

GRIGIŠKĖS AB
AUDITED CONSOLIDATED ANNUAL REPORT
FOR THE YEAR 2011

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

Annual report has been prepared for the year 2011.

2. AUDIT INFORMATION

The annual consolidated report of Grigiškės AB covering the twelve months of 2011 is audited.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

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

Status	Issuer	Subsidiary	Subsidiary
Name	Grigiškės AB	Klaipėdos kartonas AB	Baltwood UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	60.000.000 LTL	41.001.895 LTL	9.950.000 LTL
Shares directly or indirectly controlled by Grigiškės AB	Company has not acquired any shares of itself	95,78 %	100 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 00
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 59 10
E-mail	info@grigiskes.lt	info@kartonas.lt	info@baltwood.lt
Internet address	www.grigiskes.lt	www.kartonas.lt	www.baltwood.lt
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers
Status	Subsidiary	Subsidiary	Subsidiary
Name	Ekotara UAB	Naujieji Verkiai UAB	Mena Pak OAO
Company's ID No.	302329061	300015674	00383260
Authorised capital	10.000 LTL	100.000 LTL	511.470 UAH
Shares directly or indirectly controlled by Grigiškės AB	100 %	100 %	93,79 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Koshevovo str. 6, Chernihiv region, Mena, Ukraine
Phone	+370 5 243 58 01	+370 5 243 59 33	+380 4644 21341
Fax	+370 5 243 58 02	+370 5 243 58 02	+380 4644 21084
E-mail	info@grigiskes.lt	info@grigiskes.lt	menapack@ukr.net
Internet address	www.ekotara.lt	-	www.menapack.com.ua
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	10 April, 2009	6 April, 2004	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary	Subsidiary *
Name	AGR Prekyba UAB	Klaipėda Recycling UAB	Grigiškių energija UAB
Company's ID No.	302416687	302529158	302674488
Authorised capital	10.010.000 LTL	100.000 Lt	10.000 Lt
Shares directly or indirectly controlled by Grigiškės AB	100 %	71,74 %	50 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 14, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 46 395 601	+370 5 243 5933
Fax	+370 5 243 58 02	+370 46 395 600	+370 5 243 58 02
E-mail	vikz@grigiskes.lt	info@kartonas.lt	vikz@grigiskes.lt
Internet address	-	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010	7 October, 2011
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

Core business activities of Grigiškės AB are as follows: manufacturing of toilet paper, paper towels and paper napkins, medical cellulose wadding, corrugated board, products from corrugated board, and till December 31, 2011, self-coloured and painted hardboard.

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

Core business activities of Baltwood UAB are as follows: wood processing, manufacturing of container wood, fuel granules and bonded furniture panel. Since January 1, 2012, also produces self-coloured and painted hardboard (see material event announced on 02.01.2012).

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

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, packing from corrugated board. The company has not been operating in year 2011.

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

* - Core business activity of Grigiškių energija UAB is planned to be a business of heat production and sale. The company was established on 07.10.2011.

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

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

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

The Company has signed a contract with Finasta AB (financial brokerage company) (Maironio str. 11, Vilnius, tel. (8~5) 203 2233, fax: (8~5) 203 2244, info@finasta.lt) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2010 financial years.

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

The Company has signed an engagement letter with SEB Enskilda UAB (Company's ID No. 221949450) on the GRIGISKES AB new shares issuing and selling.

6. AUTHORISED CAPITAL OF THE ISSUER

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

6.1.1. Table. Structure of the authorized capital

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

All shares of the Issuer are fully paid up.

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

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

6.3. Rights and obligations conferred by the shares

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

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

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

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

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

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

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

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 2011			31 December 2010		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „GINVILDOS INVESTICIJA“ Turniškių g. 10a-2, Vilnius, 125436533	29.272.228	48,79	48,79	29.272.228	48,79	48,79
IRENA ONA MIŠEIKIENĖ	8.731.686	14,55	14,55	8.731.686	14,55	14,55
ROSEMOUNT HOLDING LLC 3533 Fairview Industrial Drive SE, Salem, OR 97302, United States of America	5.639.967	9,40	9,40	5.639.967	9,40	9,40

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. Agreements between/among the shareholders

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

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

Registered ordinary shares of Grigiškės AB are listed in the main list of NASDAQ OMX VILNIUS, AB (ticker – GRG1L).

8.1. Key characteristics of the shares of the Company

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

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

8.2. Share trading information

8.2. table. Share trading information

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

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



8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	107.880.000
31.03.2008	99.120.000
30.06.2008	66.600.000
30.09.2008	68.400.000
31.12.2008	18.000.000
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000
31.12.2009	55.800.000
31.03.2010	76.200.000
30.06.2010	80.400.000
30.09.2010	117.000.000
31.12.2010	160.560.000
31.03.2011	172.980.000
30.06.2011	157.440.000
30.09.2011	109.380.000
31.12.2011	95.700.000

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

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

8.5. Own shares buy out

The Company has not bought out own shares.

8.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

8.7. Official takeover bid

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

9. EMPLOYEES

Over the year 2011 the number of the Group employees fluctuated naturally: in some companies the number of employees has decreased and in some has increased.

9.1. table. Number of employees of the Group on the 31st of December

	2011	2010
Number of employees	997	940

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

	2011	2010
Number of employees	283	448

The cause of the decrease of number of Company's employees on the 31st of December 2011, compared to on the 31st of December 2010, is the decision of December 1, 2011 of the Board of GRIGISKĒS AB to transfer one of segments of GRIGISKĒS AB activities – the production of wood fiber board – to 100% owned subsidiary Baltwood UAB, in exchange for newly issued shares of the subsidiary.

