

GRIGIŠKĖS AB
AUDITED CONSOLIDATED ANNUAL REPORT
FOR THE YEAR 2010

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

Annual report has been prepared for the year 2010.

2. AUDIT INFORMATION

The annual consolidated report of Grigiškės AB covering the twelve months of 2010 is audited.

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 Klaipėda Recycling UAB.

Status	Issuer	Subsidiary	Subsidiary
Name	Grigiškės AB	Klaipėdos kartonas AB	Baltwood UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	60.000.000 LTL	84.605.460 LTL	9.950.000 LTL
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 45
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 58 98
E-mail	info@grigiskes.lt	info@kartonas.lt	info@baltwood.lt
Internet address	www.grigiskes.lt	www.kartonas.lt	www.baltwood.lt
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers
Status	Subsidiary	Subsidiary	Subsidiary
Name	Ekotara UAB	Naujieji Verkiai UAB	Mena Pak OAO
Company's ID No.	302329061	300015674	00383260
Authorised capital	10.000 LTL	100.000 LTL	511.470 UAH
Address	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Koshevovo str. 6, Chernihiv region, Mena, Ukraine
Phone	+370 5 243 58 01	+370 5 243 59 33	+380 4644 21341
Fax	+370 5 243 58 02	+370 5 243 58 02	+380 4644 21084
E-mail	info@grigiskes.lt	info@grigiskes.lt	menapack@ukr.net
Internet address	www.ekotara.lt	-	www.menapack.com.ua
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	10 April, 2009	6 April, 2004	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary
Name	AGR Prekyba UAB	Klaipėda Recycling UAB
Company's ID No.	302416687	302529158
Authorised capital	10.000 LTL	10.000 Lt
Address	Konstitucijos av. 7 Vilnius	Nemuno str. 2, Klaipėda,
Phone	+370 5 243 5933	+370 46 395 601
Fax	+370 5 243 58 02	+370 46 395 600
E-mail	vikz@grigiskes.lt	info@kartonas.lt
Internet address	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010
Administrator of the register	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.

Core business activity of Klaipėda Recycling UAB is planned to be a waste-paper procurement. The company has not been operating in year 2010.

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

On the 16th of December 2010 Avesko AB was checked out of register of legal entities of Republic of Lithuania.

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 – 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) 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) LTL gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed

by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;

- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On the 31st of December 2010 there were 2.665 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 2010.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 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	-	-	-	5.997.932	10,00	10,00
IRENA ONA MIŠEIKIENĖ	8.731.686	14,55	14,55	-	-	-

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. Agreements between/among the shareholders

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

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

Registered ordinary shares of Grigiškės AB were listed on the secondary lists of NASDAQ OMX VILNIUS (ticker – GRG1L) till the 30th of June, 2010. Since the 1st of July, 2010 shares of Grigiškės, AB are listed in the main list of NASDAQ OMX VILNIUS, AB.

8.1. Key characteristics of the shares of the Company

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

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

8.2. Share trading information

8.2. table. Share trading information

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

8.2. figure. Share price and turnover 01.01.2004 – 31.12.2010.



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
31.12.2008	18.000.000
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
31.12.2009	55.800.000
31.03.2010	76.000.000
30.06.2010	80.400.000
30.09.2010	117.000.000
31.12.2010	160.560.000

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 year 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

	2010	2009
Number of employees	940	585

The average number of the Group employees of the year 2010 is by 355 employees or 60,7 percent higher than the figure of the year 2009 is. The reason of that fact is the transaction performed on the 1st 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.

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

	2010	2009
Number of employees	448	511

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

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

9.4. 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

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

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

9.6. 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

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 Grigiškės 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 Vilčinskas	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
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	13,0
	Baltwood UAB	Member of the board		
	Grigiškės AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director General	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
	Remados statyba UAB	Director	Remados statyba UAB	100,0
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Mena Pak OAO	Member of the Supervisory council		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
	Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Director for Business Development	Grigiškės AB	0,91
	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		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	AGR Prekyba UAB	Director		
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		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkliai 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	553.978	-	14.428	-
In average per one member of the administration	184.659	-	4.809	-

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 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 Grigiskės 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.

April

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.

The Board meeting on 27 April 2010 approved a revised budget for the year 2010. It is planned that the Group which consists of Grigiskės 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 on 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 Grigiskės AB remain unchanged.

