GRIGIŠKĖS AB

Interim information for the nine months of 2014

TABLE OF CONTENTS

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

Reports have been prepared for the nine months of 2014.

2. AUDIT INFORMATION

The interim consolidated information of Grigiškės AB covering the nine months of 2014 is not audited or checked-up by auditors.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

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

Status	Issuer	Subsidiary	Subsidiary
Name	**Grigiškės** AB	**Klaipėdos kartonas** AB	**Baltwood** UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	65,700,000 LTL	41,001,895 LTL	32,537,000 LTL
Shares directly or indirectly controlled by Grigiškės AB	Company has not acquired any shares of itself	95.78 %	100 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 00
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 59 10
E-mail	info@grigiskes.lt	info@kartonas.lt	info@baltwood.lt
Internet address	www.grigiskes.lt	www.kartonas.lt	www.baltwood.lt
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

Status	Subsidiary	Subsidiary	Subsidiary
Name	**Ekotara** UAB	**Naujieji Verkiai** UAB	**Mena Pak** PAT
Company's ID No.	302329061	300015674	00383260
Authorised capital	10,000 LTL	100,000 LTL	4,011,470 UAH
Shares directly or indirectly controlled by Grigiškės AB	100 %	100 %	93.79 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Koshevovo str. 6, Chernihiv region, Mena, Ukraine
Phone	+370 5 243 58 01	+370 5 243 59 33	+380 4644 21341
Fax	+370 5 243 58 02	+370 5 243 58 02	+380 4644 21084
E-mail	info@grigiskes.lt	info@grigiskes.lt	menapack@ukr.net
Internet address	www.ekotara.lt	-	www.menapack.com.ua
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	10 April, 2009	6 April, 2004	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary	Subsidiary
Name	**AGR Prekyba** UAB	**Klaipėda Recycling** UAB	**Grigiškių energija** UAB
Company's ID No.	302416687	302529158	302674488
Authorised capital	12,810,000 LTL	3,000,000 Lt	10,000 Lt
Shares directly or indirectly controlled by Grigiškės AB	100 %	95.78 %	100 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 14, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 46 395 615	+370 5 243 5933
Fax	+370 5 243 58 02	+370 46 395 600	+370 5 243 58 02
E-mail	vigmantas.kazukauskas@grigiskes.lt	info.recycling@kartonas.lt	vigmantas.kazukauskas@grigiskes.lt
Internet address	-	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010	7 October, 2011
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. MISSION, VISSION, VALUES OF THE COMPANIES

By creating and producing, we always think of you - our customers, employees, partners, colleagues... What is important for you, and how we can make your and your surroundings welfare.

Mission – to develop and produce environmentally friendly products, improving quality of life.

Vission – Recognized as the European manufacturer.

Values

5. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

Core business activities of Grigiškės AB are as follows: manufacturing of toilet paper, paper towels and paper napkins, corrugated board, products from corrugated board.

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

Core business activities of Baltwood UAB are as follows: wood processing; manufacturing self-coloured and painted hardboard and fuel granules.

Core business activities of Mena Pak PAT (In Ukraine – *публічне акціонерне товариство „МЕНА ПАК"*) are as follows: manufacturing of corrugated board, products from corrugated board.

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, products from corrugated board. The company has not been operating in year 2014.

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

Core business activity of Grigiškių energija_UAB is planned to be a business of heat production and sale. The company has not been operating in year 2014.

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

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

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

The Company has signed a contract with Finasta AB (financial brokerage company) (Maironio str. 11, Vilnius, tel. (8~5) 203 2233, fax: (8~5) 203 2244, info@finasta.lt) on payment of dividend to the shareholders for 2004 and subsequent financial years.
The Company has signed a contract with Orion Securities UAB (financial brokerage company) (A.Tumėno str. 4, Vilnius, tel. (8~5) 231 3833, fax: (8~5) 231 3840, info@orion.lt) on the handling of securities issued by the Company and for making the market for the shares of Grigiškės AB.

7. AUTHORISED CAPITAL OF THE ISSUER

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

7.1.1. Table. Structure of the authorized capital

Tape of shares	Number of shares	Par value, LTL	Total value, LTL	Interest in the authorised capital, %
Ordinary registered shares	65,700,000	1	65,700,000	100

All shares of the Issuer are fully paid up.