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

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

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

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

9.5. table. Number of employees of the Company, average salary and grouping of employees by education in 2011.

Employees	Average salary	Employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	2.444	12	56	114	11	-
Managers	6.032	35	4	-	-	-
Specialists	3.179	39	9	3	-	-
Total	3.014	86	69	117	11	0

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

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

10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

11. 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	-
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
Daiva Duksienė	Member	-
BOARD		
Gintautas Pangonis	Chairman	0,22
Nina Šilerienė	Member	0,07
Vigmantas Kažukauskas	Member	0,33

Full names	Positions	Capital share and votes, %
Normantas Paliokas	Member	-
Vytautas Juška	Member	-
ADMINISTRATION		
Gintautas Pangonis	Director General	0,22
Nina Šilerienė	Director of Finance Department	0,07
Vigmantas Kažukauskas	Director for Business Development	0,33
Vytautas Juška	Purchasing and Logistic Director	-

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
Grigiškės AB	Director general, chairman of the board

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

Employers	Positions
Grigiškės AB	Director of Finance Department, member of the board

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

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Project director	Didma UAB	51,00
	Naras UAB	Director	Naras UAB	62,48
			Bakenas, UAB	100,00
			Statybų namai, UAB	62,00
			Technikos namai, UAB	62,00
			Ginvildos investicija UAB	13,00
	Baltwood UAB	Member of the board		
Grigiškės AB	Chairman of the supervisory council			
Algimantas Goberis	Grigiškės AB	Member of the supervisory council		
Romualdas Juškevičius	Grigiškės AB	Member of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director General	Remada UAB	100,0

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	Grigiškės AB	Member of the supervisory council		
	Remados statyba UAB	Director	Remados statyba UAB	100,0
Daiva Duksienė	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis			Ginvildos investicija UAB	79,0
	Grigiškės AB	Director General	Grigiškės AB	0,22
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman of the board		
Normantas Paliokas	Mena Pak OAO	Member of the Supervisory council		
	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Baltwood UAB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Member of the board		
	Grigiškės AB	Director for Business Development	Grigiškės AB	0,33
	Klaipėdos kartonas AB	Member of the board		
	Naujieji verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
Vytautas Juška	AGR Prekyba UAB	Director		
	Grigiškės AB	Purchasing and Logistic Director		
	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, %
	Grigiškių energija UAB	Member of the board		
Nina Šilieriėnė	Grigiškės AB	Director of Finance Department	Grigiškės AB	0,07
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		

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

The Supervisory Council of Grigiskės AB was elected on the 26th of April 2011 for a 4 years' period (ending in 2015). The Board of the Company was elected on the 26th of April 2011 for a 4 years' period (ending in 2015).

12.5. 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	-	20.000	-	-
In average per one member of the supervisory council	-	4.000	-	-
Totally for all members of the board	-	80.000	-	-
In average per one member of the board	-	16.000	-	-
Totally for all members of the administration	600.943	-	7.428	-
In average per one member of the administration	150.236	-	2.476	-

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

February On the 18th of February 2011 Grigiskės 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. Pagonis, 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.

April The Ordinary General Shareholders Meeting of Grigiskės AB, code 110012450, Vilnius g. 10, Grigiškės, LT-27101, Vilnius m. sav. (hereinafter- Company), is convened by initiative and the decision of the Board.

The Date of the Meeting – the 26th of April, 2011, Tuesday.

Time – 11 a.m., place - Vilnius g. 10, Grigiškės, Vilnius m. sav., the first floor of Company's administration building.

Registration of shareholders starts at 10.30 a.m., ends at 10.55 a.m.

The General Meeting of Shareholders' accounting day is 18 April 2011.

The shareholders' proprietary rights accounting day is 10 May 2011.

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

1. Consolidated annual report of the Company for the year 2010.
2. Auditor's report for the year 2010.
3. Approval of the set of consolidated annual financial statements and annual financial statements of the Company for the year 2010.
4. The appropriation of the Company's profit for the year 2010.
5. Election of the Company's Supervisory Board members.

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

1. Consolidated annual report of the Company for the year 2010.
2. Auditor's report for the year 2010.
3. Approval of the set of consolidated annual financial statements and annual financial statements of the Company for the year 2010.
4. The appropriation of the Company's profit for the year 2010.
5. Election of the Company's Supervisory Board members.
6. Increase of the authorised capital of the Company with additional contributions.

7. Withdrawal of the pre-emptive right of the Company's shareholders to acquire newly issued shares of the Company; granting of the right to acquire newly issued shares of the Company.

8. Amendments to the Articles of Association of the Company and approval of the new wording of the Articles of Association.

Please be informed that on the 29th November, 2010 the management of GRIGISKES AB began consultations with financial services firms on the ability to raise capital for future investment projects. On the 28th of January, 2011 the GRIGISKES AB and SEB Enskilda UAB (company No. 221949450), has signed an engagement letter on the GRIGISKES AB new shares issuing and selling. On the 26th November, 2010 and the 28th of January, 2011 GRIGISKES AB sent two letters about material events with a similar content of confidential information to the Securities Commission which from the date of this communication is to be regarded as publicly disclosed.

GRIGISKES AB from the largest shareholder of the Company, Ginvildos investicija UAB, which holds 48.79 percent of the Company's shares and votes, received a letter with the list of the nominees to the Company's Supervisory council.

