107.882.974
31.03.2008	99.092.509
30.06.2008	66.600.000
30.09.2008	68.400.000
<b>31.12.2008</b>	<b>18.000.000</b>
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
<b>31.12.2009</b>	<b>55.800.000</b>
31.03.2010	76.000.000



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

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

#### 8.5. Own shares buy out

The Company has not bought out own shares.

#### 8.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

#### 8.7. Official takeover bid

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

### 9. EMPLOYEES

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

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

	three months of 2010	2009
Number of employees	933	585

The average number of the Group employees of the first half of 2010 is by 348 employees or 59 percent higher than the figure of the year 2009 is. The reason of that fact is the transaction performed on the 1<sup>st</sup> of March, 2010 when Grigiškės AB purchased 100 percent of shares of AGR Prekyba UAB. After the transaction was finished the employees of daughter companies Klaipėdos kartonas AB and Mena pak OAO also got a status of employees of Grigiškės AB Group.

The rising demand for products produced by Balwood UAB determined this daughter company to increase the number of listed employees by 15 percent comparing the 1<sup>st</sup> quarter of the 2010 to the year 2009. Changes of employees number in other Group's companies are not significant.

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

	three months of 2010	2009
Number of employees	472	511

### 10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

### 11. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

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

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

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

#### 11.1. Members of the managing bodies

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

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

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

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

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

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

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

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

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

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

## 12. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigiškės AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2008 has not undergone any changes

## 13. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

### 13.1. Material events in the Issuer's activities

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

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

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

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

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

**February** Carrying out the project “The modernisation of the heat sector through the greater use of renewable energy resources” (No.VP3-3.4-ŪM-02-K-01-006) “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.

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

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

### **March**

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

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

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

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

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

### *13.2. Newest events in the Issuer's activities*

**April, 2010** The Management Board meeting on 06 04 2010 approved the audited Company's annual report, heard the auditor's opinion on the company's activities of the year 2009, evaluated positive and decided to supply to the General Meeting general ballot paper (voting bulletin), projects of annual financial statement and profit appropriation for approval and to tender to the General Meeting to elect an audit company ERNST & YOUNG BALTIC, UAB for the financial year 2010 and 2011 audit and fix a sum payable for the audit services not more than 56350 LTL (plus VAT) for a single financial year.

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

The Group's planned results for the year 2010 are corrected after the activity plans of the new Group's members were evaluated.

On the 18th of December 2009 proclaimed forecasted financial indicators for the year 2010 of Company Grigiskes AB remain unchanged.

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

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

### 13.3. Offices and branches

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

### 13.4. Risk factors

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

### 13.5. Suppliers

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

Supplier's country	Three months of 2010	Three months of 2009
	%	%
Lithuania	82	79
Sweden	0	1
Poland	4	3
Estonia	9	7
Latvia	1	1
Finland	0	0
Austria	1	1
Other countries	3	8
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Main suppliers of energy resources are Lithuanian companies.

## 13.6. Sales and markets

## 13.6.1. table. Company's countries of sales

Country	2009		2008	
	thousand litas	%	thousand litas	%
United Kingdom	416	1,4	520	1,7
Belarus	198	0,7	173	0,6
Czech Republic	658	2,2	421	1,4
Denmark	2.171	7,4	376	1,2
Estonia	1.590	5,4	875	2,9
Latvia	2.605	8,9	2.394	7,9
Poland	2.589	8,8	1.746	5,8
Lithuania	13.427	45,8	18.822	62,4
Norway	358	1,2	363	1,2
The Netherlands	1.055	3,6	695	2,3
Slovakia	430	1,5	920	3,1
Finland	395	1,3	551	1,8
Sweden	2.429	8,3	1.966	6,5
Hungary	41	0,1	46	0,2
Germany	541	1,8	0	0,0
Other countries	407	1,4	281	0,9
<b>Total</b>	<b>29.311</b>	<b>100,0</b>	<b>30.146</b>	<b>100,0</b>

## 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.

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

The Group's planned results for the year 2010 are corrected after the activity plans of the new Group's members were evaluated.

On the 18th of December 2009 proclaimed forecasted financial indicators for the year 2010 of Company Grigiskes AB remain unchanged.

