

GRIGIŠKĖS“, AB

To: Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius, Lithuania

2008-11-24 Nr. *ORG-SK/2008-561*

CONFIRMATION OF RESPONSIBLE PERSONS

Following Part 1 of Article 22 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commission for preparation and announcement of periodical and supplementary information, we, the undersigned - Gintautas Pangonis, General Director of Grigiškės, AB, and Nina Šilerienė, Director of Finance Department of Grigiškės, AB, hereby confirm that, to the best of our knowledge, the not audited interim consolidated financial statements for the nine months of 2008, prepared in accordance with International Financial Reporting Standards, are true, correctly reflect Grigiškės, AB and aggregate consolidated companies' assets, liabilities, financial standing, profit or loss

ENCLOSURE: „Grigiškės“, AB not audited interim consolidated financial statements for the nine months of 2008 (25 pages).

„Grigiškės“, AB General Director **Gintautas Pangonis**



„Grigiškės“, AB Director of Finance Department **Nina Šilerienė**



„GRIGIŠKĖS“, AB

Interim consolidated financial statements for the nine months of 2008

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1. GENERAL INFORMATION

1.1. Reporting period for which this financial statements have been prepared

The interim consolidated financial statements of “Grigiškės”, AB have been prepared for the nine months of 2008

1.2. Audit information

The interim consolidated financial statements of “Grigiškės”, AB covering the nine months of 2008 are not audited or checked-up by auditors.

1.3. Group companies and their contact details

Grigiškės, AB (further the Company or the Issuer) has two subsidiaries: Baltwood, UAB with core activities in wood processing and Grigiškių Transporto Centras, UAB which has not been operating since 2006.

	Issuer	Subsidiary	Subsidiary
Name	Public Limited Liability Company GRIGIŠKĖS	Private Limited Liability Company BALTWOOD	Private Limited Liability Company GRIGIŠKIŲ TRANSPORTO CENTRAS
Company's ID number	110012450	126199731	300015674
Authorised capital	LTL 60.000.000	LTL 9.950.000	LTL 100.000
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	(8~5) 243 58 01	(8~5) 243 59 45	(8~5) 243 58 01
Fax	(8~5) 243 58 02	(8~5) 243 58 98	(8~5) 243 58 02
E-mail	info@grigiskes.lt	info@baltwood.lt	info@gtc.lt
Internet	www.grigiskes.lt	www.baltwood.lt	-
Legal form	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	1 January, 2004	6 April, 2004
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

1.4. Offices and branches

The Company has office in Latvia (since 2006).

1.5. Nature of core activities of the group companies

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

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

Core business activities of Grigiškių transporto centras, UAB are as follows: trading cars. It has not been operating since 2006.

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

The Company has signed a contract with Finasta, AB (financial brokerage company) (Konstitucijos av. 23, Vilnius, tel. (8~5) 278 68 33, fax. (8~5) 278 68 38) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2007 financial years.

The Company has not signed contracts with financial brokerage companies and credit institutions for providing investment services for the Company.

2. FINANCIAL INFORMATION

2.1. Balance sheet

LTL

	Notes	The Group		The Company	
		30.09.2008	31.12.2007	30.09.2008	31.12.2007
ASSETS					
Non-current assets:					
Property, plant and equipment	1.7.	92.400.429	92.600.718	81.918.867	81.226.857
Intangible assets	1.8.	2.373.556	2.489.319	108.728	204.208
Investments in associated companies					
Investments in subsidiary				5.005.000	5.005.000
Loans granted					
Other accounts receivables					
TOTAL NON CURRENT ASSETS		94.773.985	95.090.037	87.032.595	86.436.065
CURRENT ASSETS:					
Cash and cash equivalents	1.10.	358.256	399.980	293.553	321.861
Loans granted					
Trade and other accounts receivables	1.9.	19.942.387	19.837.056	21.744.723	21.250.698
Inventories	1.11.	15.607.929	16.217.413	13.681.824	12.598.837
Other assets		587.319	496.944	531.991	417.766
TOTAL CURRENT ASSETS		36.495.891	36.951.393	36.252.091	34.589.162
TOTAL ASSETS		131.269.876	132.041.430	123.284.686	121.025.227
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	1.12.	60.000.000	39.956.657	60.000.000	39.956.657
Legal reserve		3.995.665	3.995.665	3.995.665	3.995.665
Retained earnings		2.190.464	26.973.359	3.146.687	26.543.644
Unused emission rights' reappraisal reserve					
TOTAL EQUITY		66.186.129	70.925.681	67.142.352	70.495.966
GRANTS		341.401	341.401	341.401	341.401
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	1.13.	19.675.910	9.946.962	19.675.910	9.946.962
Obligations under finance leases		7.521.453	6.123.473	6.843.522	5.521.007
Deferred tax liability		834.766	873.483	492.099	530.816
Other accounts payable					
TOTAL NON-CURRENT LIABILITIES		28.032.129	16.943.918	27.011.531	15.998.785
CURRENT LIABILITIES:					
Bank loans and mortgages	1.13.	15.629.031	16.546.361	9.386.775	9.592.950
Obligations under finance leases		1.039.363	3.977.122	941.676	3.614.854
Delay for unused emission rights					
Factoring		4.077.926	4.257.777	3.718.998	3.174.826
Received prepayment					
Trade and other accounts payable	1.14.	15.963.897	19.049.170	14.741.953	17.806.445
TOTAL CURRENT LIABILITIES		36.710.217	43.830.430	28.789.402	34.189.075
TOTAL EQUITY AND LIABILITIES		131.269.876	132.041.430	123.284.686	121.025.227