The General Meeting of shareholders of Grigiskės 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 BALTIC, 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.

June On June 17, 2010 Grigiškės AB submitted an application for admission of its securities to the Main list.

Over the five months of year 2010 turnover of the Group which consists of Grigiškės AB and subsidiaries Klaipėdos kartonas AB, Baltwood UAB and Mena Pak OAO outmeasured LTL 81.9 mln. (EUR 23.7 mln.). Comparing with the same period of 2009 the sales increased in LTL 33.5 mln. (EUR 9.7 mln.) or 69 %.

Over the five months of year 2010 turnover of Grigiškės AB outmeasured LTL 48.6 mln. (EUR 14.0 mln.). Comparing with the same period of 2009 the sales increased in LTL 3.2 mln. (EUR 0.9 mln.) or 7 %.

The main reasons of rising turnover are reviving foreign markets and purchased subsidiaries on March 1, 2010.

July Grigiskes AB has received notification from Irena Ona Mišeikienė on the acquisition of voting rights. The threshold that was crossed - 10%, the reason for crossing the threshold - securities acquisition by inheritance.

Klaipėdos kartonas AB the subsidiary of Grigiškės AB has established a subsidiary company Klaipėda Recycling UAB. It is planned that this new company will run a business of waste-paper procurement.

August The Board meeting on 5 August 2010 approved a corrected budget for the year 2010. It is planned that Grigiskes AB sales in 2010 will increase to LTL 126,5 mln. (EUR 36,6 mln.) and will be higher by LTL 16,8 mln. (EUR 4,9 mln.) than it was in 2009. The company will earn a profit before taxes of LTL 1,6 mln. (EUR 0,5 mln.) which will be LTL 1.9 mln. (EUR 0,55 mln.) or 54% lower than it was in 2009.

Planned profit before taxes for the year 2010 is corrected after the expected financial results of the six months of the year 2010 and the trends of raw materials prices were re-evaluated.

On the 27th of April 2010 proclaimed forecasted financial indicators for the year 2010 of Grigiskes AB Group remain unchanged. It was planned that the Group which consists of Grigiskes AB, daughter enterprises Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO 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 on the year 2009.

Grigiškės, AB has signed a contract with an audit company Ernst & Young Baltic, UAB for the Company's and Group's annual financial statements audit for years 2010 and 2011. A sum payable for the audit services - 56.350 LTL (16.320 EUR) (plus VAT) for a single financial year.

On the 25th of August AVESKO, UAB, a member of GRIGIŠKĖS, AB has been reformed into a joint-stock company with a name AVESKO, AB. In order to more transparent management of subsidiaries of GRIGIŠKĖS, AB in the future it is planned to reorganize by the merger Klaipėdos kartonas, AB and not operating AVESKO, AB.

September Grigiskes AB was present at forum of investors “Vilnius Invest 2010” held by NASDAQ OMX Vilnius AB. Here, in this event, Company's activities, results of the activities, plans and prospect of the Company were presented by general director Gintautas Pangonis.

November The extraordinary meeting of shareholders of KLAIPĖDOS KARTONAS AB the subsidiary of GRIGIŠKĖS AB was held on 15-11-2010. The Meeting made the resolution to reorganize KLAIPĖDOS KARTONAS AB and AVESKO AB according to the part 3 of Article 2.97 of the Civil Code of the Republic of Lithuania by the way of connecting AVESKO AB to KLAIPĖDOS KARTONAS AB. After the reorganization the company AVESKO AB will end and the company KLAIPĖDOS KARTONAS AB will continue the activities and will assume all the rights (including property) and obligations of AVSEKO AB.

December Over the eleven months of 2010 the turnover of Grigiskes AB Group, which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO, outmeasured LTL 224,4 mln. (EUR 65,0 mln.) and reached 97,6% of proclaimed forecasted turnover for 2010.

Over the eleven months of 2010 the turnover of Grigiskes AB outmeasured LTL 117,6 mln. (EUR 34,1 mln.) and reached 93,0% of proclaimed forecasted turnover for 2010.

On the 5th of August 2010 proclaimed forecasted financial indicators for the year 2010 of Grigiskes AB and the Group remain unchanged.

On the 16th of December 2010 Avesko AB was checked out of register of legal entities of Republic of Lithuania. The Group of Grigiskes AB consists of: Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB, Ekotara UAB, Naujieji Verkiai UAB, Mena Pak OAO, AGR Prekyba UAB and Klaipėda Recycling UAB.