## 13.8. Financial indicators

Financial ratios	Three months of 2008		Three months of 2009		Three months of 2010	
	Group	Company	Group	Company	Group	Company
EBITDA	4.574.929	4.184.439	5.259.969	5.084.034	4.548.810	3.764.721
EBITDA profitability	11,7%	11,2%	16,3%	16,9%	11,3%	12,8%
Gross margin	15,1%	14,9%	14,1%	14,5%	10,2%	10,4%
Operating margin	4,2%	4,4%	3,4%	4,2%	1,6%	0,7%
Net margin	2,4%	2,9%	0,9%	1,9%	0,6%	0,1%
ROE, %	1,3%	1,5%	0,4%	0,9%	0,3%	0,0%
ROA, %	0,7%	0,9%	0,2%	0,4%	0,1%	0,0%
Current ratio	0,88	1,04	0,77	0,95	0,75	0,93
Quick ratio	0,46	0,61	0,44	0,60	0,50	0,65
Cash to current liabilities	0,004	0,004	0,007	0,006	0,038	0,013
P/E	158,65	139,18	63,47	32,90	329,36	2.896,35
Earnings per share	0,016	0,018	0,005	0,009	0,004	0,0004
Debt to equity ration	0,88	0,75	1,09	0,95	2,11	0,75
Debt to total assets ratio	0,47	0,43	0,52	0,49	0,68	0,43

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

## 13.9. Related party transactions

All transactions with related persons were carried out at market prices

AB „Klaipėdos kartonas“ – subsidiary of Grigiškės AB.

Baltwood UAB – subsidiary of Grigiškės AB.

OAO „Mena Pak“ – AB „Grigiškės“ dukterinė įmonė.

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.

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

3.2.1. table. Group's transactions with related persons during three months of 2010. Balances of amounts receivable/payable in relation thereto on the 31<sup>st</sup> of March 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	87	29.050	106	22.446
Didma UAB	196.414	106.721	217	
Remada UAB				
Naras UAB	12.306		14.527	
Ekotara UAB				
Naujieji Verkiai UAB				
Klaipėdos kartonas AB		998.907		1.088.204
Mena Pak OAO		827.090		8.077.976
<b>Total</b>	<b>208.807</b>	<b>1.961.768</b>	<b>14.850</b>	<b>9.188.626</b>



3.2.2. table. Company's transactions with related persons during three months of 2010. Balances of amounts receivable/payable in relation thereto on the 31<sup>st</sup> of March 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	606.470	400.755	4.222.801	
Ginvildos Investicija UAB	87	29.050	106	22.446
Didma UAB	514	91.790	139.118	
Remada UAB				
Naras UAB	12.306		14.527	
Ekotara UAB				
Naujieji Verkiai UAB				
Klaipėdos kartonas AB		998.907		1.088.204
<b>Total</b>	<b>619.377</b>	<b>1.520.502</b>	<b>4.376.552</b>	<b>1.110.650</b>

## 14. FINANCIAL INFORMATION

### 14.1. Balance sheet

LTL

	Note s	The Group		The Company	
		31.03.2010	31.12.2009	31.03.2010	31.12.2009
<b>ASSETS</b>					
<b>Non-current assets:</b>					
Property, plant and equipment	14.7.	155.022.455	93.109.976	86.099.635	84.286.223
Intangible assets	14.8.	13.714.528	2.330.532	88.408	99.369
Investments in associated companies		-	-	-	-
Investments in subsidiaries	14.9.	10.000	10.000	5.560.241	5.015.000
Loans granted		-	-	2.500.000	-
Other accounts receivables		118.741	43.091	-	43.091
<b>TOTAL NON CURRENT ASSETS</b>		<b>168.865.724</b>	<b>95.493.599</b>	<b>94.248.284</b>	<b>89.443.683</b>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	14.11	2.295.081	461.601	387.673	158.581
Loans granted		-	-	-	-
Trade and other accounts receivables	14.10	26.887.080	14.231.492	17.878.653	17.250.622
Inventories	14.12	15.228.716	10.620.079	8.129.358	8.988.447
Other assets		1.222.143	576.301	492.826	530.891
<b>TOTAL CURRENT ASSETS</b>		<b>45.633.020</b>	<b>25.889.473</b>	<b>26.888.510</b>	<b>26.928.541</b>
<b>TOTAL ASSETS</b>		<b>214.498.744</b>	<b>121.383.072</b>	<b>121.136.794</b>	<b>116.372.224</b>
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES:</b>					
Share capital	14.13	60.000.000	60.000.000	60.000.000	60.000.000
Legal reserve		3.995.665	3.995.665	3.995.665	3.995.665
Retained earnings		3.847.620	3.647.525	5.043.305	5.016.996
Rate of exchange influence		(6.069)	-	-	-
Non controlling interest		969.491	-	-	-
<b>TOTAL EQUITY</b>		<b>68.806.707</b>	<b>67.643.190</b>	<b>69.038.970</b>	<b>69.012.661</b>
<b>GRANTS</b>		<b>443.166</b>	<b>461.938</b>	<b>443.166</b>	<b>461.938</b>
<b>NON-CURRENT LIABILITIES:</b>					
Bank loans and mortgages	14.14	70.965.799	11.964.440	11.964.440	11.964.440
Obligations under finance leases		11.367.689	10.681.454	10.685.917	10.589.013
Deferred tax liability		1.725.487	252.051	240.005	252.051
Other accounts payable		-	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>84.058.975</b>	<b>22.897.945</b>	<b>22.890.362</b>	<b>22.805.504</b>
<b>CURRENT LIABILITIES:</b>					
Bank loans and mortgages	14.14	27.085.540	10.187.027	10.637.978	5.179.527
Obligations under finance leases		4.241.901	5.275.819	3.772.036	5.026.833
Delay for unused emission rights		-	-	-	-
Factoring		-	-	-	-
Received prepayment		-	-	-	-
Trade and other accounts payable	14.15	29.862.455	14.917.153	14.354.282	13.885.761
<b>TOTAL CURRENT LIABILITIES</b>		<b>61.189.896</b>	<b>30.379.999</b>	<b>28.764.296</b>	<b>24.092.121</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>214.498.744</b>	<b>121.383.072</b>	<b>121.136.794</b>	<b>116.372.224</b>