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

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

7.3. Rights and obligations conferred by the shares

The shareholders have the following property and non-property rights:
1) to receive a part of the Company's profit - dividend;
2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of

the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;

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

8. SHAREHOLDERS

8.1. Number of shareholders of the Company

On the 30th of September 2014 there were 2,635 shareholders of Grigiškės AB.

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

8.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 30th of September 2014.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2014			31 December 2013		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „Ginvildos investicija" Turniškių g. 10a-2, Vilnius, 125436533	25,582,407	38.94	38.94	25,582,407	38.94	38.94
Irena Ona Mišeikienė	7,472,585	11.37	11.37	8,898,475	13.54	13.54
Raiffeisen Bank International AG Am Stadtpark 9, 1030 Wien, Austria	5,639,967	8.58	8.58	413,576	0,63	0,63

8.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

8.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

8.5. Agreements between/among the shareholders

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

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

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

9.1. Key characteristics of the shares of the Company

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

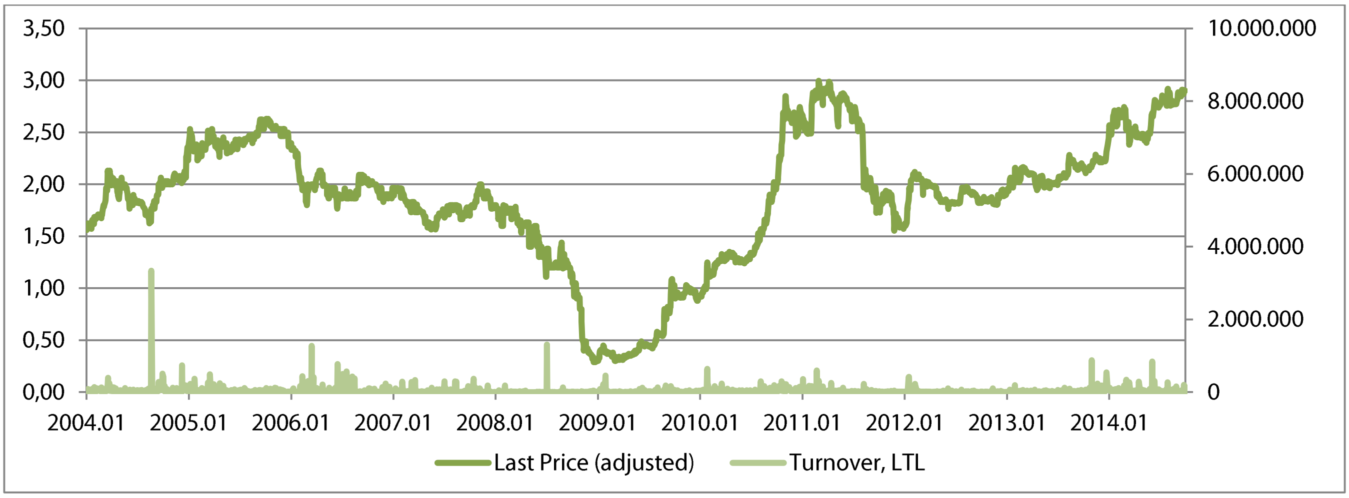
Type of shares	Securities ISIN code	Number of shares	Par value, LTL	Total par value, LTL
Registered ordinary shares	LT0000102030	65,700,000	1	65,700,000