2.2. Income (loss) statement

LTL

	Notes	The Group				The Company			
		January – September 2008	January – September 2007	July – September 2008	July – September 2007	January – September 2008	January – September 2007	July – September 2008	July – September 2007
Sales		111.959.226	105.258.640	34.858.093	37.732.086	104.072.903	96.978.770	31.625.285	34.058.463
Cost of sales		98.783.378	85.210.522	31.755.047	29.694.339	91.384.317	78.104.661	28.739.706	26.915.995
GROSS PROFIT		13.175.848	20.048.118	3.103.046	8.037.747	12.688.586	18.874.109	2.885.579	7.142.468
Other operating income	1.15.	864.859	729.026	209.339	82.298	1.019.015	934.744	277.269	289.286
Selling and distribution expenses		5.639.978	6.748.947	1.809.618	2.408.872	5.362.232	6.448.551	1.689.545	2.310.011
Administrative expenses		8.994.320	7.399.833	3.414.723	2.725.473	7.928.988	6.773.698	3.036.485	2.554.449
Other operating expenses	1.16.	285.642	251.629	87.345	73.757	285.642	251.578	87.345	81.855
PROFIT FROM OPERATIONS		(879.233)	6.376.735	(1.999.301)	2.911.943	130.739	6.335.026	(1.650.527)	2.485.439
Interest income		708	305	247	114	478	305	147	114
Finance costs		1.915.965	1.439.015	683.448	569.848	1.541.507	1.086.606	566.928	435.774
Net foreign exchange (loss) gain									
Rate of exchange influence		(19.309)	(41.612)	(7.257)	(11.280)	(18.880)	(40.950)	(7.004)	(11.217)
Other finance income		25				25			
Other finance expenses		26.093	8.403	17.949	2.519	24.784	4.283	17.727	2.150
PROFIT BEFORE		(2.839.867)	4.888.010	(2.707.708)	2.328.410	(1.453.929)	5.203.492	(2.242.039)	2.036.412
Income tax		(100.315)	888.385	(130.617)	350.502	(100.315)	888.385	(130.617)	350.502
NET PROFIT		(2.739.552)	3.999.625	(2.577.091)	1.977.908	(1.353.614)	4.315.107	(2.111.422)	1.685.910
BASIC AND DILUTED EARNINGS PER SHARE			0,10				0,11		

2.3. Statement of changes in owner's equity

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The Group	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
31 December 2006		39.956.657	3.995.665		23.844.784	67.797.106
Transfer to legal reserve						
Dividends paid					(2.000.000)	(2.000.000)
Net profit					3.999.625	3.999.625
30 September 2007		39.956.657	3.995.665		25.844.409	69.796.731
Transfer to legal reserve						
Dividends paid						
Net profit					1.128.950	1.128.950
31 December 2007		39.956.657	3.995.665		26.973.359	70.925.681
Transfer to legal reserve						
Increase of authorized capital		20.043.343			(20.043.343)	
Dividends paid					(2.000.000)	(2.000.000)
Net profit					(2.739.552)	(2.739.552)
30 September 2008	1.12	60.000.000	3.995.665		2.190.464	66.186.129

