

GRIGIŠKĖS, AB

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

2008-09-22 Nr. *020-SK/2008-433*

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 - General Director Gintautas Pangonis and Director of Finance Department Nina Šilerienė, hereby confirm that, to the best of our knowledge, the attached corrected consolidated annual report for the year 2007 correctly reflects development and activities of the business.

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



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



ENCLOSURE: Grigiškės, AB corrected consolidated annual report for the year 2007 (39 pages)

GRIGIŠKĒS, AB
CORRECTED CONSOLIDATED ANNUAL REPORT
FOR THE YEAR 2007

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1. REPORTING PERIOD

Year ended 31 December 2007.

2. 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

3. OFFICES AND BRANCHES

The Company has office in Latvia (since 2006).

4. 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. Is has not been operating since 2006.

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

The Company has signed a contract with Finasta, AB (financial brokerage company) (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.

6. AUTHORISED CAPITAL OF THE ISSUER

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

6.1. Table. Structure of the authorised capital

Type of shares	Number of shares	Par value, LTL	Total par value, LTL	Interest in the authorised capital, %
Ordinary registered shares	39.956.657	1	39.956.657	100,00

All shares of the Issuer are fully paid up.

6.2. Information on the prospective increase of the authorised 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 authorised 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 authorised capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
- 5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
- 6) to receive a part of assets of the Company in liquidation;
- 7) to bequeath all or a part of the shares to the ownership of the other people;
- 8) to transfer all or part of the shares to ownership of other people;
- 9) to attend the general meetings of shareholders;
- 10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of 1 (one) litas gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company.
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On 31 December 2007 there were 2.280 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 as of 31 December 2007

Shareholder's name (company's name, type, headquarters address, corporate ID number)	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Votes held by the shareholder together with other persons, %
UAB „GINVILDOS INVESTICIJA“ Turniškių g. 10a-2, Vilnius 125436533	19.128.653	47,87	47,87	----
ROSEMOUNT HOLDING LLC 8130 S.W.Beaverton-Hillsdale, Portland OR97225 05195698	3.613.035	9,04	9,04	----
DAILIUS JUOZAPAS MIŠEIKIS	2.884.402	7,22	7,22	----

7.3. Structure of shareholders of the Company

7.3. Table. Structure of shareholders on 31 December 2007 and 31 December 2006.

Shareholders	2007		2006	
	Number of shares	Proportion of ownership, %	Number of shares	Proportion of ownership, %
Lithuanian legal entities	21.812.994	54,59	21.707.954	54,33
Lithuanian individuals	13.998.538	35,04	12.326.087	30,85
Foreign legal entities	4.084.689	10,22	5.868.967	14,69
Foreign individuals	60.436	0,15	53.649	0,13
Total	39.956.657	100,00	39.956.657	100,00

7.4. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.5. Restrictions of the voting rights.

There are no restrictions of the voting rights.

7.6. Agreements between/among the shareholders

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

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

Registered ordinary shares of Grigiškės, AB are listed on the secondary lists of Vilniaus Vertybinių Popierių Birža, AB (Vilnius Stock Exchange, further – “the VVPB, ticker – GRG1L).

8.1. Key characteristics of the shares of the Company

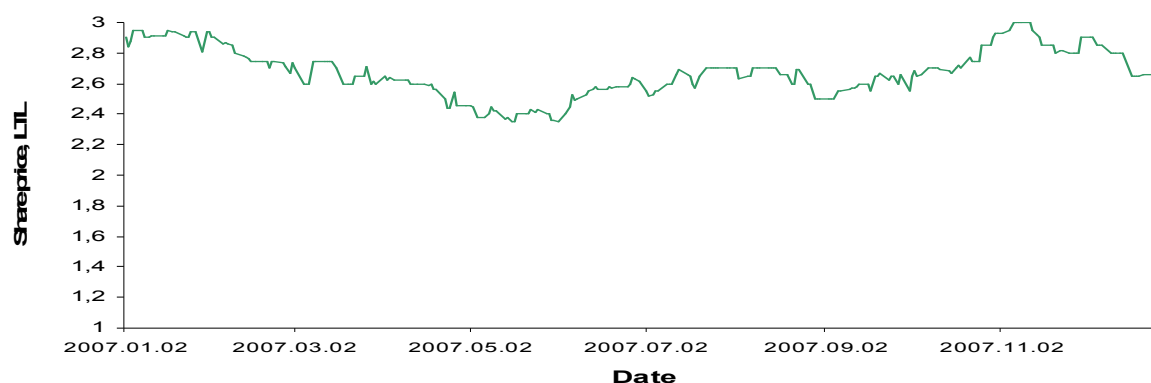
8.1. Table. Key characteristics of the shares of the Company

Type of shares	Securities ISIN code	Number of shares	Par value, LTL	Total par value, LTL
Registered ordinary shares	LT0000102030	39.956.657	1	39.956.657

8.2. Share trading information

8.2. Table. Share trading information in 2007 (Vilnius Stock Exchange)

Reported period	Price, LTL			Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Max.	Min.	Last session	Pcs.	LTL
2007, I Q	2,97	2,51	2,60	328.382,6	0,00	1300,00	631.838	1.749.931,40
2007, II Q	2,65	2,35	2,61	120.765,00	0,00	14.425,00	341.104	852.088,82
2007, III Q	2,74	2,30	2,66	297.023,60	0,00	4.054,30	810.328	2.131.503,89
2007, IV Q	3,02	2,55	2,70	363.135,00	0,00	10.927,50	626.739	1.743.324,29
2007	3,02	2,30	2,70	363.135,00	0,00	10.927,50	2.410.009	6.476.848,4



8.2.1. Fig. Share price dynamics in January – December 2007.

8.3. Capitalisation of the Company's shares

8.3. Table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
2007-03-30	103.887.308
2007-06-29	104.286.875
2007-09-28	106.284.708
2007-12-28	107.882.974

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 take over bid.