## 14.2. Income (loss) statement

LTL

	note s	The Group		The Company	
		January – March 2010	January – March 2009	January – March 2010	January – March 2009
Sales		40.420.122	32.195.867	29.311.095	30.146.239
Cost of sales		36.294.560	27.659.111	26.264.386	25.775.376
<b>Gross profit</b>		<b>4.125.562</b>	<b>4.536.756</b>	<b>3.046.709</b>	<b>4.370.863</b>
Other operating income	14.15.	670.075	201.335	620.722	252.957
Selling and distribution		2.202.023	1.961.641	1.996.937	1.847.914
Administrative expenses		1.891.663	1.573.540	1.421.691	1.373.503
Other operating expenses	14.16.	75.236	116.338	36.972	122.306
<b>Profit from operations</b>		<b>626.715</b>	<b>1.086.572</b>	<b>211.831</b>	<b>1.280.097</b>
Interest income		312	249	95	211
Interest costs		381.149	660.141	187.106	582.061
Net positive (negative) impact of exchange rate changes		76.864	(7.330)	(10.522)	(7.034)
Other finance income		0	80	0	80
Other finance expenses		9.812	5.362	35	4.968
<b>Profit before income tax</b>		<b>312.930</b>	<b>414.068</b>	<b>14.263</b>	<b>686.325</b>
Income tax expense		81.573	120.999	(12.046)	120.999
<b>NET PROFIT</b>		<b>231.357</b>	<b>293.069</b>	<b>26.309</b>	<b>565.326</b>
Group's interest		200.095	293.069	26.309	565.326
Non controlling interest		31.262	0	0	0
<b>Basic and diluted earnings per share</b>		<b>0,004</b>	<b>0,005</b>	<b>0,000</b>	<b>0,009</b>

## 14.3. Statement of changes in owner's equity

LTL

The Group	Notes	Share capital	Legal reserve	Other reserves	Non controlling interest	Rate of exchange influence	Retained earnings	Total
<b>31 December 2008</b>		60.000.000	3.995.665	0	0	0	1.017.966	65.013.631
Transfer to legal reserve								
Increase of authorized capital								
Dividends paid								
Net profit							293.069	293.069
<b>31 March 2009</b>		60.000.000	3.995.665	0	0	0	1.311.035	65.306.700
Transfer to legal reserve								
Dividends paid								
Net profit							2.336.490	2.336.490
<b>31 December 2009</b>		60.000.000	3.995.665	0	0	0	3.647.525	67.643.190
Transfer to legal reserve								
Dividends paid								
Unrecognized gain (loss) in income (loss)						(6.069)		(6.069)
Business combination					938.229			938.229
Net profit					31.262		200.095	231.357
<b>31 March 2010</b>		60.000.000	3.995.665	0	969.491	(6.069)	3.847.620	68.806.707