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The Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
31 December 2006		39.956.657	3.995.665		23.027.692	66.980.014
Transfer to legal reserve						
Dividends paid					(2.000.000)	(2.000.000)
Net profit					4.315.107	4.315.107
30 September 2007		39.956.657	3.995.665		25.342.799	69.295.121
Transfer to legal reserve						
Dividends paid						
Net profit					1.200.845	1.200.845
31 December 2007		39.956.657	3.995.665		26.543.644	70.495.966
Transfer to legal reserve						
Increase of authorized capital		20.043.343			(20.043.343)	
Dividends paid					(2.000.000)	(2.000.000)
Net profit					(1.353.614)	(1.353.614)
30 September 2008	1.12	60.000.000	3.995.665		3.146.687	67.142.352

2.4. Cash flow statement

LTL

	The Group		The Company	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	LTL	LTL	LTL	LTL
OPERATING ACTIVITIES				
Profit before income tax	(2.839.867)	4.888.010	(1.453.929)	5.203.492
Adjustments for:				
Depreciation and amortization	(9.882.040)	8.314.255	(8.748.938)	7.170.714
Release of negative goodwill to income				
Share of loss of associates				
Interest income	(708)	(305)	(478)	(305)
Interest expenses	1.915.965	1.439.015	1.541.507	1.086.606
Net foreign exchange loss (gain)	19.309	41.612	18.880	40.950
Profit on disposal of fixed assets	(11.662)	(37.212)	(11.662)	(36.533)
Profit on disposal of emission rights				
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory				
Property, plant and equipment impairment losses (reversal)				
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables				
Total	8.965.077	14.645.375	8.843.256	13.464.924
Changes in current assets and liabilities:				
(Increase) decrease in prepayments	(90.375)	(158.631)	(114.225)	(114.553)
Decrease (increase) in trade and other accounts receivables	802.349	(3.509.952)	383.592	(2.694.236)
Decrease (increase) in inventories	770.024	(2.584.157)	(922.447)	(2.788.781)
Increase (decrease) in trade and other accounts payable	(3.264.374)	(3.186.221)	(2.520.320)	3.139.051
Total	(1.782.376)	(3.066.519)	(3.173.400)	(2.458.519)
Interest paid	(1.843.976)	(1.440.781)	(1.469.518)	(1.085.004)
Income tax paid	(536.578)	(1.351.791)	(536.578)	(1.351.791)
NET CASH FROM OPERATING ACTIVITIES	4.802.147	8.786.284	3.633.760	8.569.610
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(8.329.004)	(5.615.132)	(8.195.263)	(5.342.271)
Proceeds on disposal of property, plant and equipment and intangible assets	304.242	332.610	304.242	327.949
Proceeds on disposal of tangible assets				
Interest received	708	305	478	305
Acquisition of subsidiary				
Repayment of loans granted		7.258		7.258
Proceeds from long-term receivables				
NET CASH (USED IN) INVESTING ACTIVITIES	(8.024.054)	(5.274.959)	(7.890.543)	(5.006.759)
FINANCING ACTIVITIES				
Dividends paid	(2.000.000)	(2.000.000)	(2.000.000)	(2.000.000)
Repayments of loans and mortgages	(3.738.898)	(3.550.262)	(3.027.742)	(2.839.105)
Proceeds from loans and mortgages	12.550.515	5.442.487	12.550.515	4.328.176
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(3.631.434)	(3.559.026)	(3.324.298)	(3.267.747)
NET CASH (USED IN) FINANCING ACTIVITIES	3.180.183	(3.666.801)	4.198.475	(3.778.676)
NET (DECREASE)/INCREASE IN CASH	(41.724)	(155.476)	(28.308)	(215.825)
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	399.980	571.439	321.861	461.447
CASH AND CASH EQUIVALENTS END OF THE PERIOD	358.256	415.963	293.553	245.622

2.5. Basis of preparation

Statement of compliance

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

Basis of measurement

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

Use of estimates and judgements

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

2.6. Significant accounting policies

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

Basis of consolidation

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

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

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

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

Business combinations

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

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

Investments in subsidiaries

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

Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

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

Financial instruments are recognized on the day of the transaction. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

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

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

Derivative financial instruments

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

Noncurrent assets

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

Buildings and constructions	4 – 91	years
Machinery and equipment	2 – 50	years
Vehicles	3 – 20	years
Other equipment and other assets	2 – 20	years

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

Intangible assets

Intangible assets are stated at acquisition cost less subsequent accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to write-off the cost of each asset over its estimated useful life which are as follows:

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

Emission rights

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

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

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

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

In case the Group is ‘short’ of allowances, the liability is recognised on the balance sheet being the best estimate of the expenditure (economic resources) required to settle the emission obligation.