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

9. EMPLOYEES

In the process of modernization of work organization system Grigiškės, AB:

- In 2006 – 2007 the Company received partial financing from EU support funds for the project *Improvement of competence of industrial workers*. Using the possibilities provided by the project, the Company raised qualifications of the employees, provided them with the most up-to-date and relevant knowledge in the fields of production organization, business management.
- The average monthly salary per employee increased by 32 per cent: from 1.769 Litas (in 2006) to 2.328 Litas (in 2007).
- Reduced number of employees from 795 persons (in 2006) to 724 persons (in 2007).

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

	2007	2006
Number of employees	821	898

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

	2007	2006
Number of employees	724	795

9.3. Table. Number of employees of the Group, average salary and grouping of employees by education in 2007

Employees	Total	Grouping of employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.890	13	104	462	88	5
Managers	4.852	43	11	-	-	-
Specialists	2.601	69	21	4	-	-
Total	2.273	125	136	466	88	5

9.4. Table. Number of employees of the Group, average salary and grouping of employees by education in 2006

Employees	Total	Grouping of employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.519	18	103	510	80	3
Managers	3.916	44	16	-	-	-
Specialists	2.375	72	19	7	-	-
Total	1.718	134	138	517	80	3

9.5. Table. Number of employees of the Company, average salary and grouping of employees by education in 2007

Employees	Total	Grouping of employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1934	13	102	375	80	5
Managers	4703	41	11	-	-	-
Specialists	2647	63	20	4	-	-
Total	2328	117	133	379	80	5

9.6. Table. Number of employees of the Company, average salary and grouping of employees by education in 2006

Employees	Total	Grouping of employees by education				
		University	College	Secondary	Basic	Elementary
Workpeople	1.589	18	100	421	70	2
Managers	3.788	42	16	-	-	-
Specialists	2.314	65	18	7	-	-
Total	1.769	125	134	428	70	2

10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

11. SIGNIFICANT AGREEMENTS

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

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

12. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

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

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

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

12.1. Members of the managing bodies

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

Full names	Positions	Capital share and votes, %
SUPERVISORY COUNCIL		
Norimantas Stankevičius	Chairman	-
Algimantas Goberis	Member	-
Valdas Urbonas	Member	-
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
BOARD		
Gintautas Pangonis	Chairman	0,22
Nina Šilerienė	Member	0,02
Audris Vilčinskis	Member	-
Normantas Paliokas	Member	-
Vigmantas Kažukauskas	Member	0,92
ADMINISTRATION		
Gintautas Pangonis	Director General	0,22
Nina Šilerienė	Director of Finance Department	0,02
Vigmantas Kažukauskas	Head of Projects Division	0,92

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
Ministry of Communications and Information	Secretary
Lietuvos Telekomas, AB (current name TEO LT, AB)	Director general, chairman of the board
Lietuvos Telekomas, AB (current name TEO LT, AB)	Executive vice president
Bitė GSM, UAB (current name Bite Lietuva, UAB)	Director general, chairman of the board
Grigiškės, AB	Director general, chairman of the board

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

Employers	Positions
Lietuvos Telekomas, AB (current name TEO LT, AB)	Chief Finance Manager
Grigiškės, AB	Director of Finance Department, member of the board

12.3. Information on the participation in the activities of other enterprises, agencies and organisations (name of the enterprise, agency or organisation and position, 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	Position	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Grigiškės, AB	Chairman of the supervisory council	-	-
	Grigiškių transporto centras, UAB	Member of the board	-	-
	Baltwood, UAB	Member of the board	-	-
	Didma, UAB	Director, shareholder	Didma, UAB	51,00
	Ginvildos investicija, UAB	Shareholder	Ginvildos investicija, UAB	21,0
	Naras, UAB	Shareholder	Naras, UAB	62,48
Tautvilas Adamonis	Grigiškės, AB	Member of the supervisory council	-	-
	Remada, UAB	Director	Remada, UAB	100,0
Gintautas Pangonis	Grigiškės, AB	Director General	-	-
	Grigiškės, AB	Chairman of the board	-	-
	Grigiškių transporto centras, UAB	Chairman of the board	-	-
	Baltwood, UAB	Chairman of the board	-	-
	Ginvildos investicija, UAB	Shareholder	Ginvildos investicija, UAB	79,0
Normantas Paliokas	Didma, UAB	Head of Vilnius Representative Office	-	-
	Ginvildos investicija, UAB	Director	-	-
	Baltwood, UAB	Member of the board	-	-
	Grigiškės, AB	Member of the board	-	-
Vigmantas Kazukauskas	Grigiškės, AB	Member of the board	-	-
	Grigiškės, AB	Head of Projects Division	-	-
	Grigiškių transporto centras, UAB	Member of the board	-	-
Audris Vilčinskis	Grigiškės, AB	Member of the board	-	-
Nina Šilerienė	Grigiškės, AB	Member of the board	-	-
	Baltwood, UAB	Member of the board	-	-
	Grigiškės, AB	Director of Finance Department	-	-

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

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

12.5. Information about payments and loans to the members of the managing bodies

12.5. Table. Information on the salaries, tantiemmes and other payments from profit paid by the Issuer within the reported period.