The Board meeting on 21st of December 2010 approved an ambitious budget for the year 2011.

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

It is also planned that Grigiskes AB sales in 2011 will increase to LTL 145 Mio (EUR 42 Mio) and will be higher by LTL 18.5 Mio (EUR 5.4 Mio) than it is expected for the year 2010. The company will earn a profit before taxes of LTL 4.8 Mio (EUR 1.4 Mio) which will be LTL 3.2 Mio (EUR 0.9 Mio) higher than it is expected for the year 2010.

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

13.2. Newest events in the Issuer's activities

December, 2010 On the 18th of February 2011 Grigiskes AB signed a proactive reliability maintenance service agreement with the company SKF Lietuva UAB. The aim of the agreement is to

improve the reliability and efficiency of existing production assets. This contract will last over a period of one year and is part of the company's strategy to improve their market position.

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

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

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

13.3. Offices and branches

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

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2010.

Economic risk factors

Fibre Hardboard production. After a significant decline in demand for production in 2008, which also continued in the first half of 2009, in the second half of 2009 there were signs of moderate growth in fiberboard production demand. Compared to 2009, during the 2010 sales of fiberboard products rose by 34 percent. Market trends allow Company to expect a certain level of sales growth in 2011.

The most significant influence on the results of this business make price changes of natural gas used to produce thermal energy and raw wood. Though reduced, the risk of rise of price of these resources remains relevant in 2011 too. Company believes that possible negative impact of natural gas prices rise will even more reduced after the completion of biofuel-fired boiler construction in the end of March 2011.

Paper production. As Company's paper production is export accounts for around 60 percent of all paper products sales, the sales are affected by exchange rate fluctuations, as well as transport and raw material prices. Since the main export sales currency is euro, exchange rate risk is at a minimum.

In 2011, as the in 2010, Company plans growth of sales in all markets.

Corrugated cardboard and related products. It is planned that the rise of prices of corrugated cardboard and related products will be caused by raw materials' prices rise and growing consumption. Main risks of this business comes from changes in raw material's prices.

Social risk factors

Salaries are paid in terms set in collective agreement.

Technical – technological risk factors

On purpose to improve technical level of production supply Company's production equipment and buildings are constantly upgraded, 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 unit 2011. In May 2010 the quality control system was audited. The audit concluded that requirements of LST EN ISO 9001:2008 standard are fulfilled in Company.

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	2010	2009
	%	%
Lithuania	78	75
Estonia	9	8
Poland	4	4
Latvia	2	2
Germany	1	2
Belarus	1	0
Austria	1	1
Other countries	4	8
TOTAL	100	100

Main suppliers of energy resources are Lithuanian companies.

13.6. Sales and markets

In 2010 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 6,7 per cent in 2010, as compared to 2009.
- Fibre hardboard. In 2010 market of these products showed undeniable signs of recovery. Sales of hardboard products increased by 33,9 percent in 2010 compared with 2009.
- Corrugated cardboard and related production. In 2010 demand of these products grew the most. Sales of corrugated board production increased by 70,7 percent in 2010 compared with 2009.

13.6.1. table. Group's sold produce

Produce	2009		2008	
	thousand litas	%	thousand litas	%
Hardboard and wood products	64.272	26,1	47.157	39,7
Paper and paper products	60.762	24,7	56.962	47,9
Raw material for corrugated cardboard, corrugated cardboard and related production	114.503	46,6	6.809	5,7
Other sales	6.248	2,6	8.001	6,7
TOTAL	245.785	100	118.930	100

13.6.2. table. Company's sold produce

Produce	2009		2008	
	thousand litas	%	thousand litas	%
Hardboard and wood products	49.220	37,9	36.765	33,5
Paper and paper products	60.765	46,8	56.971	51,9
Raw material for corrugated cardboard, corrugated cardboard and related production	11.473	8,8	6.809	6,2
Other sales	8.285	6,5	9.165	8,4