Ginvildos investicija UAB, as a shareholder of GRIGISKES AB proposes to the Annual General Meeting of Shareholders to be held on 26 April 2011, the following nominees to be elected to the Supervisory council of GRIGISKES AB: mr. Norimantas Stankevičius, mr. Tautvilas Adamonis, mr. Romualdas Juškevičius, mrs. Daiva Dukšienė and mr. Algimantas Goberis.

Grigiskes AB (hereinafter, the "Company") additionally to the annual report for the year 2010, announced on 11 April 2011, has prepared the presentation in which the data on the Company's activities during the year 2010 and other information, related to the Company is provided. The indicated information is being announced publicly and will be presented to the shareholders of the Company during the Ordinary General Shareholders Meeting of shareholders to be held on the 26th of April, 2011, at 11 a.m.

The General Meeting of shareholders of Grigiskes AB was held on 26-04-2011. The meeting heard the consolidated annual report of the Company for the year 2010 and the Auditor's report for the year 2010 and made following resolutions:

- to approve the set of consolidated annual financial statements and annual financial statements of the Company for the year 2010;
- to approve the appropriation of Company's profit for the year 2010: for dividends to distribute LTL 0,02 (0,006 EUR) per ordinary registered share and to pay in total LTL 1 200 000 (374.544 EUR) of dividends, to appropriate LTL 75.985 (22.007 EUR) to the legal reserves and to appropriate LTL 100.000 (28.962 EUR) for the other payments (tantiemes).
- to elected to the Supervisory council of GRIGISKES AB: mr. Norimantas Stankevičius, mr. Tautvilas Adamonis, mr. Romualdas Juškevičius, mrs. Daiva Dukšienė and mr. Algimantas Goberis.
- To increase the authorised capital of the Company with additional contributions from LTL 60,000,000 (sixty million litas) to LTL 70,000,000 (seventy million litas), by issuing no more than 10,000,000 (ten million) ordinary

registered shares LTL 1 (one litas) par value each (hereinafter, the “New Shares”).

The minimal issue price of each newly issued ordinary registered share of the Company, the total number of which may be up to 10,000,000, is LTL 1 (one litas). The total minimal issue price of the New Shares is up to LTL 10,000,000 (ten million litas), depending on the final number of the issued New Shares.

If not all the New Shares are subscribed for within the period intended for subscription for the shares, the authorised capital of the Company will be able to be increased by the total par value of the newly subscribed shares. In this case, the Board of the Company will have the discretion to decide whether, in case not all the New Shares are subscribed for, the increase of the authorised capital of the Company is to be regarded as having taken place and (if yes) the authorised capital of the Company must be increased by the total par value of the newly subscribed shares.

To instruct the Board of the Company to draft and establish the detailed conditions and procedure of subscription and payment for the New Shares and to determine other conditions of offering the new share issue that have not been discussed in the resolution of the general meeting of shareholders (including, without limitation, the final issue price of the New Shares, the final number of the issued New Shares, etc.). To initiate the admission of all the newly issued shares of the Company to the Main List of AB NASDAQ OMX Vilnius and to authorise the Board of the Company to perform any and all related actions, including, without limitation, to approve and to present to the Securities Commission of the Republic of Lithuania the prospectus for admission of the New Shares to the regulated market (the Main List of AB NASDAQ OMX Vilnius) for approval.

- Following paragraph 1(13) of Article 20 and paragraph 5 of Article 57 of the Law of the Republic of Lithuania on Companies, also referring to the announcement of the Board of the Company regarding the withdrawal of the pre-emptive right of the Company’s shareholders to acquire newly issued shares of the Company and granting of the right to acquire the shares, to withdraw the pre-emptive right of all the shareholders of the Company to acquire up to 10,000,000 (ten million) ordinary registered shares issued by the Company.

The Company is considering raising additional equity capital via a private placement to institutional investors to finance expansion of its operations and to strengthen its shareholders’ base. To accomplish this goal, the Company proposes the increase of the authorised capital of the Company as well as withdrawal of the pre-emptive right of its current shareholders.

To analyse the available options and to secure the required assistance in placing the shares, the Company has retained UAB “SEB Enskilda”, a private limited liability company, legal entity code 221949450, the address of the registered office at Gedimino pr. 12, Vilnius (hereinafter, “SEB Enskilda”), to act as an Arranger and a Lead Manager of the potential transaction.

The Company is proposing to undertake a private placing to institutional investors, which it considers to be more appropriate and practical alternative for raising additional equity than a public offering, which would have to be executed in case the pre-emptive right of the current shareholders of the Company were exercised. Furthermore, the indicated structuring of the transaction (including withdrawal of the pre-emptive right) would ensure that the Company is flexible with its timing as well as with its length, as the transaction would not be subject to issue and approval of the prospectus as well as to certain other restrictions on the earliest date of starting the offering and the shortest period of subscription for shares.

Due to the nature of the envisaged transaction, SEB Enskilda may need to borrow a certain amount of existing shares from one of the current shareholders to facilitate settlement of the transaction. It is intended that such borrowed shares will be used for settlement with investors, whilst the Arranger will use the proceeds to subscribe for the new issue shares and return the shares to the lender.

For the reasons indicated above and as a technical measure, it is sought to withdraw the pre-emptive right of the current shareholders of the Company to acquire the shares to be newly issued and to grant the right to acquire such shares to SEB Enskilda. It is hereby suggested to grant SEB Enskilda the right to subscribe for and acquire newly issued shares of the Company (up to 10,000,000) in its contemplated role of the Arranger.