	Salaries, LTL	Tantiemmes, LTL	Dividends LTL	Other payments, LTL
Totally for all members of the supervisory council	-	-	-	-
In average per one member of the supervisory council	-	-	-	-
Totally for all members of the board	-	-	-	-
In average per one member of the board	-	-	-	-
Totally for all members of the administration	417769	-	22753	49880
In average per one member of the administration	139256	-	7584	24940

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 THE ACTIVITIES OF GROUP COMPANIES

13.1. Material events in the Issuer's activities

The information about accident represented by media was inaccurate. It was announced that accident happened in company JSC "Grigiškės". We inform that accident happened in company Ltd. "Baltwood" - company's JSC "Grigiškės" daughter enterprise. JSC "Grigiškės" controls 100 % block of shares of Ltd. "Baltwood". The manufacturing is stopped partly till the fact-finding is in process. In Ltd. "Baltwood" the timber conversion works are planed to restart on this Wednesday (17 01 2007). Only 10 % of annual turnover of Ltd. "Baltwood" consist in annual selling of The Group, so it will not have essential influence to the Group results.

In 2006 the Group which consists of JSC Grigiškės and Baltwood LTD reached a turnover of LTL 120 mln. (EUR 34.75 mln.) which is by 14.6 % more than last year, when the turnover was LTL 104.7 mln. (EUR 30.32 mln.). In 2006 the Group earned an unaudited profit before taxes of LTL 7.2 mln. (EUR 2.09 mln.). In the year 2007 the Group is planing to sell products and services of LTL 159 mln. (EUR 46.05 mln.) and earn a profit of LTL 9 mln. (EUR 2.61 mln.).

In January 2007 the Group which consists of JSC Grigiškės and Baltwood LTD reached a turnover of LTL 11.192 mln. (EUR 3.24 mln.) and earned a profit of LTL 681 thousand (EUR 197,23 thousand). Over the corresponding period in 2006 the Group reached a turnover of LTL 9.559 mln. (EUR 2.77 mln.) and earned a profit of LTL 662 thousand (EUR 191.73 thousand).

Management Board of JSC "Grigiškės" passed the following decision on 14 03 2007: the General Meeting will take place on 20 04 2007 at 10 a.m. at the company's premises (Vilniaus str. 10, Vilnius - Grigiškės). Accounting day is 13 04 2007.

On the agenda:

1. Company's annual report 2006,
2. Auditor's report,
3. Approval of the financial statements for the year 2006,
4. Net Profit appropriation for 2006,
5. Mortgage and authorization of Company's long-term assets balance worth more than 1/20 of the authorized capital and leased land plot rights.

In February the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 10.79 mln. (EUR 3.125 mln.) which is by 17.51 % more than for February in 2006 when the turnover was LTL 9.182 mln. (EUR 2.66 mln.) and earned a profit of LTL 532 thousand (EUR 154.08 thousand). Over two months this year the Group sold products and services of LTL 21.982 mln. (EUR 6.37 mln.), which is by 17.29 % more than for the corresponding period in 2006 when the turnover was LTL 18.741 mln. (EUR 5.43 mln.). Over this year it is already earned a profit of LTL 1.213 mln. (EUR 0.35 mln.).

Management Board of JSC "Grigiškės" passed the following decision on 03 04 2007: to supplement the agenda of the General Meeting, that will take place on 20 04 2007 at 10 a.m. at the company's premises (Vilnius str. 10, Vilnius - Grigiškės), by one subject:

On the agenda:

1. 1) Auditor's selection and the determination of the payment conditions for the auditor's services.

The Management Board meeting on 06 04 2007 adopted a resolution on 20 04 2007 to propose for Annual General Meeting to pay LTL 2 mln. (EUR 0.58 mln.) of dividends. On 2006 audited net profit - LTL 6.3 mln. (EUR 1.82 mln.). The Group's (Grigiškės AB and "Baltwood" UAB) audited net profit on 2006 amounted to LTL 5.4 mln. (EUR 1.56 mln.). The Management Board approved the audited Company's activities, heard the auditor's opinion on the company's activities year 2006, evaluated positive and decided to supply for approval the projects of annual financial statement and profit appropriation for Annual General Meeting. The Management Board approved the plan of investments of the year 2007, which consists of 12 mln. Lt (EUR 3.48 mln.).

The JSC "Grigiškės" general Meeting was held on 20 04 2007. Resolutions of the meeting:

1. Stated, that the annual report was heard;
2. Stated, that the auditor's report was heard;
3. Approved company's financial statements for the year 2006;
4. Approved company's profit (loss) appropriation for the year 2006;
5. To mortgage and give powers in respect of the fixed assets of the Company which book value exceeds 1/20 of the authorized capital of the Company and lease rights of the plot of land;
6. To elect an audit company JSC „KPMG Baltics“ for the financial year 2007-2008 and fixed a sum payable for the audit services.

The General Meeting on 20 04 2007 adopted a resolution to pay LTL 2 mln. (EUR 0.58 mln.) (LTL 0.05 for a share) of dividends for the year 2006.

In March the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 12.1 mln. (EUR 3.5 mln.). Over three months this year the Group's turnover outmeasured LTL 34.1 mln. (EUR 9.9 mln.), comparing with the last year first quarter the sales increased in 13.8 %. Over first quarter 2007 the Group earned a profit of LTL 1.6 mln. (EUR 0.5 mln.).