9.2. Share trading information

9.2. table. Share trading information

Reported period	Price, LTL				Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	LTL
2010	**2.850**	**0.920**	**2.676**	**1.653**	**643,163**	**0**	**7,054**	**7,939,060**	**13,127,02**
2011, I Q	2.997	2.486	2.883	2.746	593,054	0	22,989	1,221,311	3,354,105
2011, II Q	2.987	2.555	2.624	2.822	251,419	360	8,948	463,059	1,306,703
2011, III Q	2.745	1.726	1.823	2.076	223,677	0	9,137	753,319	1,564,106
2011, IV Q	1.937	1.554	1.595	1.746	41,693	0	4,142	328,401	573,445
2011	**2.997**	**1.554**	**1.595**	**2.458**	**593,054**	**0**	**4,142**	**2,766,090**	**6,798,360**
2012, I Q	2.120	1.595	1.989	1.950	417,134	0	2,995	1,142,755	2,228,267
2012, II Q	1.999	1.761	1.816	1.854	100,495	0	2,177	372,658	691,007
2012, III Q	1.975	1.816	1.844	1.902	64,688	0	2,404	329,661	626,890
2012, IV Q	1.951	1.802	1.899	1.861	107,318	0	6,812	294,869	548,774
2012	**2.120**	**1.595**	**1.899**	**1.914**	**417,134**	**0**	**6,812**	**2,139,943**	**4,094,938**
2013, I Q	2.165	1.934	2.099	2.091	192,333	0	39,187	635,718	1,329,516
2013, II Q	2.103	1.944	2.013	2.014	70,459	1,038	4,485	384,097	773,749
2013, III Q	2.282	1.992	2.175	2.146	119,591	0	16,291	705,898	1,515,028
2013, IV Q	2.441	2.106	2.441	2.215	873,460	0	96,149	1,764,603	3,908,303
2013	**2.441**	**1.934**	**2.441**	**2.156**	**873,460**	**0**	**96,149**	**3,490,316**	**7,526,595**
2014, I Q	2.745	2.382	2.521	2.582	336,995	0	6,878	1,173,593	3,030,465
2014, II Q	2.811	2.400	2.755	2.568	840,130	0	6,890	1,340,247	3,441,555
2014, III Q	2.918	2.755	2.900	2.832	268,642	0	0	757,732	2,146,076

9.2. figure. Share price and turnover 01.01.2004 – 30.09.2014.



9.3. Capitalisation of the Company's shares

9.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
31.12.2010	**160,560,000**
31.03.2011	172,980,000
30.06.2011	157,440,000
30.09.2011	109,380,000
31.12.2011	**95,700,000**
31.03.2012	119,340,000
30.06.2012	108,960,000
30.09.2012	110,640,000
31.12.2012	**113,940,000**
31.03.2013	125,940,000
30.06.2013	132,254,100
30.09.2013	142,897,500
31.12.2013	**160,373,700**
31.03.2014	165,629,700
30.06.2014	181,003,500
30.09.2014	190,530,000

9.4. 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.

9.5. Own shares buy out

The Company has not bought out own shares.

9.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

9.7. Official takeover bid

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

10. EMPLOYEES

Over the nine months of the year 2014 the number of the Group employees fluctuated naturally.

10.1. table. Number of employees of the Group

	30.09.2014	31.12.2013
Number of employees	812	878

10.2. table. Number of employees of the Company

	30.09.2014	31.12.2013
Number of employees	323	302

10.3. table. Average number of employees, salary and grouping of employees by education of the Group during the nine months of 2014.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2,517	48	186	357	16
Managers	8,231	58	6	5	-
Specialists	3,725	119	31	11	-
Total	**3,216**	**225**	**222**	**373**	**16**

10.4. table. Average number of employees, salary and grouping of employees by education of the Group during the nine months of 2013.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2,233	44	193	375	30
Managers	6,706	74	10	2	-
Specialists	3,318	118	35	6	-
Total	**2,937**	**236**	**238**	**383**	**30**

10.5. table. Average number of employees, salary and grouping of employees by education of the Company during the nine months of 2014.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	3,010	19	59	116	8
Managers	9,642	23	4	1	-
Specialists	4,184	58	10	7	-
Total	**3,894**	**99**	**73**	**124**	**8**

10.6. table. Average number of employees, salary and grouping of employees by education of the Company during the nine months of 2013.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2,681	18	49	113	9
Managers	8,892	24	4	1	-
Specialists	3,817	59	14	4	-
Total	**3,601**	**101**	**67**	**118**	**9**

11. 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.