Leased assets

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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

Inventories

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

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

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

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

Impairment

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

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

Grants

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

Grants related to assets

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

Grants related to income

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

Dividends

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

Employee benefits

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

Provisions

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

Revenue recognition

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

Sale of goods

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

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

Sales of services

Sales of services are recognised on performance of the services.

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

Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

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

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

Income tax

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

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

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

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

Contingencies

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

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

Related parties

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

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

New standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 March 2008, and have not been applied in preparing these financial statements:

- Revised IFRS 2 Share-based Payment (effective from 1 January 2009). The revised Standard will clarify the definition of vesting conditions and non-vesting conditions. Based on the revised Standards failure to meet non-vesting conditions will generally result in treatment as a cancellation. The revised IFRS 2 is not relevant to the Group's operations as the Group does not have any share-based compensation plans.
- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009). The scope of the revised Standard has been amended and the definition of a business has been expanded. Revised IFRS 3 is relevant to the Group. However, the Group has not yet completed its analysis of the impact of the revised Standard.
- IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has not yet completed its analysis of the impact of the revised Standard.
- The revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.
- Revised IAS 23 Borrowing Costs (effective from 1 January 2009). The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group has not yet completed its analysis of the impact of the revised Standard.
- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. The revised IAS 27 is not relevant to the Group's operations.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements. IFRIC 11 is not relevant to the Group's operations as the Group has not entered into any share-based payments arrangements.

2.7. Noncurrent assets

At 30th of September 2008 noncurrent assets consisted of the following:

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
	LTL	LTL	LTL	LTL	LTL	LTL
Modified cost						
31 December 2007	35.737.017	86.909.630	6.692.848	2.902.368	29.604.284	161.846.147
Additions		106.830	877.769	756.669	8.125.717	9.866.985
Disposals	9.643	2.077.703	418.459	97.229	6000	2.609.034
Transfers	3.273.619	26.470.015			(29.743.634)	0
30 September 2008	39.000.993	111.408.772	7.152.158	3.561.808	7.980.367	169.104.098
Accumulated depreciation and impairment						
31 December 2007	14.869.802	48.417.376	3.854.142	2.104.109	0	69.245.429
Depreciation	681.538	7.966.400	778.521	340.729		9.767.188
Impairment loss (reversal)						
Disposals	8.107	1.836.443	367.718	96.680		2.308.948
Transfers						
30 September 2008	15.543.233	54.547.333	4.264.945	2.348.158	0	76.703.669
Carrying amount						
31 December 2007	20.867.215	38.492.254	2.838.706	798.259	29.604.284	92.600.718
30 September 2008	23.457.760	56.861.439	2.887.213	1.213.650	7.980.367	92.400.429

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

As at 30th of September 2008, the part of the Group's property, plant and equipment with a carrying value of 22,909,012 Litass (31 December 2007 – 18,901,606 Litass) is pledged as a security for repayment of the loans granted by banks.

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
	LTL	LTL	LTL	LTL	LTL	LTL
Modified cost						
31 December 2007	33.781.150	74.811.342	5.442.826	2.752.873	29.598.569	146.386.760
Additions		84.732	691.753	744.264	8.125.716	9.646.465
Disposals	9.643	2.077.703	418.459	97.229	6.000	2.609.034
Transfers	3.273.619	26.470.015			(29.743.634)	0
30 September 2008	37.045.126	99.288.386	5.716.120	3.399.908	7.974.651	153.424.191
Accumulated depreciation and impairment						
31 December 2007	14.659.176	45.359.104	3.126.850	2.014.773	0	65.159.903
Depreciation	642.070	7.037.277	651.007	324.015		8.654.369
Impairment loss (reversal)						0
Disposals	8.107	1.836.443	367.718	96.680		2.308.948
Transfers						0
30 September 2008	15.293.139	50.559.938	3.410.139	2.242.108	0	71.505.324
Carrying amount						
31 December 2007	19.121.974	29.452.238	2.315.976	738.100	29.598.569	81.226.857
30 September 2008	21.751.987	48.728.448	2.305.981	1.157.800	7.974.651	81.918.867

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

As at 30th of September 2008, the part of the Company's property, plant and equipment with a carrying value of 14,092,422 Litas (31 December 2007 – 10,777,422 Litas) is pledged as a security for repayment of the loans granted by banks.