In April the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 10.5 mln. (EUR 3.04 mln.). Over four months this year the Group's turnover outmeasured LTL 44.6 mln. (EUR 12.9 mln.), comparing with the same period 2006 the sales increased in 14 %. Over four months 2007 the Group earned a profit of LTL 1.95 mln. (EUR 0.56 mln.).

In May the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 11.5 mln. (EUR 3.33 mln.) and a profit of LTL 341 thousand (EUR 98.76 thousand). Over five months this year the Group's turnover outmeasured LTL 56.13 mln. (EUR 16.26 mln.), comparing with the same period 2006 the sales increased in 13.2 %. Over five months 2007 the Group earned a profit of LTL 2.3 mln. (EUR 0.56 mln.).

In June the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 11.4 mln. (EUR 3.30 mln.) and a profit of LTL 274 thousand (EUR 79.36 thousand). Over six months this year the Group's turnover outmeasured LTL 67 mln. (EUR 19.40 mln.), comparing with the same period 2006 the sales increased in almost 14 %. Over six months 2007 the Group earned a profit of LTL 2.56 mln. (EUR 0.74 mln.).

In July the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 11.8 mln. (EUR 3.42 mln.) and a profit of LTL 532 thousand (EUR 154.08 thousand) and it is 15.2% more than it was in July 2006. Over seven months this year the Group's turnover outmeasured LTL 79 mln. (EUR 22.88 mln.), comparing with the same period 2006 the sales increased in almost 15.8 %. Over seven months 2007 the Group earned a profit of LTL 3.1 mln. (EUR 0.9 mln.).

In August the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 13 mln. (EUR 3.77 mln.) and a profit of LTL 743 thousand (EUR 215.19 thousand) and it is 46 % more than it was in August 2006. Over eight months this year the Group's turnover outmeasured LTL 92 mln. (EUR 26.64 mln.), comparing with the same period 2006 the sales increased in 17.7 %. Over eight months 2007 the Group earned a profit of LTL 3.8 mln. (EUR 1.1 mln.).

In September the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 12.97 mln. (EUR 3.76 mln.) which is by 35 % more than for September in 2006 when the turnover was LTL 9.605 mln. (EUR 2.78 mln.) and earned a profit of LTL 1,05 mln. (EUR 0,3 mln.) and it is 54 % more than it was in September 2006. Over nine months this year the Group's turnover outmeasured LTL 105 mln. (EUR 30.41 mln.), comparing with the same period 2006 the sales increased in 19.6 %. Over nine months 2007 the Group earned a profit of LTL 4.9 mln. (EUR 1.42 mln.).

In October 11, 2007 JSC Grigiškės signed a contract with one of the biggest Italian soft paper converting company in the word „Fabio Perini S.p.A.“. The new paper converting line will be installed in the first semester of the year 2008 in JSC Grigiškės. The line will allow to raise up twice present capability. Value of the contract reaches LTL 11 mln. (EUR 3.19 mln.).

Management Board of Joint-stock company "GRIGIŠKĖS" passed the following decision on 08 11 2007: the Extraordinary General Meeting will take place on 11 12 2007 at 10 a.m. at the Grigiškės cultural center (Vilnius str. 12, Grigiškės, Vilnius city municipality). Accounting day is on 04 12 2007.

On the agenda:

1. The election of the members of the Supervisory board of Joint-stock company "GRIGIŠKĖS".
2. The change of the articles of association of Joint-stock company "GRIGIŠKĖS", consolidation of it's new edit and the investiture of commissions to sign the articles of association.

In October the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 14.23 mln. (EUR 4.12 mln.) which is by 32.24 % more than for October in 2006 when the turnover was LTL 10.76 mln. (EUR 3.12 mln.) and earned a profit of LTL 1,1 mln. (EUR 0,32 mln.) and it is 57.14 % more than it was in October 2006. Over ten months this year the Group's turnover outmeasured LTL 119 mln. (EUR 34.5 mln.), comparing with the same period 2006 the sales increased in 20.98 %. Over ten months 2007 the Group earned a profit of LTL 5.98 mln. (EUR 1.73 mln.).

The AB "Grigiškės" extraordinary meeting was held on 11 12 2007. Resolutions of the meeting:

1. Decides to elect the following members of the Supervisory Board of Joint-stock company "GRIGIŠKĖS": Norimantas Stankevičius, Algimantas Goberis, Valdas Urbonas, Tautvilas Adamonis, Romualdas Juškevičius;
2. To revoke the approval of the General Meeting stipulated in the articles of association of Joint-stock company "GRIGIŠKĖS" of the decisions of the Management Board to enter into contracts regarding the transfer, lease or mortgage of the long-term assets worth more than 1/20 of the authorised capital of the Company and regarding the fulfilment, bail and guarantee of the other subjects' obligations which value exceeds 1/20 of the authorised capital of the Company;

3. To approve a new wording of the Articles of Association of Joint-stock company "GRIGIŠKĖS" pursuant to the above decision, the Company Law of the Republic of Lithuania and Statistical Classification of Economic Activities (1.1. ed.).

The AB "Grigiškės" meeting of the Supervisory Board was held on 11 12 2007. Resolutions of the meeting:

1. Decides to elect Norimantas Stankevičius as a chairman of the supervisory board of Joint-stock company "GRIGIŠKĖS";
2. Decides to re-elect the following members of the management board of Joint-stock company "GRIGIŠKĖS" for the next 4 (four) years: Gintautas Pangonis, Audris Vilčinskas, Normantas Paliokas, Nina Šilerienė ir Vigmantas Kažukauskas.