LTL

The Company	Notes	Share capital	Legal reserve	Other reserves	Non controlling interest	Rate of exchange influence	Retained earnings	Total
<b>31 December 2008</b>		60.000.000	3.995.665	0	0	0	2.011.604	66.007.269
Transfer to legal reserve								
Increase of authorized capital								
Dividends paid								
Net profit							565.326	565.326
<b>31 March 2009</b>		60.000.000	3.995.665	0	0	0	2.576.930	66.572.595
Transfer to legal reserve								
Dividends paid								
Net profit							2.440.066	2.440.066
<b>31 December 2009</b>		60.000.000	3.995.665	0	0	0	5.016.996	69.012.661
Transfer to legal reserve								
Dividends paid								
Net profit							26.309	26.309
<b>31 March 2010</b>		60.000.000	3.995.665	0	0	0	5.043.305	69.038.970

## 14.4. Cash flow statement

LTL

	The Group		The Company	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
<b>OPERATING ACTIVITIES</b>				
Profit before income tax	312.930	414.068	14.263	686.325
Adjustments for:				
Depreciation and amortization	4.450.029	4.173.397	3.552.890	3.803.937
Release of negative goodwill to income				
Share of loss of associates				
Interest income	(312)	(249)	(95)	(211)
Interest expenses	381.149	660.141	187.106	582.061
Net foreign exchange loss (gain)	(76.864)	7.330	10.522	7.034
Profit on disposal of fixed assets		(12.116)		(12.116)
Profit on disposal of emission rights	(431.600)		(431.600)	
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(244.093)	(51.080)	(244.093)	(51.080)
Impairment of fixed assets (reversal)				
Decrease of investment into daughter enterprise (increase)				
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables				
<b>TOTAL</b>	<b>4.391.239</b>	<b>5.191.491</b>	<b>3.088.993</b>	<b>5.015.950</b>
Changes in current assets and liabilities:				
(Increase) decrease in other assets	(645.842)	65.265	38.065	81.829
(Increase) decrease in prepayments				
Decrease (increase) in trade and other accounts receivables	(13.056.076)	569.781	(600.263)	589.649
Decrease (increase) in inventories	(4.364.544)	792.335	1.103.182	518.230
Increase (decrease) in trade and other accounts payable	17.350.506	(3.490.451)	436.171	(3.615.626)
<b>TOTAL</b>	<b>(715.956)</b>	<b>(2.063.070)</b>	<b>977.155</b>	<b>(2.425.918)</b>
Interest paid	(390.205)	(655.767)	(184.050)	(577.687)
Income tax paid	(105.000)	(90.000)		(90.000)
<b>NET cash from operating activities</b>	<b>3.080.400</b>	<b>2.382.654</b>	<b>3.882.098</b>	<b>1.922.345</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of noncurrent assets and intangible assets	(5.367.667)	(1.553.682)	(5.255.111)	(1.493.874)
Acquisition of noncurrent assets and intangible assets of subsidiaries	(60.266.968)			
Investments in subsidiaries			(502.150)	
Proceeds on disposal noncurrent assets		52.383		52.383
Proceeds on disposal of emission rights	431.600		431.600	
Interest received	312	249	95	211
Prestige	(11.377.150)			
Repayment of loans granted			(2.500.000)	
Non controlling interest	938.229			
Rate of exchange influence	(6.069)			
Proceeds from long-term receivables	(75.650)			
<b>Net cash (used in) investing activities</b>	<b>(75.723.363)</b>	<b>(1.501.050)</b>	<b>(7.825.566)</b>	<b>(1.441.280)</b>

## Continuation of Cash flow statement

	The Group		The Company	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
<b>FINANCING ACTIVITIES</b>				
Dividends paid				
Repayments of loans and mortgages	(5.191.002)	(1.277.909)	(1.115.332)	(1.027.614)
Proceeds from loans and mortgages	81.090.874	2.719.046	6.573.783	2.719.046
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(1.423.429)	(2.173.955)	(1.285.891)	(2.075.339)
<b>Net cash (used in) financing activities</b>	<b>74.476.443</b>	<b>(732.818)</b>	<b>4.172.560</b>	<b>(383.907)</b>
<b>Net (decrease)/increase in cash</b>	<b>1.833.480</b>	<b>148.786</b>	<b>229.092</b>	<b>97.158</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD</b>	<b>461.601</b>	<b>130.026</b>	<b>158.581</b>	<b>113.472</b>
<b>CASH AND CASH EQUIVALENTS END OF THE PERIOD</b>	<b>2.295.081</b>	<b>278.812</b>	<b>387.673</b>	<b>210.630</b>

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

## 14.5. Basis of preparation

**Statement of compliance**

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

**Basis of measurement**

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

**Use of estimates and judgements**

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

## 14.6. Significant accounting policies

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

**Basis of consolidation**

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

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

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

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

### **Business combinations**

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

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

### **Investments in subsidiaries**

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

### **Foreign currency**

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

### **Financial instruments**

#### ***Non-derivative financial instruments***

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

Cash and cash equivalents comprise cash balances and call deposits.