2.8. Intangible assets

At 30th of September 2008, Group’s intangible assets consisted of the following:

The Group	Land lease rights	Licenses, patents	Software	Other assets and prepayments	Total
	LTL	LTL	LTL	LTL	LTL
Cost					
31 December 2007	2.400.000	56.238	668.525	17.694	3.142.457
Additions					
Disposals				5.110	5.110
Reappraisal					
Transfers					
30 September 2008	2.400.000	56.238	668.525	12.584	3.137.347
Accumulated amortization					
31 December 2007	115.556	29.837	490.966	16.779	653.138
Amortization	19.999	8.103	86.749	1	114.852
Impairment loss/ (reversal)					
Disposals				4.199	4.199
Transfers					
30 September 2008	135.555	37.940	577.715	12.581	763.791
Carrying amount					
31 December 2007	2.284.444	26.401	177.559	915	2.489.319
30 September 2008	2.264.445	18.298	90.810	3	2.373.556

As of 30th of September 2008, the Group’s land lease rights with a carrying value of 2,264,445 Litass (31 December 2007 – 2,284,444 Litass) are pledged as a security for repayment of the loan granted by banks.

At 30th of September 2008, intangible assets consisted of the following:

The Company	Licenses and patents	Software	Other assets	Prepayments	Total
	LTL	LTL	LTL	LTL	LTL
Cost					
31 December 2007	56.238	653.140	12.406		721.784
Additions					
Disposals			5.110		5.110
Reappraisal					
Transfers					
30 September 2008	56.238	653.140	7.296		716.674
Accumulated amortization					
31 December 2007	29.837	476.246	11.493		517.576
Amortization	8.103	86.466			94.569
Impairment loss/ (reversal)					
Disposals			4.199		4.199
Transfers					
30 September 2008	37.940	562.712	7.294		607.946
Carrying amount					
31 December 2007	26.401	176.894	913		204.208
30 September 2008	18.298	90.428	2		108.728

Amortization expenses have been included in administrative expenses.

2.9. Trade and other receivables

At 30th of September 2008, trade and other receivables consisted of the following:

	The Group		The Company	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	LTL	LTL	LTL	LTL
Trade receivables	18.546.047	19.044.210	20.523.153	20.749.726
Other receivables	1.444.051	1.748.237	1.264.281	1.424.365
	19.990.098	20.792.447	21.787.434	22.174.091
Less: Allowance for doubtful amounts receivable	(47.711)	(955.391)	(42.711)	(923.393)
Total amounts receivable within one year	19.942.387	19.837.056	21.744.723	21.250.698

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

The movement for the nine months of 2008 in the allowance for doubtful amounts receivable consisted of the following:

	The Group		The Company	
	2008	2007	2008	2007
	LTL	LTL	LTL	LTL
At 1 st of January	955.391	996.984	923.393	969.986
Increase of allowance		14.678		9.678
Reversal of allowance	(907.680)	(56.271)	(880.682)	(56.271)
At 30 th of September	47.711	955.391	42.711	923.393

2.10. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	The Group		The Company	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	LTL	LTL	LTL	LTL
Cash at bank	313.046	328.221	253.785	286.582
Cash on hand	45.210	71.759	39.768	35.279
Total	358.256	399.980	293.553	321.861

2.11. Inventories

Inventories consisted of the following:

	The Group		The Company	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	LTL	LTL	LTL	LTL
Materials	5.416.105	5.463.309	5.298.935	4.873.416
Work in progress	3.916.556	5.049.245	2.725.360	2.355.556
Finished goods	6.435.808	5.790.581	5.818.069	5.455.587
Goods in transit		74.818		74.818
	15.768.469	16.377.953	13.842.364	12.759.377
Less: write-down to net realizable value	(160.540)	(160.540)	(160.540)	(160.540)
Total	15.607.929	16.217.413	13.681.824	12.598.837

As at 30 September 2008, the Group's and the Company's inventory with carrying amounts of 10,000,000 Litass and 8,000,000 Litass respectively are pledged as a security for the loan granted by the bank (as at 31 December 2007 – 8,833,634 Litass and 8,000,000 Litass).