The AB "Grigiškės" meeting of the management board was held on 11 12 2007. Resolutions of the meeting:

1. Decides to elect Gintautas Pangonis as a chairman of the management board of Joint-stock company "GRIGIŠKĖS";
2. Decides to elect Gintautas Pangonis as a general director of Joint-stock company "GRIGIŠKĖS".

13.2. Newest events in the Issuer's activities

The Board meeting on 14 February 2008 approved a budget and an investment plan for the year 2008. This year the Group (AB "Grigiškės" 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 the year 2007 the Group reached a turnover of LTL 144 mln. (EUR 41.71 mln.) which is by 20 % more than for the year 2006 when the turnover was LTL 120 mln. (EUR 34.75 mln.). In the year 2007 the Group earned an unaudited profit before taxes of LTL 6.5 mln. (EUR 1.88 mln.).

The most influence to lesser results had unexpected rise of raw material prices. The price of main raw material such as wood, chips, gas and others rose up by 35 % in the year 2007. Also unachieved the turnover plan because the new Paper machine started working later as expected.

13.3. Prospective offices and branches

The Company has office in Latvia (since 2006). In 2008 the Company has no plans to open branches and offices in foreign countries.

13.4. Risk factors

Financial risk management

Information about financial risk management is provided in notes No.5 of audited consolidated statements.

Economic risk factors

In 2008 we predict falling demand for our products after successful 2007 when constructional and furniture sectors expanded. Falling demand is influenced by stagnation in those sectors in domestic and foreign markets and new production capacities in Europe. Because of oversupply it is difficult to predict rising prices in 2008. Because of highly increased prices of energetical resources in early 2008, it is possible, that planned margins will not be achieved.

Social risk factors

Salaries are paid in terms set in collective agreement.

Technical – technological risk factors

On purpose to improve technical production equipment Company's equipment and buildings are streamlined, new equipment is acquired and processes are automated. Company introduced quality control system and now is operating under LST EN ISO 9001:2001 standard requirements. In May 2008 will be over certification of the Company. It is planned that new certificate will expire in May 2011.

Ecological risk factors

For used natural resources (water) and for environment pollution (air pollution caused by stokehold, technological equipment and mobile pollution sources, water pollution caused by rain outflows) Company pays taxes. Polluted water is cleared in mechanical way. In 2007 Company received penalty for environment pollution. In paper production workshop (Popieriaus str. 15, Vilnius) is fitted biological cleaning complex.

13.5. Suppliers

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

Countries of suppliers' of main raw materials and details		
Supplier's country	2007	2006
	%	%
Lithuania	70	68
Sweden	4	6
Poland	6	7
Czech	-	5
Estonia	4	3
Latvia	3	2
Bulgaria	1	2
Italy	3	-
Other countries	9	7
TOTAL	100	100

13.5.2. Table. Countries of suppliers' of main spare parts and technological equipment for the Company

Countries of suppliers' of main spare parts and technological equipment		
Supplier's country	2007	2006
	%	%
Lithuania	31	8
Sweden	-	-
Poland	6	1
Czech	-	-
Estonia	-	-
Latvia	-	-
Italy	43	16
Germany	20	75
Other countries	-	-
TOTAL	100	100

Main suppliers of energetical resources are Lithuanian companies.

13.6. Sales and markets

In 2007, Grigiškės, AB developed its production and sales of the products in three major directions:

- paper production, including: products for private consumers (toilet paper, paper towels, paper napkins) and products for businesses (toilet paper, paper towels). Sales of paper production in 2007, as compared to 2006, increased by 11 per cent, including: in Lithuania an increase of 27 per cent; in Poland – 42 per cent; in Russia – 30 per cent; in Estonia – 12 per cent. The share of the Baltic States market that toilet paper Grite makes increased from 18.5 per cent to 23 per cent during the year 2007. In 2007, the sales of Grite paper towels were also increasing: share of the market held in Lithuania increased from 13 per cent to 24 per cent, and the share of the market held in the Baltic States increased from 6 per cent to 10 per cent. In 2007, two novelties were introduced to the market: coloured toilet paper Grite VIVO which at the end of 2007 made 6 per cent of Lithuanian toilet paper market. The second novelty was paper towels Grite Sunny which at the end of the year made about 6 per cent of Lithuanian market.
- hardboard. Sales of these products, as compared with 2006, increased by 26,5 per cent.
- corrugated board and related production. Sales of these products, as compared with 2006, increased by 16,2 per cent.

13.6.1. Table. Grigiškės, AB sales in 2003–2007

Country	2007		2006	
	Sales (thousand Litas)	%	Sales (thousand Litas)	%
UK	932	0,69	1.364	1,24
Czech	2.968	2,21	1.442	1,31
Estonia	5.281	3,94	4.401	4,00
Holland	3.090	2,30	2.842	2,58
USA	2.065	1,54	2.832	2,57
Latvia	6.876	5,13	7.001	6,36
Denmark	1.054	0,79	1.053	0,96
Hungary	187	0,14	570	0,52
Lithuania	90.548	67,55	67.376	61,17
Poland	6.339	4,73	11.373	10,33
Finland	1.858	1,39	227	0,21
Norway	1.295	0,97	1.443	1,31
Sweden	9.369	6,99	5.820	5,28
Germany	302	0,22	272	0,25
France	504	0,38	-	-
Belarus	983	0,73	647	0,59
Other countries	404	0,30	1.456	1,32
Total	134.055	100,00	110.119	100,00

13.7. Expansion and investments

The Company's and Group's research and decisions are targeted to potential expansion possibilities while realizing the Company's objectives. It includes development of production technology, creation of new attractive products etc.