13.6.1. table. Company's countries of sales

Country	2010		2009	
	thousand litas	%	thousand litas	%
United Kingdom	3.936	3,0%	1.431	1,3%
Belarus	979	0,8%	564	0,5%
Czech Republic	3.585	2,8%	1.214	1,1%
Denmark	10.251	7,9%	6.576	6,0%
Estonia	6.459	5,0%	4.594	4,2%
Latvia	12.939	10,0%	9.126	8,3%
Poland	13.407	10,3%	7.537	6,9%
Lithuania	53.887	41,5%	60.169	54,8%
Norway	1.275	1,0%	1.340	1,2%
The Netherlands	3.397	2,6%	3.149	2,9%
Slovakia	3.964	3,1%	2.937	2,7%
Finland	2.672	2,1%	1.833	1,7%
Sweden	8.859	6,8%	7.352	6,7%
Hungary	134	0,1%	124	0,1%
Germany	2.254	1,7%	556	0,5%
Other countries	1.744	1,3%	1.207	1,1%
Total	129.742	100,0%	109.709	100,0%

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

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

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

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

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

13.8. Financial indicators

Financial ratios	2008 audited		2009 audited		2010 audited	
	Group	Company	Group	Company	Group	Company
EBITDA	12.550.059	12.312.244	21.904.985	20.569.459	35.720.867	16.221.612
EBITDA profitability	8,6%	9,1%	18,4%	18,7%	14,5%	12,5%
Gross margin	10,9%	11,2%	17,0%	17,0%	13,3%	10,9%
Operating margin	-0,8%	0,1%	4,3%	4,8%	6,1%	1,8%
Net margin	-2,7%	-1,8%	2,2%	2,7%	3,1%	1,2%
ROE, %	-5,8%	-3,6%	4,0%	4,5%	9,8%	2,0%
ROA, %	-2,9%	-2,0%	2,0%	2,4%	4,2%	1,1%
Current ratio	0,73	0,88	0,85	1,12	0,81	0,71
Quick ratio	0,41	0,55	0,50	0,74	0,52	0,45
Cash to current liabilities	0,003	0,003	0,015	0,007	0,020	0,009
P/E	-4,60	-7,23	21,22	18,57	21,29	105,65
Earnings per share	-0,07	-0,04	0,04	0,05	0,13	0,03
Debt to equity ration	1,16	1,01	0,80	0,69	1,64	0,76
Debt to total assets ratio	0,54	0,50	0,44	0,41	0,60	0,41

13.9. Patents, licenses and research

The Company and the Group have no patents and licenses.

13.10. Environment protection

Emission rights movement for 2010

	Amount, pcs.	
	The Group	The Company
31 December 2009	(30.617)	(30.617)
Emission rights allocated	85.669	53.356
Additional emission rights allocated	30.125	30.125
Emission rights used	(69.334)	(36.223)
Sale of emission rights	(42.000)	(42.000)
31 December 2010	(26.157)	(25.359)

13.11. 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.

During the year 2010 Klaipėdos kartonas AB repaid 10.000.000 LTL to DnB NORD bank AB.

14. RELATED PARTY TRANSACTIONS

All transactions with related persons were carried out at market prices
AB „Klaipėdos kartonas“ – subsidiary of Grigiškės AB.

Baltwood UAB – subsidiary of Grigiškės AB.

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

Ginvildos Investicija UAB – major shareholders of Grigiškės AB.

Didma UAB, Remada UAB and Naras UAB – companies related to 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.

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

14.1. table. Group's transactions with related persons during twelve months of 2010. Balances of amounts receivable/payable in relation thereto on the 31st of December 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	6.676	139.075		23.056
Didma UAB	601.815	360.022	183.899	
Remada UAB				
Naras UAB	55.249	3.700	12.286	
Ekotara UAB				
Naujieji Verkiai UAB	3.086		897	
Klaipėdos kartonas AB				
Mena Pak OAO				
Total	666.826	502.797	197.082	23.056

14.2. table. Company's transactions with related persons during twelve months of 2010. Balances of amounts receivable/payable in relation thereto on the 31st of December 2010 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	2.429.075	2.573.362	3.841.528	
AGR Prekyba UAB			10.000.000	
Ginvildos Investicija UAB	380	139.075		23.056
Didma UAB	2.548	313.427		
Remada UAB				
Naras UAB	55.205		10.047	
Ekotara UAB				
Naujieji Verkiai UAB	3.086		897	
Klaipėdos kartonas AB	332.284	7.133.263	127.374	2.602.799
Total	2.822.578	10.159.127	13.979.846	2.625.855

15. COURT AND ARBITRATION PROCEEDINGS

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