2.12. Share capital and legal reserve

As of 30th September 2008 share capital consisted of LTL 60,000,000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

As of 30th September 2008 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	37.952.143	63,3
Lithuanian individuals	15.758.333	26,2
Foreign legal entities	6.191.810	10,3
Foreign individuals	97.714	0,2
Total	60.000.000	100,0

At 30th of September 2008 shareholders of the Company (by country) were:

	Number of shares	Proportion of ownership, %
Estonia	72.921	0,1
Latvia	204.222	0,3
Norway	48.052	0,1
USA	5.851.252	9,8
Lithuania	53.710.476	89,5
Other countries	113.077	0,2
Total	60.000.000	100,0

At 30th of September 2008 shareholders who owned more than 5 % of the Company’s shares were:

	Number of shares	Proportion of ownership, %
Ginvildos investicija, UAB	28.732.479	47,89
Rosemount Holdings LLC	5.477.226	9,13
Total	34.209.705	57,02

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

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

2.13. Loans and mortgages

	The Group		The Company	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	LTL	LTL	LTL	LTL
The loans and mortgages are repayable as follows:				
Within one year	15.629.031	16.546.361	9.386.775	9.592.950
In the second year	4.661.105	4.414.495	4.661.105	4.414.495
In the third to fifth years inclusive	15.014.805	5.532.467	15.014.805	5.532.467
	35.304.941	26.493.323	29.062.685	19.539.912
Less: amount due for settlement within one year *	(15.629.031)	(16.546.361)	(9.386.775)	(9.592.950)
Amount due for settlement after one year	19.675.910	9.946.962	19.675.910	9.946.962

2.14. Trade and other payables

	The Group		The Company	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	LTL	LTL	LTL	LTL
Trade payables	9.826.038	12.814.582	9.151.925	11.977.734
Taxes, salaries and social insurance payable	3.817.767	4.028.350	3.646.019	3.870.000
Advances paid	225.615	292.373	199.719	277.390
Other payables	2.094.477	1.913.865	1.744.290	1.681.321
Total	15.963.897	19.049.170	14.741.953	17.806.445

2.15. Other operating income

Other operating income consisted of the following:

	The Group		The Company	
	01.01.2008-30.09.2008	01.01.2007-30.09.2007	01.01.2008-30.09.2008	01.01.2007-30.09.2007
	LTL	LTL	LTL	LTL
Rent income	520.417	452.042	628.884	664.143
Gain from disposal of fixed assets	11.662	37.212	11.662	36.533
The reversal of inventory written off, scrap recognition	332.133	107.000	332.133	107.000
Insurance compensation	(34.349)	30.908	(11.259)	30.188
Write off of accounts payables	195	3.658	195	3.658
Communications income		175		175
Other income	47.701	98.031	57.400	93.047
Total	864.859	729.026	1.019.015	934.744

2.16. Other operating expenses

Other operating expenses consisted of the following:

	The Group		The Company	
	01.01.2008-30.09.2008	01.01.2007-30.09.2007	01.01.2008-30.09.2008	01.01.2007-30.09.2007
	LTL	LTL	LTL	LTL
Rent expenses	241.709	220.134	241.709	220.134
Other expenses	43.933	31.495	43.933	31.444
Total	285.642	251.629	285.642	251.578

2.17. Off balance articles

Emission rights movement for the nine months of 2008

The Group/The Company	Amount
	Pcs.
31 December 2007	770
Emission rights allocated	51.325
Emission rights used	(33.295)
Sale of emission rights	
30 September 2008	18.800

3. GENERAL INFORMATION

3.1. Review of the activities of group companies

3.1.1. Material events in the Issuer's activities

February The Board meeting on 14 February 2008 approved a budget and an investment plan for the year 2008. This year the Group (AB "Grigiskės" and UAB "Baltwood") plans to invest to production LTL 26,7 mln. (EUR 7.7 mln.), reach a turnover of LTL 200 mln. (EUR 57.9 mln.) and earn a profit before taxes of LTL 10 mln. (EUR 2.9 mln.).

In January the Group which consists of JSC Grigiskės and daughter enterprise Baltwood LTD reached a turnover of LTL 14.2 mln. (EUR 4.1 mln.) which is by 26.8 % more than for January in 2007 when the turnover was LTL 11.2 mln. (EUR 3.24 mln.) and earned a profit before taxes of LTL 0.69 mln. (EUR 0,2 mln.).

March Management Board of Joint-stock company "GRIGIŠKĖS" passed the following decision on 07 03 2008: the General Meeting will take place on 25 04 2008.