In order to ensure increase in sales of products, decrease in expenses of production as well as improvement of the quality, in 2007 the Company invested 14 million Litas into manufacturing-technological capacity development of all three main directions of activities as well as modernization of energy system:

- Increased capacities of paper production and adopted more advanced technologies of fiber processing and paper production allowed to produced a paper of more stabile and higher quality ratios, i.e. paper became cleaner, stronger and at the same time softer.

- After increase of hardboard production capacities and modernization of manufacturing-technological equipment, the sales of these products, as compared with 2006, increased by 26 per cent.
- Having introduced a new automatic box making machine in addition to the implementation of other manufacturing-technological solutions, the sales of corrugated board boxes and related products, as compared with 2006, increased by 16 per cent.

13.8. Financial indicators of the Company and Group

Indicators	Company		Group	
	2007	2006	2007	2006
Net profit per share, LTL	0,14	0,16	0,13	0,13
Sales margin (%)	18,9	21,1	18,8	20,7
Net profit margin (%)	4,1	5,8	3,6	4,5
Return on assets (%)	7,0	8,3	6,5	7,1
Return on equity (%)	12,1	13,7	12,2	12,7
Debt / equity factor	0,7	0,6	0,9	0,8
Net profit per share, LTL	0,4	0,4	0,5	0,4

More information about Group's and Company's financial and activity results is presented in notes of the audited consolidated financial statements of Grigiškės, AB for 2007.

13.9. Borrowings and financial lease liabilities

Information about borrowings and financial lease liabilities is presented in notes of the audited consolidated financial statements of Grigiškės, AB for 2007.

13.10. Plans

The Group plans that in 2008 the sales will increase by 39 per cent and will reach 200.0 million Litass.

The Company plans that in 2008 the sales, as compared with 2007, will increase by 39 per cent, i.e. will reach 187 million Litass the Company also plans to earn 8.3 million Litass of net profit.

In 2008, Grigiškės AB plans to invest over 29 million Litass into modernization of technological preparation of the production, modernization of energetics and objects of environment protection infrastructure. With the help of these means the Company plans to retain high growth rates by intensifying work in traditional and new markets of products as well as by strengthening competitiveness of the products being sold.

The most significant investments in 2008 will be allocated to the development of paper production. It is foreseen to introduce advanced manufacturing-technological solutions and in the middle of the year start production of highest quality toilet paper, paper towels with imprinted texture. The paper will have better absorbing features and will be softer. These investments will create advantageous conditions for the development of paper production sales in new markets.

13.11. Patents, licenses and research

The Company and Group has no patents and licenses.

13.12. Environment protection

Emission rights in 2007:

Group/Company	Quantity
As at 31 December 2006	5949
Emission rights allocated	49.762
Emission rights used	(46.059)
Sale of emission rights	(9.000)
As at 31 December 2007	770

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

14. 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.

14.1. Table. Group's transactions with related persons during the year 2007. Balances of amounts receivable/payable in relation thereto on 31 December 2007 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija, UAB	500	465 750	31 098	-
Didma, UAB	21 671	637 842	-	37 143
Remada, UAB	5 825	-	579	-
Total	27 996	1 103 592	31 677	37 143

14.2. Table. Group's transactions with related persons during the year 2006. Balances of amounts receivable/payable in relation thereto on 31 December 2006 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija, UAB	-	903 400	-	38 961
Didma, UAB	123 539	1 182 010	-	240 576
Remada, UAB	3 241	-	889	-
Grigiškių transporto centras, UAB	-	3 500	-	-
Total	126 780	2 088 910	889	279 537

14.3. Table. Grigiškės, AB transactions with related persons during the year 2007. Balances of amounts receivable/payable in relation thereto on 31 December 2007 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood, UAB	6 180 473	1 583 585	3 916 346	-
Ginvildos Investicija, UAB	500	465 750	31 098	-
Didma, UAB	21 671	637 842	-	37 143
Remada, UAB	5 825	-	579	-
Total	6 208 469	2 687 177	3 948 023	37 143

14.4. Table. Grigiškės, AB transactions with related persons during the year 2006. Balances of amounts receivable/payable in relation thereto on 31 December 2006 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood, UAB	2 870 381	756 894	2 092 202	-
Ginvildos Investicija, UAB	-	903 400	-	38 961
Didma, UAB	123 539	1 182 010	-	240 576
Remada, UAB	3 241	-	889	-
Grigiškių transporto centras, UAB	-	3 500	-	-
Total	2 997 161	2 845 804	2 093 091	279 537

15. COURT AND ARBITRATION PROCEEDINGS

As at 31 December 2007 and 2006, the Group and the Company were not involved in any legal proceedings, which in the opinion of the management would have a material impact on the financial statements.

The Company may have a legal dispute with Felder Industrietechnik GmbH, Germany concerning the execution of obligations according to a purchase agreement No. 2.631.01 dated 30 July 2004. As at 31 March 2007, Felder Industrietechnik GmbH claimed a total amount of 315,000 EUR from the Company as a final payment in accordance with this agreement. In 2007, the Company requested from Felder Industrietechnik GmbH for a discontinuation because of substantive breaches of the agreement, i.e. to finish intended work, to supply agreed equipment and to launch a new production line. The final payment was due after the work was finished. As at 23 January 2008, AB Grigiškēs calculated and presented in writing to Felder Industrietechnik GmbH losses of 4,614,798 EUR (including lost income) accrued because of the failure of Felder Industrietechnik GmbH to fulfill its obligations prescribed in the agreement, as well as because of the improper execution of obligations and the failure in the timely launch of the production line. It is not possible to predict the result of any potential litigation objectively and accordingly the financial statements do not reflect any asset or liability in respect of this matter.

16. DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET

The public company Grigiškės, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company fully complies with this recommendation. Plans and forecasted results of the Company are published on an annual basis.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	All supreme managing bodies of the Company are focused on the implementation of the main objectives and tasks of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The one-person managing body – the head of the Company, the collegial managing body – the management board and the supervisory body – the council of observers (supervisory board) cooperate in view of seeking the best benefit for the Company and its shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company fully complies with these recommendations.
Principle II: The corporate governance framework The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Company fully complies with this recommendation, as its bodies consist of the single-person managing body (the head of the Company), the collegial managing body (the management board) and the supervisory body (the council of observers).
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The management board is responsible for strategic management of the Company and carries out other essential managerial functions in the Company. The council of observers (supervisory board) is responsible for the efficient supervision of the managing bodies of the Company.

2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Not applicable	Both the council of observers (supervisory board) and the management board are formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The collegial supervisory body, as elected by the general meeting of shareholders, is formed and operates in the procedure laid down in guidelines III and IV; guidelines III and IV also apply to the management board, insofar this does not contradict the essence and purpose of the mentioned body.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	The management board of the Company consists of 5 members. The council of observers (supervisory board) also consists of 5 members. This is set forth in the Articles of Association of the Company. The Articles of Association shall be approved by the supreme managing body of the Company, i.e., the general meeting of shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	In accordance with the Articles of Association of AB Grigiškės, the management board and the council of observers shall be elected by the general meeting of shareholders for the maximum period of 4 years. This is the maximum period permitted by the legislation of the Republic of Lithuania. The general meeting of shareholders is entitled to revoke all or individual members of the council of observers before expiration of their tenure.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairperson of the council of observers, as formed in the Company, has not been the head of the Company.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting		
The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The collegial body elected by the general meeting of shareholders is elected in compliance with the procedure prescribed by the legislation of the Republic of Lithuania and does not contradict it. Concurrently, the interests of small shareholders, disinterested and unbiased supervision of the managing bodies are ensured.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	<p>Latest 10 days before the general meeting of shareholders the Company shall publish proposed draft resolutions. Where the election of the members to the collegial body is included in the agenda of the meeting, the Company shall disclose the foremost information about the nominees to the members.</p> <p>Information about the members of the council of observers and the management board is disclosed by the Company in its periodical reports.</p> <p>Accordingly, there is enough time for the shareholders to decide on which nominee they will vote.</p>
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	<p>The Company complies with the provisions laid down in this recommendation: before a member is appointed to the council of observers, the proposed candidate is announced and his/her suitability to hold this position is presented for the shareholders present at the nominating meeting. The shareholders are free to ask questions.</p> <p>Every shareholder votes to express his/her opinion as to whether or not he/she is satisfied with the competence of the nominated member to the council of observers.</p> <p>Information about the members to the council of observers is disclosed by the Company in its periodical reports.</p>
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The members to the collegial body of the Company, as formed by the general meeting of shareholders, are elected taking into consideration the structure and types of activities of the Company; the members have versatile knowledge, opinions and experience necessary for the proper performance of their tasks.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	New members elected to the collegial bodies of the Company are made familiar with the Company, its organization, activity specifics, etc.

<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	No	<p>Independency of the members of the council of observers has not been evaluated in the Company so far; the Company has not discussed the contents of the concept of “sufficiency” of independent members.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders’ meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders’ meeting is the supervisory board) is non-executive director or 	Yes	<p>According to the criteria laid down in paragraph 3.7, there is an independent member in the council of observers of the Company.</p>

<p>member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>		
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	No	The Company has not defined the concept of independency.
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	No	The Company has not applied so far the practice of evaluation and announcement of independency of the members of the council of observers.
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	No	The Company has not applied so far the practice of evaluation and announcement of independency of the members of the council of observers.
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.</p>	No	Members of the collegial bodies are not remunerated for their work from the funds of the Company.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting		
<p>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.</p>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.</p>	<p>Yes</p>	<p>The council of observers regularly makes recommendations to the managing bodies of the Company and monitors their activities.</p>
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	<p>To the best knowledge of the Company, all members of the council of observers act in a good will in respect of the Company, comply with the interests of the Company (not those of third parties) and take efforts to maintain independency in decision making.</p>
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	<p>Members of the collegial body properly perform the functions delegated to them: actively participate at the sitting of the collegial body and devote sufficient time for the performance of their duties as the members of the collegial body.</p>
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	<p>Yes</p>	<p>The collegial body treat all shareholders in a fair and unbiased manner. There have been no conflicts of interests so far.</p>

<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	Yes	<p>In accordance with the Articles of Association, transactions of the Company shall be considered and approved by the management board.</p> <p>Support of the general meeting of shareholders is required for the following decisions:</p> <ul style="list-style-type: none"> • transfer, lease or mortgage of fixed assets the value thereof exceeds 1/20 of the Company's authorized capital, etc. • acquisition of fixed assets the value thereof exceeds 1/20 of the Company's authorized capital.
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	Yes	<p>The collegial body is independent in making decision important for the activities and strategy of the Company. Also, there are no restrictions for the collegial body to receive information of the Company's employees.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	No	<p>No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.</p>

<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	No	<p>No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	No	<p>No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.</p>
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	No	<p>No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	No	<p>No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.</p>

<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	No	No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial 	No	No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.