Furthermore, for the purpose of the aforementioned potential transactions, a current shareholder of the Company UAB "GINVILDOS INVESTICIJA", legal entity code 125436533, the address of the registered office at Turniškių st. 10A-2, Vilnius, consented to lend a relevant amount of the outstanding and paid shares of the Company, equal to the maximum number of the New Shares to be issued during this increase of the authorised capital of the Company (i.e. up to 10,000,000 shares), to SEB Enskilda in its contemplated role of the Arranger.

- With regard to the adopted resolution to increase the authorised capital of the Company, to amend paragraphs 3.1 and 4.1 of the Articles of Association of public limited liability company "GRIGIŠKĖS" and to read them as follows:

"3.1. The authorised capital of the Company shall be equal to LTL 70,000,000 (seventy million litas)."

"4.1. The authorised capital of the Company shall be divided into 70,000,000 (seventy million) ordinary registered shares. The par value of one share shall be equal to LTL 1 (one litas)."

If not all the New Shares are subscribed for during the intended share subscription period and the Board of the Company decides to hold that the increase of the authorised capital of the Company has still taken place, the Board of the Company will amend the amount of the authorised capital and the number of shares indicated in the Articles of Association of the Company accordingly.

With regard to the resolution above as well as the requirements of the new edition of the Law on Companies the Republic of Lithuania, came into effect from October 1, 2010, to amend the Articles of Association of public limited liability company "GRIGIŠKĖS", approving their new wording, and to authorise the General Manager of the Company Gintautas Pangonis to sign the Articles of Association.

The Council of Supervisors of GRIGISKES AB (hereinafter - the Company), elected in the General Meeting of Shareholders on April 26, 2011, had its first meeting on the same day. In the first meeting of the Company's Council of Supervisors, the following decisions were made:

- Mr. Norimantas Stankevičius was appointed as the Chairman of the Council of Supervisors of GRIGISKES AB;
- Mr. Gintautas Pangonis, Mrs. Nina Šilerienė, Mr. Vigmantas Kažukauskas, Mr. Normantas Paliokas, and Mr. Vytautas Juška were elected to the Board of the Company for a 4-year term.

Elected members held the first meeting of the Board on April 26, 2011, in which Mr. Gintautas Pangonis was appointed as the Chairman of the Board of the Company.

May

GRIGISKES AB has completed an investment project "The modernisation of the heat sector through the greater use of renewable energy resources" No. VP3-3.4-ŪM-02-K-01-006. The company has successfully built and started to operate a wood fuel steam boiler of 17.5 MWh of power. For the implementation of the project the amount of LTL 17.6 mio (EUR 5,1 mio) was spent. The Cohesion Fund of the European Union and the budget of Lithuanian Republic devoted the supporting grant of LTL 8.8 mln. (EUR 2,7 mln.) for the project.

Upon implementation of this project, GRIGISKES AB contributes to the Ministry of National Energy Strategy and the Ministry of National Sustainable Development Strategy set out the objectives of: renewable energy resources, the country's dependence on fuel imports.

After the new wood fuel steam boiler which was produced by Sweden company „Järforsen Energi System AB“ has started to operate, the hardboard business of GRIGISKES AB, as the greatest consumer of heat energy (steam) of the company, became fully independent from the growth of prices of imported natural gas.

On 16 May 2011 the Securities Commission of the Republic of Lithuania approved the prospectus of admission of up to 10,000,000 shares of Grigiskes AB to trading on the Main List of AB NASDAQ OMX Vilnius (see attachment).

Taking into consideration that the prospectus will be used solely for the purpose of admission of shares of the company to trading on the regulated market as well as that the prospectus was prepared in Lithuanian language, Grigiskes AB deems it not to be practicable to translate the prospectus into English language. Thus, the attached prospectus is provided in Lithuanian language.

August

Over the six months of 2011 the Group which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipėdos kartonas AB and Mena Pak OAO reached a turnover of LTL 154.9 Mio (EUR 44.9 Mio), which is by LTL 51.4 Mio (EUR 14.9 Mio) or 49.7 % higher than it was reached over the same period of 2010.

The Group's profit before taxes reached LTL 4.5 Mio (EUR 1.3 Mio) and is by LTL 1.5 Mio (EUR 0.4 Mio) lower than it was over the same period of 2010.

Over the six months of 2011 the Grigiskes AB reached a turnover of LTL 81.2 Mio (EUR 23.5 Mio), which is by LTL 22.6 Mio (EUR 6.5 Mio) or 38.6 % higher than it was reached over the same period of 2010.

The Company's profit before taxes reached LTL 3.1 Mio (EUR 0.9 Mio) and is by LTL 2.0 Mio (EUR 0.6 Mio) higher than it was over the same period of 2010.

October

On 06.10.2011 GRIGISKES AB and Medienos plausas AB, the company in bankruptcy, has signed a lease contract for production line of soft wood fiber board (further - softboard). GRIGISKES AB plans to sell over 1000 m³ of softboard products per month produced by this line.

The day of expiry of the lease contract is the day of sale, transfer or return of the mentioned equipment according to the Enterprise Bankruptcy Law of the Republic of Lithuania.

In order for more transparent management of GRIGISKES AB activities and subsidiaries the subsidiary company Grigiskiu energija UAB was established by GRIGISKES AB. It is planned that this new company will run a business of heat production and sale.

November

Over the nine months of 2011 the Group which consists of producing companies Grigiskes AB, Baltwood UAB, Klaipedos kartonas AB and Mena Pak OAO reached a turnover of LTL 235.2 Mio (EUR 68.1 Mio), which is by LTL 65.1 Mio (EUR 18.9 Mio) or 38.3 % higher than it was reached over the same period of 2010.