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

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

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

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

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

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

#### *Derivative financial instruments*

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

#### **Noncurrent assets**

##### *Recognition and measurement*

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

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

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

##### *Subsequent costs*

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

##### *Depreciation*

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



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

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

### **Intangible assets**

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

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

### **Emission rights**

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

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

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

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

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

### **Leased assets**

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

#### The Group as lessor

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

#### The Group as lessee

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

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

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

### **Inventories**

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

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

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

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

### **Impairment**

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

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

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

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

### ***Calculation of recoverable amount***

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

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

### ***Reversals of impairment***

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

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

### **Grants**

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

#### Grants related to assets

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

#### Grants related to income

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

### **Dividends**

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

### **Employee benefits**

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

### **Provisions**

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

### **Revenue recognition**

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

#### Sale of goods

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

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

#### Sales of services

Sales of services are recognized on performance of the services.

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

### **Expenses**

#### ***Operating lease payments***

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

#### ***Finance lease payments***

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

#### ***Net financing costs***

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

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

### **Income tax**

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

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

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

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

### **Segment reporting**

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

### **Earnings per share**

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

### **Contingencies**

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

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

### **Related parties**

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

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

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

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

### *Standards and Interpretations adopted with no effect on financial statements*

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

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

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

*Standards and Interpretations adopted with no effect on financial statements*

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

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

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

#### 14.7. Noncurrent assets

On the 31<sup>st</sup> of March 2010 Group's noncurrent assets consisted of the following, LTL

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
<b>Modified cost</b>						
31 December 2009	40.894.161	132.823.218	5.172.700	3.406.745	255.233	182.552.057
Acquisition of assets of subsidiaries	44.544.135	60.833.974	2.477.814	21.239.512	2.671.978	131.767.413
Additions		216.128	133.830	32.342	5.192.339	5.574.639
Disposals				512		512
Transfers		563.475			(563.475)	
<b>31 March 2010</b>	<b>85.438.296</b>	<b>194.436.795</b>	<b>7.784.344</b>	<b>24.678.087</b>	<b>7.556.075</b>	<b>319.893.597</b>
<b>Accumulated depreciation and impairment</b>						
31 December 2009	16.854.126	66.455.153	3.473.756	2.659.046		89.442.081
Acquisition of assets of subsidiaries	19.604.887	36.533.389	1.805.696	13.580.986		71.524.958
Depreciation	255.671	3.405.662	157.542	85.553		3.904.428
Impairment loss (reversal)						
Disposals				325		325
Transfers						
<b>31 March 2010</b>	<b>36.714.684</b>	<b>106.394.204</b>	<b>5.436.994</b>	<b>16.325.260</b>		<b>164.871.142</b>
<b>Carrying amount</b>						
31 December 2009	24.040.035	66.368.065	1.698.944	747.699	255.233	93.109.976
31 March 2010	48.723.612	88.042.591	2.347.350	8.352.827	7.556.075	155.022.455

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

On the 31<sup>st</sup> of March 2010, the part of the Group's property, plant and equipment with a carrying value of 74.690.032 Litas (31 December 2009 – 23.215.846 Litas) is pledged as a security for repayment of the loans granted by banks.

On the 31<sup>st</sup> of March 2010 Company's noncurrent assets consisted of the following, LTL