<p>body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the 	No	No committees have been formed in the Company so far. Also, conflicts of interests in the fields relating to appointment of directors of the Company, establishment of salary to the directors of the Company as well as audit control and evaluation of the Company have been avoided so far.

<p>external auditor's management letter.</p> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	No	Such practice has not been applied in the Company.

<p>Principle V: The working procedure of the company's collegial bodies</p> <p>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	Yes	The Company fully complies with these recommendations.
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.</p>	Yes	Sittings of the collegial bodies of the Company are held at such intervals as are necessary to ensure uninterrupted tackling of essential issues relating to the management of the Company.
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	Yes	Members of the collegial bodies are notified on the sitting in advance (before three days) by sending them the agenda and materials of the sitting by e-mail, so that they'd have enough time to properly prepare for consideration of the issues to be addressed at the sitting and share in useful discussions leading to adoption of proper resolutions.
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	Yes	In order to coordinate operations of the collegial bodies of the Company and to ensure efficient decision-making process, chairpersons of the collegial supervisory and managing bodies of the Company agree upon the dates and agendas of future sittings, closely cooperate in tackling other issues relating to the management of the Company.

Principle VI: The equitable treatment of shareholders and shareholder rights		
The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company is comprised of 39,956,657 ordinary shares. The par value of one share is LTL 1. All shareholders of the Company enjoy equal rights.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company fully complies with this recommendation.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Support of the general meeting of shareholders is required for transactions which criteria are defined in the Articles of Association of the Company and introduced to the shareholders in advance.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	Procedures of convocation and holding the general meetings of shareholders of AB Grigiškės create the shareholders equal opportunities to attend the meetings and do not violate their rights and interests. Notices of convocation of the general meeting are published in the <i>Lietuvos Rytas</i> daily, as it is stipulated in the Articles of Association of the Company. The place, date, time and agenda of the meeting shall be specified in the notice. In addition, information is also published on the website of the Company: www.Grigiškės.lt .
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	At least 10 days before the general meeting, the shareholders should be provided with the access to the Company's documents related to the agenda. This information is disclosed through the information disclosure system of the Vilnius Stock Exchange as well as on the website of the Company: www.Grigiškės.lt . Where requested by a shareholder in writing, the head of the Company shall hand all draft resolutions of the meeting to that shareholder against his/her signature or send the same by registered mail within 3 days after receipt of the mentioned written request.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of AB Grigiškės may exercise their right to attend the general meeting of shareholders personally or through a proxy, provided such a person is properly authorised or is a party to a voting right cession agreement made in the statutory procedure; also, the shareholders of the Company may vote by filling in common ballot-papers as it is stipulated in the Company Law.

6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The Company does not comply with the provisions of this recommendation, because there have been no such request on the part of the shareholders.
<p>Principle VII: The avoidance of conflicts of interest and their disclosure</p> <p>The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</p>		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Company fully complies with these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	The Company fully complies with these recommendations.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	The Company fully complies with these recommendations.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The Company fully complies with these recommendations.
<p>Principle VIII: Company's remuneration policy</p> <p>Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</p>		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	Such practice has not been applied in the Company so far.

<p>8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.</p>	No	Such practice has not been applied in the Company so far.
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ul style="list-style-type: none"> • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors. 	No	Such practice has not been applied in the Company so far.
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>	No	Such practice has not been applied in the Company so far.
<p>8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>	No	Such practice has not been applied in the Company so far.
<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>	No	Such practice has not been applied in the Company so far.
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 	No	Such practice has not been applied in the Company so far.

<ul style="list-style-type: none"> • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	No	Such practice has not been applied in the Company so far.

<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 	No	Such practice has not been applied in the Company so far.
<p>8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>	No	Such practice has not been applied in the Company so far.
<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>	No	Such practice has not been applied in the Company so far.
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>	No	Such practice has not been applied in the Company so far.
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.

9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.

Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		
<p>10.1. The company should disclose information on:</p> <ul style="list-style-type: none"> • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>	Yes	The Company complies with this recommendation.
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure	Yes	The Company complies with this recommendation.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	No	Such practice has not been applied in the Company so far.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure	Yes	The Company fully complies with this recommendation.

<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	Yes	<p>The Company publishes information through the information system of the Vilnius Stock Exchange in Lithuanian and English simultaneously, of possible. The Stock Exchange places the received information on its home page and trade system, thus ensuring simultaneous placement of information to all readers. In addition, the Company, if possible, publishes its information prior to or after trade sessions of the Vilnius Stock Exchange and provides information for all markets where securities of the Company are traded simultaneously. The Company does not publish in commentaries, interviews or otherwise any information likely to affect the price of its emitted securities until such information is announced through the information system of the Stock Exchange.</p> <p>The mentioned information is also placed on the website of the Company: www.Grigiškės.lt.</p>
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	Yes	<p>Essential events, press releases, activity reports and other information important for the shareholders are published on the website of the Company in Lithuanian and English.</p>
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	Yes	<p>The Company fully complies with this recommendation.</p>
<p>Principle XI: The selection of the company's auditor</p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
<p>11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.</p>	Yes	<p>The Company complies with this recommendation, except for audited of interim financial statement.</p>
<p>11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.</p>	Yes	<p>An audit company is proposed to the general meeting of shareholders by the council of observers.</p>
<p>11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>	Not applicable	<p>Audit company has not rendered other services for the Company.</p>