The Group's profit before taxes reached LTL 8.3 Mio (EUR 2.4 Mio) and is by LTL 1.4 Mio (EUR 0.4 Mio) higher than it was over the same period of 2010.

Over the nine months of 2011 the Grigiskes AB reached a turnover of LTL 120.4 Mio (EUR 34.9 Mio), which is by LTL 29.6 Mio (EUR 8.6 Mio) or 32.6 % higher than it was reached over the same period of 2010.

The Company's profit before taxes reached LTL 4.6 Mio (EUR 1.33 Mio) and is by LTL 3.3 Mio (EUR 0.96 Mio) higher than it was over the same period of 2010.

The Extraordinary General Shareholders Meeting of Grigiskes AB, legal entity code 110012450, registered office: Vilniaus g. 10, Grigiškės, LT-27101, Vilniaus m. sav. (hereinafter- Company), is convened by initiative and the decision of the Board.

The Date of the Meeting – the 19th of December, 2011, Monday.

Time – 11 a.m., place - Vilniaus g. 10, Grigiškės, Vilniaus m. sav., the first floor of Company's administration building.

Registration of shareholders starts at 10.30 a.m., ends at 10.55 a.m.

The Board proposed the following agenda for the Extraordinary General Meeting of Shareholders:

- 1) Increase of the authorised capital of the Company with additional contributions.
- 2) Withdrawal of the pre-emptive right of the Company's shareholders to acquire newly issued shares of the Company; granting of the right to acquire newly issued shares of the Company.
- 3) Amendments to the Articles of Association of the Company and approval of the new wording of the Articles of Association.

The Board of GRIGISKES AB is asking the company's shareholders to extend the validity period for permission to release a new share issue. If shareholders approve, the investment bank SEB Enskilda will act as an intermediary in the release of a planned total of 10 million ordinary registered shares at a nominal value of 1 LTL each. The company will use the attracted funds for a more rapid development. In addition to the direct goal of attracting funds for development, the company also has long-term objectives in the capital markets, i.e. strengthening the base of investors, increasing the visibility of shares and their liquidity on the exchange.

GRIGISKES AB decided in April this year to release a new share issue, but it was decided to postpone the distribution of the issue when the finance markets became overwhelmed with negative expectations. The company and its advisers decided to observe and analyse the situation during the nearest six months, and attract financial investors under favourable terms when the conditions become favourable.

"The situation in financial markets at the moment is tense and it is not a good moment to release a new share issue; however, the situation is changing, and we, with the approval of shareholders, are determined to be fully prepared to implement our plans soon as the proper conditions develop in the market", says GRIGISKES AB General Manager Gintautas Pangonis.

The head of the company says that GRIGISKES, a group of companies that produces toilet paper, cardboard and wood products, plans to dedicate all the extra capital raised to investments. According to the investment program, the group plans to invest 44.9 million litas in toilet paper production and 17.3 million litas in cardboard packaging material production. The distribution of the issue would enable the implementation of the investment programme during 2012–2014. The company is also open for an alternative scenario in which the investment programme would be implemented over a longer period of time from the operational money flows of the Company.

Currently, the company is successfully funding expansion mostly from its own funds. A new department for cardboard packaging production is already being built. In the 1st quarter of 2012 it is intended to start a new cardboard corrugation line and new cardboard box production lines.

The consumption of toilet paper in the Baltic countries is far lower than in more established European markets. For example, in Scandinavian countries, each person uses per year an average of 17–19 kg of toilet paper, whereas in Lithuania the statistic is just 6.5 kg. In Lithuania the use of cardboard packaging is also only about one quarter of what it is in the more established European markets.

"These figures show that the market potential of the Baltic and neighbouring countries is still not yet realised. We see great potential for growth here, which is why we are seeking to increase the competitiveness of our products through investment and expansion, thereby lessening business risk and strengthening our position in the regional markets", says GRIGISKES AB General Manager Gintautas Pangonis.

When launched in February this year new biofuel-powered 18 MW boiler, GRIGISKES AB became less dependent on imported natural gas and its possible price rises. The wood-based biofuel used for the production of steam is only half the price of natural gas imported from Russia.

Over the 9 months of this year, the GRIGISKES group of companies achieved sales turnover of 235.2 million litas and earned 8.3 million litas in profits before tax. Over the same period the sale of GRIGISKES AB products reached 120.4 million litas, with profits before tax of 4.6 million litas.

In comparison with the same period last year (2010), the GRIGISKES group of companies achieved an increase in sales worth 65.1 million litas, and 29.6 million litas for GRIGISKES AB itself. Compared with 9-month results for 2010, the group's profits increased by 1.4 million litas, and 3.3 million litas for GRIGISKES AB itself.

The GRIGISKES group of companies consists of the manufacturing firms GRIGISKES AB, Baltwood UAB, Klaipėdos kartonas AB, and Mena Pak OAO.

GRIGISKES AB informs that all the operations of the Group of GRIGISKES AB are financed from accounts in other banks operating in the territory of the Republic of Lithuania.

Till 16.11.2011 a negligible number of customers of all Group companies made settlement from their accounts in bank SNORAS AB. Sales to these customers accounted for a negligible share of each Group company's turnover.

In addition, GRIGISKES AB Group is insuring the potential customer's creditworthiness.

For these reasons, the decision of the Government of Lithuania to take over 100 per cent of shares of bank SNORAS AB for the needs of the society has no significant direct effect on activities and results of GRIGISKES AB or other companies of the Group.