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 (the President), 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	Education	Tenure	Capital share and votes, %
SUPERVISORY COUNCIL				
Norimantas Stankevičius	Chairman	University	Since 26 April 2011 until the annual General Meeting, to be held in 2015	4.41
Algimantas Goberis	Member	College		-
Romaldas Juškevičius	Member	University		-
Tautvilas Adamonis	Member	University		-
Daiva Duksienė	Member	University		-
BOARD				
Gintautas Pangonis	Chairman	University	Since 26 April 2011 until the annual General Meeting, to be held in 2015	-
Nina Šilerienė	Member	University		0.24
Vigmantas Kažukauskas	Member	University		0.32
Normantas Paliokas	Member	University		-
Vytautas Juška	Member	University		-
ADMINISTRATION				
Gintautas Pangonis	President	University	-	-
Nina Šilerienė	Vice President, Finance	University	-	0.24
Vigmantas Kažukauskas	Vice President, Business Development	University	-	0.32
Vytautas Juška	Vice President, Purchasing & Logistics	University	-	-
Robertas Krutikovas	Director General	University	-	0.31

12.2. Information of the Chairman of the Board, President and Vice President, Finance

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

Employers	Positions
Grigiškės AB	Director general, chairman of the board
Grigiškės AB	President, chairman of the board

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

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

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

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Project director	Didma UAB	51.00
			Naras UAB	62.48
			Bakenas, UAB	100.00
			Statybų namai, UAB	62.00
			Technikos namai, UAB	62.00
	Grigiškės AB	Chairman of the supervisory council	Grigiškės AB	4.41
Algimantas Goberis	Grigiškės AB	Member of the supervisory council		
Romaldas Juškevičius	Grigiškės AB	Member of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director General	Remada UAB	100.0
	Grigiškės AB	Member of the supervisory council		
	Remados statyba UAB	Director	Remados statyba UAB	100.0
Daiva Duksienė	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis	Grigiškės AB	President	Ginvildos investicija UAB	79.0
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman of the board		
	Klaipėda Recycling UAB	Chairman of the board		
	Mena Pak PAT	Chairman of the Supervisory council		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	**Positions**	**Name of enterprise, agency and organisation**	**Capital share and votes, %**
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Vice president, Business Development	Grigiškės AB	0.32
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Baltwood UAB	Member of the board		
	Naujieji Verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Director		
	Ekotara UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	AGR Prekyba UAB	Director		
Vytautas Juška	Grigiškės AB	Vice president, Purchasing & Logistics		
	Grigiškės AB	Member of the board		
	Baltwood UAB	Member of the board		
	Klaipėda Recycling UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		
Nina Šilerienė	Grigiškės AB	Vice President, Finance	Grigiškės AB	0.24
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		

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

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

13. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigiskes AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2013 has not undergone any changes.

14. REVIEW OF ACTYVITY OF THE GROUP COMPANIES

14.1. Material events in the Issuer's activities

This section contains summary of all GRIGIŠKĖS AB published reports on material event. Full text of reports could be found on the Company's website:
http://www.grigiskes.lt/en/for_investors/material_events/2014_m/.

02.01.2014 GRIGISKES AB has received notification from managers of the Company and related parties on the transactions in issuer's securities.

24.02.2014 During the twelve months of 2013, the Group achieved the consolidated sales turnover of LTL 328.8 million (EUR 95.2 million). During the same period in question, the Company's sales amounted to LTL 148.6 million (EUR 43.0 million).
During the reporting period, the Group earned LTL 15.4 million (EUR 4.5 million) and the Company earned LTL 7.1 million (EUR 2.1 million) profit before taxes.

01.04.2014 The Annual General Meeting of Shareholders of GRIGISKES AB is convened by initiative and the decision of the Board of GRIGIŠKĖS AB on 24 April 2014 at 11 a.m.

15.04.2014 According to unaudited data during the three months of 2014, the Group achieved the consolidate sales turnover of LTL 86.2 million (EUR 25 million). During the same period in question, the Company's sales amounted to LTL 38.7 million (EUR 11.2 million).

24.04.2014 The General Meeting of Shareholders of GRIGIŠKĖS AB was held on 24.04.2014. The meeting heard the consolidated annual report of the Company for the year 2013 and the auditor's report for the year 2013 and made decisions on other matters in question.

30.04.2014 During the three months of 2014, the Group achieved the consolidated sales turnover of LTL 86.2 million (EUR 25 million). During the same period in question, the Company's sales amounted to LTL 38.7 million (EUR 11.2 million).
During the reporting period, the Group earned LTL 3.9 million (EUR 1.1 million) and the Company earned LTL 1.4 million (EUR 0.4 million) profit before taxes.