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
<b>Modified cost</b>						
31 December 2009	38.908.900	120.634.052	3.680.896	3.236.806	255.233	166.715.887
Additions		13.616	132.230	17.342	5.192.339	5.355.527
Disposals				512		512
Transfers		563.475			(563.475)	
<b>31 March 2010</b>	<b>38.908.900</b>	<b>121.211.143</b>	<b>3.813.126</b>	<b>3.253.636</b>	<b>4.884.097</b>	<b>172.070.902</b>
<b>Accumulated depreciation and impairment</b>						
31 December 2009	16.538.205	60.911.530	2.454.426	2.525.503		82.429.664
Depreciation	242.298	3.092.497	127.035	80.099		3.541.929
Impairment loss (reversal)						
Disposals				326		326
Transfers						
<b>31 March 2010</b>	<b>16.780.503</b>	<b>64.004.027</b>	<b>2.581.461</b>	<b>2.605.276</b>		<b>85.971.267</b>
<b>Carrying amount</b>						
<b>31 December 2009</b>	<b>22.370.695</b>	<b>59.722.522</b>	<b>1.226.470</b>	<b>711.303</b>	<b>255.233</b>	<b>84.286.223</b>
<b>31 March 2010</b>	<b>22.128.397</b>	<b>57.207.116</b>	<b>1.231.665</b>	<b>648.360</b>	<b>4.884.097</b>	<b>86.099.635</b>

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

On the 31<sup>st</sup> of March 2010, the part of the Company's property, plant and equipment with a carrying value of 15.552.122 Litas (31 December 2009 – 15.717.190 Litas) is pledged as a security for repayment of the loans granted by banks.



## 14.8. Intangible assets

On the 31<sup>st</sup> of March 2010 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Prestige	Licenses, patents	Software	Other assets and prepayments	Total
<b>Cost</b>						
31 December 2009	2.400.000		56.238	794.647	11.533	3.262.418
Acquisition of assets of subsidiaries				470.752		470.752
Additions		11.377.150				11.377.150
Disposals						
Reappraisal						
Transfers						
<b>31 March 2010</b>	<b>2.400.000</b>	<b>11.377.150</b>	<b>56.238</b>	<b>1.265.399</b>	<b>11.533</b>	<b>15.110.320</b>
<b>Accumulated amortization</b>						
31 December 2009	168.889		49.272	702.194	11.531	931.886
Acquisition of assets of subsidiaries				446.239		446.239
Amortization	6.666		2.267	8.734		17.667
Impairment loss/ (reversal)						
Disposals						
Transfers						
<b>31 March 2010</b>	<b>175.555</b>		<b>51.539</b>	<b>1.157.167</b>	<b>11.531</b>	<b>1.395.792</b>
<b>Carrying amount</b>						
31 December 2009	2.231.111		6.966	92.453	2	2.330.532
<b>31 March 2010</b>	<b>2.224.445</b>	<b>11.377.150</b>	<b>4.699</b>	<b>108.232</b>	<b>2</b>	<b>13.714.528</b>

On the 31<sup>st</sup> of March 2010, the Group's land lease rights with a carrying value of 2.224.445 Litas (31 December 2009 – 2.231.111 Litas) are pledged as a security for repayment of the loan granted by banks.

On the 31<sup>st</sup> of March 2010, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Prepayments	Total
<b>Cost</b>					
31 December 2009	56.238	779.262	6.245		841.745
Additions					
Disposals					
Reappraisal					
Transfers					
<b>31 March 2010</b>	<b>56.238</b>	<b>779.262</b>	<b>6.245</b>		<b>841.745</b>
<b>Accumulated amortization</b>					
31 December 2009	49.272	686.860	6.244		742.376
Amortization	2.267	8.694			10.961
Impairment loss/ (reversal)					
Disposals					
Transfers					
<b>31 March 2010</b>	<b>51.539</b>	<b>695.554</b>	<b>6.244</b>		<b>753.337</b>
<b>Carrying amount</b>					
31 December 2009					
<b>31 March 2010</b>	<b>6.966</b>	<b>92.402</b>	<b>1</b>		<b>99.369</b>

Amortization expenses have been included in administrative expenses.

#### 14.9. Investments in subsidiaries/Business combination

##### 14.9.1. Acquired subsidiaries

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

##### 14.9.2. Paid reward

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Cash	545.241	0	0	0	545.241
<b>Total</b>	<b>545.241</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>545.241</b>

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

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
<b>Non-current assets</b>					
Tangible assets			54.687.037	5.555.418	60.242.455
Intangible assets		2.695	21.818		24.513
Investments in subsidiaries	49.359.688	57.442.922	251.740		107.054.350
Other non-current assets		34.598.238	56.091.078	76.693	90.766.009
<b>Current assets</b>					
Inventories			4.128.415	905.494	5.033.909
Prepayments		491	396.649	254.570	651.710
accounts receivable		1.311.708	18.353.071	2.401.977	22.066.756
Cash and cash equivalents	7.972	142.083	1.535.826	77.338	1.763.219
<b>Liabilities</b>					
Non-current liabilities	(49.359.523)	(212.902)	(59.364.580)	(3.953.240)	(112.890.245)
Current liabilities		(41.442.994)	(25.790.103)	(10.318.908)	(77.552.005)
<b>Total</b>	<b>8.137</b>	<b>51.842.241</b>	<b>50.310.951</b>	<b>(5.000.659)</b>	<b>97.160.670</b>

As at the time of statements preparation needed assessments and other calculations of real value of the assets were unfinished, the real value was defined preliminary according the evaluations made by the management of the Group.