December

In order to increase efficiency of manufacturing processes, to optimize the acquisition of raw materials, production supplies, production and logistics processes, to reduce costs and increase profitability of business segments, on the 1st of December 2011 the Board of GRIGISKES AB decided to transfer one of segments of GRIGISKES AB activities – the production of wood fiber board – to 100% owned subsidiary Baltwood UAB, in exchange for newly issued shares of the company.

Along with the activity to be transferred GRIGISKES AB will pass the property, rights and obligations relating to processing of the wood fiber boards, including but not limited to, real estate and equipment needed the activities to conduct, commitment to employees and other rights and obligations arising from existing agreements.

GRIGISKES AB prearranges to implement the transfer of a part of activities (wood fiber board manufacture) to Baltwood UAB in the beginning of 2012.

After the transfer of a part of activities of GRIGISKES AB both of mentioned companies will continue to operate at the same address as before the transfer – in Vilniaus g. 10, Grigiškių m., Vilniaus m. sav. The main activity of GRIGISKES AB will remain production of tissue paper products and corrugated cardboard packaging production and Baltwood UAB will focus on activities related to wood processing, here will continue to work skilled workers currently employed in GRIGISKES AB in activity planned to be transferred.

The Board of GRIGISKES AB believes that the fact of transferring of the part of activities of GRIGISKES AB will not have significant impact on financial indicators of the Group of GRIGISKES AB. However, it will help to optimize the management of

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

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

- Whereas following paragraph 7 of Article 49 of the Law of the Republic of Lithuania on Companies, the decisions of the General Meeting of Shareholders regarding the increase of the authorised capital of the Company adopted on 26 April, 2011, (questions 6-8 of the agenda of the said General Meeting of Shareholders) are deemed to be void from 26 October, 2011, but the intentions of the Company regarding the issue and placement of the new issue of Company's shares as provided in the said decisions of the General Meeting of Shareholders have not changed, to increase the authorised capital of the Company with additional contributions from LTL 60,000,000 (sixty million litas) to LTL 70,000,000 (seventy million litas), by issuing no more than 10,000,000 (ten million) ordinary registered shares LTL 1 (one litas) par value each (hereinafter, the "New Shares").

The minimal issue price of each newly issued ordinary registered share of the Company, the total number of which may be up to 10,000,000, is LTL 1 (one litas). The total minimal issue price of the New Shares is up to LTL 10,000,000 (ten million litas), depending on the final number of the issued New Shares.

If not all the New Shares are subscribed for within the period intended for subscription for the shares, the authorised capital of the Company will be able to be increased by the total par value of the newly subscribed shares. In this case, the Board of the Company will have the discretion to decide whether, in case not all the New Shares are subscribed for, the increase of the authorised capital of the Company is to be regarded as having taken place and (if yes) the authorised capital of the Company must be increased by the total par value of the newly subscribed shares.

To instruct the Board of the Company to draft and establish the detailed conditions and procedure of subscription and payment for the New Shares and to determine other conditions of offering the new share issue that have not been discussed in the resolution of the general meeting of shareholders (including, without limitation, the final issue price of the New Shares, the final number of the issued New Shares, etc.).

To initiate the admission of all the newly issued shares of the Company to the Main List of AB NASDAQ OMX Vilnius and to authorise the Board of the Company to perform any and all related actions. New Shares will be admitted to the said Main List of AB NASDAQ OMX Vilnius based on the Prospectus for admission of the shares of the Company to the Main List of AB NASDAQ OMX Vilnius approved by the Securities Commission of the Republic of Lithuania on 16 May, 2011 (resolution No. 2K-101).

- Following paragraph 1(13) of Article 20 and paragraph 5 of Article 57 of the Law of the Republic of Lithuania on Companies, also referring to the announcement of the Board of the Company regarding the withdrawal of the pre-emptive right of the Company's shareholders to acquire newly issued shares of the Company and granting of the right to acquire the shares, to

withdraw the pre-emptive right of all the shareholders of the Company to acquire up to 10,000,000 (ten million) ordinary registered shares issued by the Company.

The Company is considering raising additional equity capital via a private placement to institutional investors to finance expansion of its operations and to strengthen its shareholders' base. To accomplish this goal, the Company proposes the increase of the authorised capital of the Company as well as withdrawal of the pre-emptive right of its current shareholders.

To analyse the available options and to secure the required assistance in placing the shares, the Company has retained UAB "SEB Enskilda", a private limited liability company, legal entity code 221949450, the address of the registered office at Gedimino pr. 12, Vilnius (hereinafter, "SEB Enskilda"), to act as an Arranger and a Lead Manager of the potential transaction.

The Company is proposing to undertake a private placing to institutional investors, which it considers to be more appropriate and practical alternative for raising additional equity than a public offering, which would have to be executed in case the pre-emptive right of the current shareholders of the Company were exercised. Furthermore, the indicated structuring of the transaction (including withdrawal of the pre-emptive right) would ensure that the Company is flexible with its timing as well as with its length, as the transaction would not be subject to issue and approval of the prospectus as well as to certain other restrictions on the earliest date of starting the offering and the shortest period of subscription for shares.

Due to the nature of the envisaged transaction, SEB Enskilda may need to borrow a certain amount of existing shares from one of the current shareholders to facilitate settlement of the transaction. It is intended that such borrowed shares will be used for settlement with investors, whilst the Arranger will use the proceeds to subscribe for the new issue shares and return the shares to the lender.