22.05.2014 Klaipedos Kartonas AB, a subsidiary of GRIGISKES AB, has successfully completed the construction of a new biofuel boiler and began to operate it. This modern 17.5 MW boiler will enable the company to have an up to 100 per cent supply of green energy produced by burning wood waste bought by the company.

30.05.2014 GRIGISKES AB has received notifications from Rosemount Holdings LLC on the disposal of voting rights and from Akitta Investment Limited on the acquisition of voting rights.

06.06.2014 GRIGISKES AB has received notification from managers of the Company and related parties on the transactions in issuer's securities.

13.06.2014 GRIGISKES AB has received notification from managers of the Company and related parties on the transactions in issuer's securities.

29.07.2014 During the 1st half of 2014, the Group achieved the consolidated sales turnover of LTL 175.3 million (EUR 50.8 million). During the same period in question, the Company's sales amounted to LTL 81.1 million (EUR 23.5 million).
During the reporting period, the Group earned LTL 10.9 million (EUR 3.2 million) and the Company earned LTL 4.8 million (EUR 1.4 million) profit before taxes.

06.08.2014 GRIGISKES AB has received notification from managers of the Company and related parties on the transactions in issuer's securities.

17.09.2014 During the eight months of 2014, the Group achieved the consolidated sales turnover of LTL 232.3 million (EUR 67.3 million). During the same period in question, the Company's sales amounted to LTL 109.5 million (EUR 31.7 million).
During the reporting period, the Group earned LTL 14.6 million (EUR 4.2 million) and the Company earned LTL 6.2 million (EUR 1.8 million) profit before taxes.

17.09.2014 On 17th and 24th of September, Mr. Gintautas Pangonis, the president of GRIGISKES AB, is present in seminar and at webinar organized by the magazine "Investuok".

23.09.2014 GRIGISKES AB has signed contract with an audit company KPMG Baltic, UAB for the Company's and Group's annual financial statements audit for years 2014 and 2015.

14.2. Newest events in the Issuer's activities

There aren't.

14.3. Offices and branches

Company has Country marketing representatives operating in Latvia and Estonia. No new offices or branches are planned to open in 2014.

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2013. There are no material changes in financial risk management during nine months of year 2014.

14.5. Suppliers

14.5.1 table. Countries of suppliers of main raw materials and materials for the Company over the nine months of the year

Supplier's country	2014	2013
	%	%
Lithuania	53.4	67.1
Italy	26.9	3.9
Estonia	4.5	5.7
Poland	3.2	2.4
Sweden	2.4	0.3
Germany	2.0	2.3
Finland	2.0	8.6
Austria	1.5	0.5
Belarus	1.2	1.1
Hungary	0.8	0.0
Latvia	0.5	0.7
Spain	0.4	0.2
Russia	0.3	4.3
Bulgaria	0.3	2.3
Other countries	0.6	0.6
TOTAL	**100.0**	**100.0**

14.6. Segment information

For management purposes, the Group is organized into three and the Company is organized into two operating business units based on their products produced and have three reportable segments: paper, hardboard and wood processing, raw material for corrugated cardboard and related production:

14.6.1. table. Consolidated segments of the Group over the nine months of the year 2014

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	Eliminations	TOTAL
Sales	81,736,241	53,458,777	125,609,789	1,009,150	-	**261,813,957**
Sales between segments	-	(7,681,400)	(16,807,336)	(12,441,564)	36,930,300	**-**
Non-consolidated segment sales	81,736,241	61,140,177	142,417,125	13,450,714	(36,930,300)	**261,813,957**
Cost of sales	(64,826,240)	(42,057,502)	(104,907,237)	(806,788)	-	**(212,597,767)**
Gross profit	**16,910,001**	**10,868,333**	**20,702,552**	**202,362**	**-**	**49,216,190**
Depreciation and amortization	6,443,433	3,208,585	8,789,913	2,790,288	-	**21,232,219**
Segment property, plant and equipment and intangible assets	84,826,216	25,984,653	95,260,138	39,627,436	-	**245,698,443**
Goodwill	-	-	10,362,101	-	-	**10,362,101**
Segment capital expenditure	34,756,148	3,063,677	13,207,407	6,499,121	-	**57,526,353**