In February the Group reached a turnover of LTL 12.73 mln. (EUR 3.69 mln.) which is by 18.0 % more than for October in 2007 when the turnover was LTL 10.79 mln. (EUR 3.13 mln.) and earned a profit of LTL 0,29 mln. (EUR 0,08 mln.). Over two months this year the Group's turnover outmeasured LTL 26.94 mln. (EUR 7.80 mln.), comparing with the same period 2007 the sales increased by 22.6 %. Over two months 2008 the Group earned a profit of LTL 0.99 mln. (EUR 0.29 mln.).

April The Management Board meeting on 14 04 2008 adopted a resolution on 25 04 2008 to propose for Annual General Meeting for dividends to distribute LTL 0.05 (0.01 EUR) per ordinary registered share ant to pay in total LTL 2 mln. (EUR 0.58 mln.) of dividends and to increase the authorised capital of the Company out of the unappropriated profit of the Company from 39 956 657 Lt to 60 000 000 Lt and to issue 20 043 343 ordinary registered shares of the nominal value of 1 (one) litas.

In March the Group reached a turnover of LTL 12.3 mln. (EUR 3.56 mln.) which is by 1.2 % more than for March in 2007 when the turnover was LTL 12.15 mln. (EUR 3.52 mln.). Over three months this year the Group's turnover outmeasured LTL 39.24 mln. (EUR 11.36 mln.), comparing with the same period 2007 the sales increased by 15 %. Over three months 2008 the Group earned a profit of LTL 1.04 mln. (EUR 0.30 mln.).

The "Grigiškės", AB general Meeting was held on 25 04 2008.

May In April the Group reached a turnover of LTL 13.7 mln. (EUR 4 mln.), which is by 30.5 % more than for April in 2007 when the turnover was LTL 10.5 mln. (EUR 3 mln.). Over four months this year the Group's turnover outmeasured LTL 52.9 mln. (EUR 15.3 mln.), comparing with the same period 2007 the sales increased by 18.6 %. Over four months 2008 the Group earned a profit before taxes of LTL 1 mln. (EUR 0.3 mln.).

June In May the Group reached a turnover of LTL 12.5 mln. (EUR 3.6 mln.), which is by 8.7 % more than for May in 2007 when the turnover was LTL 11.5 mln. (EUR 3.3 mln.). Over five months this year the Group's turnover outmeasured LTL 65.4 mln. (EUR 18.9 mln.), comparing with the same period 2007 the sales increased by 16.6 %. Over five months 2008 the Group earned a profit before taxes of LTL 0.7 mln. (EUR 0.2 mln.).

July In June the Group reached a turnover of LTL 11,7 mln. (EUR 3,4 mln.), which is by 2,6 % more than for June in 2007 when the turnover was LTL 11,4 mln. (EUR 3,3 mln.). Over six months this year the Group's turnover outmeasured LTL 77,1 mln. (EUR 22,3 mln.), comparing with the same period 2007 the sales increased by 14,2 %.

August The Board meeting on 22 August 2008 discussed: JSC Grigiskes results of six months 2008, revised budget for the year 2008 and revised investment plan for the year 2008.

Over six months of this year the Group's reached a turnover of LTL 77,1 mln. (EUR 22,3 mln.), comparing with the same period 2007 the sales increased by 14,2 %. Over the six months of 2007 Group's turnover was LTL 67,5 mln. (EUR 19,5 mln.). The Group loss reached LTL 132,2 thousand. (EUR 38,3 thousand.).

Comparing to the earlier plan, Group's reached lower results were caused by adverse situation in the market, which caused lower sales results and higher prices of the raw materials.

The Board meeting approved revised budget for year 2008. This year the Group plans to reach turnover of LTL 160 mln. (EUR 46,3 mln.) and earn a profit before taxes of LTL 1,4 mln. (EUR 0,4 mln.).

The Board meeting approved the revised investment plan for the year 2008. This year the Group plans to invest LTL 27,1 mln. (EUR 7.8 mln.).

In July the Group reached a turnover of LTL 10,0 mln. (EUR 2,9 mln.). Over seven months of this year the Group's turnover outmeasured LTL 87,1 mln. (EUR 25,2 mln.), comparing with the same period 2007 the sales increased by 9,8 %.

September In August the Group reached a turnover of LTL 11.5 mln. (EUR 3.3 mln.). Over eight months of this year the Group's turnover outmeasured LTL 98.6 mln. (EUR 28.6 mln.), comparing with the same period of 2007 year the sales increased by 6.8 %.