For the reasons indicated above and as a technical measure, it is sought to withdraw the pre-emptive right of the current shareholders of the Company to acquire the shares to be newly issued and to grant the right to acquire such shares to SEB Enskilda. It is hereby suggested to grant SEB Enskilda the right to subscribe for and acquire newly issued shares of the Company (up to 10,000,000) in its contemplated role of the Arranger.

Furthermore, for the purpose of the aforementioned potential transactions, a current shareholder of the Company UAB "GINVILDOS INVESTICIJA", legal entity code 125436533, the address of the registered office at Turniškių st. 10A-2, Vilnius, consented to lend a relevant amount of the outstanding and paid shares of the Company, equal to the maximum number of the New Shares to be issued during this increase of the authorised capital of the Company (i.e. up to 10,000,000 shares), to SEB Enskilda in its contemplated role of the Arranger.

- With regard to the adopted resolution to increase the authorised capital of the Company, to amend paragraphs 3.1 and 4.1 of the Articles of Association of public limited liability company "GRIGISKES" and to read them as follows:

“3.1. The authorised capital of the Company shall be equal to LTL 70,000,000 (seventy million litas).”

“4.1. The authorised capital of the Company shall be divided into 70,000,000 (seventy million) ordinary registered shares. The par value of one share shall be equal to LTL 1 (one litas).”

If not all the New Shares are subscribed for during the intended share subscription period and the Board of the Company decides to hold that the increase of the authorised capital of the Company has still taken place, the Board of the Company will amend the amount of the authorised capital and the number of shares indicated in the Articles of Association of the Company accordingly.

To amend paragraphs 5.1 and 9.1 of the Articles of Association of public limited liability company “GRIGISKES” and to read them as follows:

„5.1. The Company achieves civil rights, assumes civil duties and implements them through its bodies. Company’s Organs:

5.1.1. General Meeting of Shareholders;

5.1.2. Supervisory Board;

5.1.3. Board;

5.1.4. Company manager – President.”

„9.1. The Company manager – President – is a single-person management body of the Company. The manager of the Company organises and executes commercial business activities of the Company. In his activities, the manager of the Company shall be guided by laws and other legal acts, the Articles of Association of the company, decisions of the General Meeting of Shareholders, decisions of the Supervisory Board and the Board, and his job description.”

With regard to the resolution above, as well as the requirements of the new edition of the Law of the Republic of Lithuania on Companies which came into effect from 5 July, 2011 and Statistical Classification of Economic Activities (NACE rev. 2.) to amend the Articles of Association of public limited liability company “GRIGISKES”, approving their new wording, and to authorise the General Manager of the Company Gintautas Pangonis to sign the Articles of Association.

If not all the New Shares are subscribed for during the intended share subscription period and / or due to any reasons the Board of the Company decides to hold that the increase of the authorised capital of the Company has not taken place, the Board of the Company will indicate in the Articles of Association of the Company the amount of the authorised capital and the number of shares indicated in the valid Articles of Association of the Company and submit the amended Articles of Association to the manager of the Register of Legal Entities.

13.2. Newest events in the Issuer’s activities

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

2011 GRIGISKES AB and Baltwood UAB signed an agreement of transferring of the part of activities.

As it was mentioned, the Board of GRIGISKES AB believes that the fact of transferring of the part of activities of GRIGISKES AB will not have significant impact on financial indicators of the Group of GRIGISKES AB.

January. The GRIGISKES AB Group reached the goals of 2011. According to unaudited data over the twelve months of 2011 the sales turnover of the Group which consists of the production company GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Mena Pak OAO and company engaged in the waste paper business of Klaipeda recycling UAB reached LTL 308 Mio. (EUR 89.2 Mio.) which is by LTL 8 Mio. (EUR 2.3 Mio.) or 2.7% higher than proclaimed forecasted turnover for 2011.

Over the twelve months of 2011 the turnover of GRIGISKES AB outmeasured LTL 159 Mio. (EUR 64 Mio.) and was by LTL 14 Mio. (EUR 4.1 Mio.) or 9.7% higher than proclaimed forecasted turnover for 2011.

On January 9, 2012 the Board meeting approved a budget for the year 2012.

It is planned that The Group which consists of companies GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Klaipeda Recycling UAB and Mena Pak OAO in the year 2012 will reach a turnover of LTL 322 Mio. (EUR 93.3 Mio), which is LTL 22 Mio (EUR 6.4 Mio) or 7.3% over the turnover of 2011. The Group's profit before taxes will reach LTL 15 Mio (EUR 4.3 Mio) and will be LTL 3 Mio (EUR 0.9 Mio) or 25% higher than it is expected for the year 2011.

It is also planned that GRIGISKES AB in the year 2012 will reach a turnover of LTL 117 Mio (EUR 33.9 Mio) and will be less by LTL 42 Mio (EUR 12.2 Mio) than not audited sales of the year 2011 are. The company will earn profit before taxes of LTL 4.6 Mio (EUR 1.3 Mio) which will be by LTL 0.2 Mio (EUR 0.1 Mio) less than it is expected for the year 2011.

In planning the activities for the year 2012 among the other factors the Company has evaluated the impact of on December 2, 2011 disclosed and on December 31, 2011 implemented transference of a part of activities (wood fiber board manufacture) to a subsidiary Baltwood UAB. Up to 31.12.2011 GRIGISKES AB had three main operating business units – reportable segments: „Paper and paper products“, „Hardboard and hardboard products“ and also „Corrugated cardboard and related products“ and since the year 2012 company will have two business units – reportable segments: „Paper and paper products“ and „Corrugated cardboard and related products“. Namely the mentioned transference has led to the reduction of forecasted turnover by 26.4 percent and profit before taxes by 4.2 percent for the year 2012 compared to the forecasted results of the year 2011.