The management of the Group assess, that the real value of acquired assets and assumed obligations correspond to the carrying value.

## 14.9.4. Non controlling interest

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Shares with voting rights of controlling interest	100,00%	100,00%	96,18%	83,72%	
Shares with voting rights of non-controlling interest	0,00%	0,00%	3,82%	16,28%	
Net assets of controlling interest, %	100,00%	100,00%	96,18%	80,52%	
Net assets of non-controlling interest, %	0,00%	0,00%	3,82%	19,48%	
Net assets of non-controlling interest, LTL	0	0	1.921.878	(974.034)	<b>947.845</b>
Invests in subsidiaries of non-controlling interest				(9.616)	<b>(9.616)</b>
<b>Non controlling interest</b>	<b>0</b>	<b>0</b>	<b>1.921.878</b>	<b>(983.650)</b>	<b>938.228</b>

## 14.9.5. Prestige at the moment of acquisition

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Acquisition price	545.241	49.359.688	57.442.922	251.740	<b>107.599.591</b>
Non-controlling interest's part of acquisition price	0	0	0	(9.616)	<b>(9.616)</b>
Group's part of acquired net assets	(8.137)	(51.842.241)	(48.389.073)	4.026.626	<b>(96.212.825)</b>
<b>Prestige</b>	<b>537.104</b>	<b>(2.482.553)</b>	<b>9.053.849</b>	<b>4.268.749</b>	<b>11.377.150</b>

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

#### 14.9.6. Net cash reward

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Paid reward in cash	545.241	0	0	0	545.241
Cash in acquired companies	(7.972)	(142.083)	(1.535.826)	(77.338)	(1.763.219)
<b>Total</b>	<b>537.269</b>	<b>(142.083)</b>	<b>(1.535.826)</b>	<b>(77.338)</b>	<b>(1.217.978)</b>

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

	AGR prekyba UAB	Avesko UAB	Klaipėdos kartonas AB	Mena Pak OAO	Total
Results of the period after the acquisition	(88.783)	(6.093)	238.929	113.640	257.693
Total revenues for the period (first quarter)			23.880.402	4.372.409	28.252.811
<b>Total results of the period (first quarter)</b>	<b>(89.159)</b>	<b>(17.606)</b>	<b>340.925</b>	<b>728.012</b>	<b>962.172</b>

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

#### 14.10. Trade and other receivables

On the 31<sup>st</sup> of March 2010 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Trades receivable	26.825.850	14.958.381	18.280.235	17.924.692
Other receivable	1.374.959	158.584	428.032	155.544
	<b>28.200.809</b>	<b>15.116.965</b>	<b>18.708.267</b>	<b>18.080.236</b>
Less: allowance for doubtful amounts receivable	(1.313.729)	(885.473)	(829.614)	(829.614)
<b>Total amounts receivable within one year:</b>	<b>26.887.080</b>	<b>14.231.492</b>	<b>17.878.653</b>	<b>17.250.622</b>

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

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

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
<b>On the 1<sup>st</sup> of January</b>	<b>885.473</b>	<b>885.473</b>	<b>829.614</b>	<b>829.614</b>
Allowance formed by recently acquired subsidiaries	428.256			
Reversal of allowance				
<b>At the end of the period</b>	<b>1.313.729</b>	<b>885.473</b>	<b>829.614</b>	<b>829.614</b>

## 14.11. Cash and cash equivalents

On the 31<sup>st</sup> of March 2010 cash and cash equivalents consisted of the following:

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Cash at bank	2.227.173	447.564	321.884	146.725
Cash on hand	67.908	14.037	65.789	11.856
<b>Total</b>	<b>2.295.081</b>	<b>461.601</b>	<b>387.673</b>	<b>158.581</b>

## 14.12. Inventories

On the 31<sup>st</sup> of March 2010 inventories consisted of the following:

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Materials	6.580.512	3.810.541	3.604.478	3.627.898
Work in progress	3.020.430	3.235.730	1.666.137	1.963.139
Finished goods	6.324.317	4.507.780	3.555.286	4.331.382
Goods in transit		6.664		6.664
	<b>15.925.259</b>	<b>11.560.715</b>	<b>8.825.901</b>	<b>9.929.083</b>
Less: write-down to net realizable value	(696.543)	(940.636)	(696.543)	(940.636)
<b>Total</b>	<b>15.228.716</b>	<b>10.620.079</b>	<b>8.129.358</b>	<b>8.988.447</b>

On the 31<sup>st</sup> of March 2010, the Group's and the Company's inventory with carrying amounts of 10.000.000 Litas and 8.000.000 Litas respectively are pledged as a security for the loan granted by the bank (as at 31 December 2009 – 14.000.000 Litas and 12.000.000 Litas).

## 14.13. Share capital and legal reserve

On the 31<sup>st</sup> of March 2010 share capital consisted of LTL 60.000.000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

On the 31<sup>st</sup> of March 2010 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	29.848.876	49,7
Lithuanian individuals	23.895.430	39,8
Foreign legal entities	6.097.328	10,2
Foreign individuals	158.366	0,3
<b>Total</b>	<b>60.000.000</b>	<b>100,0</b>

On the 31<sup>st</sup> of March 2010 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	53.744.306	89,6
USA	6.006.815	10,0
Latvia	105.528	0,2
other countries	143.351	0,2
<b>Total</b>	<b>60.000.000</b>	<b>100</b>

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

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

#### 14.14. Loans and mortgages

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
The loans and mortgages are repayable as				
Within one year	27.085.540	10.187.027	10.637.978	5.179.527
In the second year	10.043.956	2.997.139	2.997.139	2.997.139
In the third to fifth years inclusive	60.921.843	8.967.301	8.967.301	8.967.301
	<b>98.051.339</b>	<b>22.151.467</b>	<b>22.602.418</b>	<b>17.143.967</b>
Less: amount due for settlement within one year	(27.085.540)	(10.187.027)	(10.637.978)	(5.179.527)
<b>Amount due for settlement after one year</b>	<b>70.965.799</b>	<b>11.964.440</b>	<b>11.964.440</b>	<b>11.964.440</b>

#### 14.15. Trade and other payables

	The Group		The Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Trade payables	21.874.723	12.292.638	10.905.493	11.535.391
Taxes, salaries and social insurance payable	4.519.982	1.889.972	2.242.492	1.696.895
Advances paid	824.369	146.506	135.863	111.622
Other payables	2.643.381	588.037	1.070.434	541.853
<b>Total</b>	<b>29.862.455</b>	<b>14.917.153</b>	<b>14.354.282</b>	<b>13.885.761</b>

#### 14.16. Other operating income

	The Group		The Company	
	01.01.2010- 31.03.2010	01.01.2009- 31.03.2009	01.01.2010- 31.03.2010	01.01.2009- 31.03.2009
Gain from disposal of emission rights	431.600		431.600	
Rent income	118.284	163.740	117.284	202.122
Gain from disposal of fixed assets		12.116		12.116
The reversal of inventory written off, scrap recognition	54.989	15.705	54.989	15.705
Insurance compensation				
Write off of accounts payables	13.783	2.270		2.270
Other income	51.419	7.504	16.849	20.744
<b>Total</b>	<b>670.075</b>	<b>201.335</b>	<b>620.722</b>	<b>252.957</b>

#### 14.17. Other operating expenses

	The Group		The Company	
	01.01.2010- 31.03.2010	01.01.2009- 31.03.2009	01.01.2010- 31.03.2010	01.01.2009- 31.03.2009
Rent expenses	38.514	65.261	36.972	65.261
Insurance expenses		37.839		43.807
Other expenses	36.722	13.238		13.238
<b>Total</b>	<b>75.236</b>	<b>116.338</b>	<b>36.972</b>	<b>122.306</b>

14.18. *Off balance articles*

## Emission rights movement for 2010

	Amount, pcs.	
	The Group	The Company
31 December 2009	(30.617)	(30.617)
Recalled emission rights	20.000	20.000
Emission rights allocated	85.669	53.356
Emission rights used	(20.530)	(12.304)
Sale of emission rights	(10.000)	(10.000)
<b>31 March 2010</b>	<b>44.522</b>	<b>20.435</b>

## Sureties

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

14.19. *Court and arbitration proceedings*

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