3.1.1.1. Table. The Group's monthly sales

	Measure	January	February	March	April	May	June	July	August	September	Total over nine months
Year 2007	LTL, mln.	11,2	10,8	12,1	10,5	11,5	11,4	11,8	13,0	13,0	105,3
Year 2008	LTL, mln.	14,2	12,7	12,3	13,7	12,5	11,7	10,0	11,5	13,4	112
Change	LTL, mln.	3,0	1,9	0,2	3,2	1,0	0,3	-1,8	-1,5	0,4	6,7
	%	26,8	17,6	1,7	30,5	8,7	2,6	-15,3	-11,5	3,1	6,4

3.1.1.2. Table. The Company's monthly sales

	Measure	January	February	March	April	May	June	July	August	September	Total over nine months
Year 2007	LTL, mln.	10,3	10,1	11,5	9,7	10,6	10,7	10,8	11,8	11,5	97,0
Year 2008	LTL, mln.	13,6	12,2	11,6	12,9	11,6	10,5	9,0	10,5	12,2	104,1
Change	LTL, mln.	3,3	2,1	0,1	3,2	1,0	-0,2	-1,8	-1,3	0,7	7,1
	%	32,0	20,8	0,9	33,0	9,4	-1,9	-16,7	-11,0	6,1	7,3

3.1.1.3. Table. Quantity of Group's, AB main products in years 2007 - 2008

Product name	Nine months of 2008		Nine months of 2007	
	thousand. LTL	%	thousand. LTL	%
Paper and paper products	38.144,6	34,1	29.747,9	28,3
Hardboard	50.336,4	45,0	47.309,7	44,9
Corrugated board and related production	5.653,1	5,0	5.357,0	5,1
Corrugated and wrapper paper	2.820,2	2,5	7.728,3	7,3
Heat (services)	4.133,0	3,7	2.960,6	2,6
Wood processing	9.850,6	8,8	10.842,8	10,3
Other production	1.021,3	0,9	3.875,2	1,5
TOTAL	111.959,2	100,0	96.978,8	100,0

3.1.1.4. Table. Quantity of Grigiškės, AB main products in years 2007 - 2008

Product name	Nine months of 2008		Nine months of 2007	
	thousand. LTL	%	thousand. LTL	%
Paper and paper products	38.144,6	37,5	29.746,8	31,8
Hardboard	50.336,4	49,4	47.309,3	50,5
Corrugated board and related production	5.653,2	5,5	5.357,0	5,7
Corrugated and wrapper paper	2.820,2	2,8	7.728,3	8,3
Heat (services)	4.133,0	4,1	2.692,1	2,9
Other production	744,0	0,7	754,0	0,8
TOTAL	101.831,4	100,0	93.587,5	100,0

3.1.2. Newest events in the Issuer's activities

In September the Group reached a turnover of LTL 13.4 mln. (EUR 3.9 mln.), which is by 3.1 % more than for September 2007 when the turnover was LTL 13.0 mln. (EUR 3.8 mln.). Over nine months of this year the Group's turnover was LTL 112.0 mln. (EUR 32.4 mln.), comparing with the same period 2007 the sales increased in 6.4 %.

Over nine months 2008 the Group's loss reached LTL 2.8 mln. (EUR 0.8 mln.). Loss was caused by higher natural gas prices and lower than expected sales results.

3.2. Transactions with related persons

All transactions with related persons were carried out at market prices.

Baltwood, UAB – subsidiary of Grigiškės, AB

Ginvildos Investicija, UAB – major shareholders of Grigiškės, AB.

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

Grigiškių Transporto Centras, UAB – subsidiary of the group not subject to consolidation.

3.2.1. Table. Group's transactions with related persons during the nine months of 2008. Balances of amounts receivable/payable in relation thereto on 30 September 2008 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija, UAB		121.000	15.357	
Didma, UAB	165.017	451.375		167.745
Remada, UAB	6.360		1.441	
Naras, UAB	52.994	13.305		8.334
Grigiškių transporto centras, UAB				
Total	224.371	585.680	16.798	176.079

3.2.2. Table. Grigiškės, AB transactions with related persons during the nine months of 2008. Balances of amounts receivable/payable in relation thereto on 30 September 2008 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood, UAB	2.397.690	1.469.342	3.829.531	
Ginvildos Investicija, UAB		121.000	15.357	
Didma, UAB	69.913	426.335		167.745
Remada, UAB	6.360		1.441	
Naras, UAB	52.994	13.305		8.334
Grigiškių transporto centras, UAB				
Total	2.526.957	2.029.982	3.846.329	176.079

3.3. Court and arbitration proceedings

During the nine months of 2008 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.