January. On October 06, 2011, GRIGISKES AB and MEDIENOS PLAUSAS AB, the company in bankruptcy, have signed a contract of lease of a part of premises, production and other equipment owned by MEDIENOS PLAUSAS AB, the company in bankruptcy.

After a reassessment of the market situation, the rented asset's condition and the necessary level of investments to carry out an activity, GRIGISKES AB unilaterally terminates the lease contract mentioned above from February 1, 2012.

13.3. Offices and branches

Company has Country sales representatives operating in Latvia, Estonia and Poland. No new offices or branches are planned to open in 2012.

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2011.

Economic risk factors

Fibre Hardboard production. Compared to 2009, during the 2010 sales of fiberboard products rose by 34 percent. During the 2011 sales of fiberboard products rose additionally by 21 percent. Market trends allow Company to expect a certain level of sales growth in 2012.

The most significant influence on the results of this business made price changes of natural gas used to produce thermal energy and raw wood. Company believes that possible negative impact of natural gas prices rise is not essential any more after the heat energy is produced from wood waste. The risk of rise of price of wood remains relevant in 2012 too.

Paper production. As Company's paper production is export accounts for around 67,7 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 2012, as in 2011, 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 come 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. In 2011 the active equipment maintenance system was installed in paper production unit of the Company. Currently the system is being implemented in other units of the Company.

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. In April 2011 the quality control system was re-audited. The audit concluded that requirements of LST EN ISO 9001:2008 standard are fulfilled in Company. In September 2011 started to implement an environmental management system operating in accordance with LST EN ISO 14001:2005 standard requirements.

Ecological risk factors

For used natural resources (water) and for environment pollution (air pollution caused by steam shop, technological equipment and mobile pollution sources, water pollution caused by rain outflows) Company pays taxes. Polluted water is cleaned in mechanical way and pumped to Vilnius city biological cleaning complex.

13.5. Suppliers

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

Supplier's country	2011	2010
	%	%
Lithuania	76	78
Estonia	4	9
Poland	3	4
Latvia	1	2
Germany	1	1
Belarus	0	1
Austria	0	1
Other countries	15	4
TOTAL	100	100

Main suppliers of energy resources are Lithuanian companies.

13.6. Segment information

In the year 2011 for management purposes, the Group and the Company was organized into three operating business units based on their products produced and had three reportable segments: paper, hardboard and wood processing, raw material for corrugated cardboard and related production.

Information about operating and geographic is provided in notes of annual audited consolidated financial statements of 2011.

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

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

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

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

13.8. Financial indicators

Financial ratios	2009		2010		2011	
	Group	Company	Group	Company	Group	Company
EBITDA	21.904.985	20.569.459	35.625.442	16.126.187	40.792.205	22.507.154
EBITDA profitability	18,4%	18,7%	14,5%	12,4%	13,3%	14,1%
Gross margin	17,0%	17,0%	13,3%	10,9%	13,2%	14,4%
Operating margin	4,3%	4,8%	6,1%	1,8%	6,3%	5,7%
Net margin	2,2%	2,7%	3,1%	1,2%	4,2%	8,5%
ROE, %	4,0%	4,5%	9,8%	2,0%	13,8%	15,7%
ROA, %	2,0%	2,4%	4,2%	1,1%	5,2%	9,0%
Current ratio	0,85	1,12	0,81	0,71	0,87	0,68
Quick ratio	0,50	0,74	0,52	0,47	0,50	0,49
Cash to current liabilities	0,015	0,007	0,020	0,009	0,032	0,002
P/E	21,22	18,57	21,29	105,65	7,49	7,07
Earnings per share	0,04	0,05	0,13	0,03	0,21	0,23
Debt to equity ration	0,80	0,69	1,64	0,76	1,45	0,54
Debt to total assets ratio	0,44	0,41	0,60	0,41	0,57	0,33

13.9. Patents, licenses and research

The Company and the Group have no patents and licenses.

13.10. Environment protection

Emission rights movement for 2011

	Amount, pcs.	
	The Group	The Company
31 December 2010	(36.157)	(35.359)
Emission rights allocated	105.267	72.954
Purchase of emission rights	40.000	40.000
Emission rights used	(49.021)	(13.985)
Sale of emission rights	(70.000)	(70.000)
30 December 2011	(9.911)	(6.390)

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.

Mena Pak OAO – subsidiary of Grigiškės AB.

AGR Prekyba UAB – subsidiary of Grigiškės AB.

Ginvildos Investicija UAB – major shareholders of Grigiškės AB.

Didma UAB, Remada UAB and Naras UAB – companies related to companies related to the members of Supervisory Council.

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

Naujiejį Verkių UAB – subsidiary of the group not subject to consolidation.

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

Grigiškių energija UAB – subsidiary of the group not subject to consolidation.

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

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

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

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	4.501.283	3.325.979	3.580.133	-
AGR Prekyba UAB	1.671	-	116.985	-
Ginvildos Investicija UAB	390	218.873	-	90.088
Didma UAB	3.373	475.147	-	-
Naras UAB	3.959	-	-	-
Klaipėdos kartonas AB	407.965	10.542.891	84.707	1.752.916
Naujieji Verkiai UAB	11.303	-	1.254	-
Total	4.929.944	14.562.890	3.783.079	1.843.004

15. COURT AND ARBITRATION PROCEEDINGS

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