14.6.2. table. Segments of the Company over the nine months of the year 2014

	Paper and paper products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	81,736,241	28,558,040	13,450,714	**123,744,995**
Cost of sales	(64,826,240)	(24,377,933)	(12,885,478)	**(102,089,651)**
Gross profit	**16,910,001**	**4,180,107**	**565,236**	**21,655,344**
Depreciation and amortization	6,443,433	2,633,390	2,790,288	**11,867,111**
Segment property, plant and equipment and intangible assets	84,826,216	17,570,009	39,627,436	**142,023,661**
Segment capital expenditure	34,756,148	1,143,387	6,499,121	**42,398,656**

14.6.3. table. Consolidated segments of the Group over the nine months of the year 2013

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	Eliminations	TOTAL
Sales	71,673,214	56,247,628	115,764,558	775,261	-	**244,460,661**
Sales between segments	(11,039)	(7,359,160)	(11,671,621)	(14,662,970)	33,704,790	**-**
Non-consolidated segment sales	71,684,253	63,606,788	127,436,179	15,438,231	(33,704,790)	**244,460,661**
Cost of sales	(56,543,792)	(45,822,029)	(102,501,819)	(597,078)	-	**(205,464,718)**
Gross profit	**15,129,422**	**10,425,599**	**13,262,739**	**178,183**	**-**	**38,995,943**
Depreciation and amortization	6,097,906	3,378,151	7,617,037	3,205,510	-	**20,298,604**
Segment property, plant and equipment and intangible assets	53,564,304	25,142,597	79,676,772	33,316,222	-	**191,699,895**
Goodwill	-	-	10,362,101	-	-	**10,362,101**
Segment capital expenditure	10,681,196	580,150	7,185,315	4,937,464	-	**23,384,125**

14.6.4. table. Segments of the Company over the nine months of the year 2013

	Paper and paper products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	71,673,214	21,360,540	15,438,231	**108,471,985**
Cost of sales	(56,543,792)	(19,140,199)	(14,566,531)	**(90,250,522)**
Gross profit	**15,129,422**	**2,220,341**	**871,700**	**18,221,463**
Depreciation and amortization	6,097,906	2,561,945	3,205,510	**11,865,361**
Segment property, plant and equipment and intangible assets	53,564,304	19,483,814	33,316,222	**106,364,340**
Segment capital expenditure	10,681,196	44,641	4,937,464	**15,663,301**

14.6.5. table. Group's and Company's countries of sales

Country	Group				Company			
	nine months of 2014		nine months of 2013		nine months of 2014		nine months of 2013	
	thousand litas	%	thousand litas	%	thousand litas	%	thousand litas	%
Lithuania	83,921	32.05	84,979	34.76	61,336	49.57	56,853	52.41
Latvia	18,491	7.06	19,240	7.87	13,891	11.23	11,396	10.51
Poland	65,018	24.83	42,642	17.44	12,032	9.72	6,624	6.11
Sweden	7,464	2.85	9,579	3.92	3,354	2.71	3,704	3.41
Denmark	9,420	3.60	11,704	4.79	8,330	6.73	10,368	9.56
Estonia	21,306	8.14	13,567	5.55	11,033	8.92	7,843	7.23
The Netherlands	3,899	1.49	971	0.40	1,861	1.50	-	-
Slovakia	660	0.25	2,183	0.89	515	0.42	1,421	1.31
Finland	9,169	3.50	8,695	3.56	5,174	4.18	4,424	4.08
Great Britain	-	-	3,620	1.48	-	-	-	-
Norway	285	0.11	79	0.03	285	0.23	79	0.07
Czech Republic	2,880	1.10	842	0.34	101	0.08	-	-
Germany	5,036	1.92	1,295	0.53	464	0.37	74	0.07
Belarus	9,380	3.58	7,595	3.11	1,394	1.13	1,259	1.16
Hungary	2,118	0.81	2,111	0.86	869	0.70	1,028	0.95
Italy	2,532	0.97	3,119	1.28	-	-	-	-
France	231	0.09	557	0.23	-	-	-	-
Ukraine	15,641	5.97	25,668	10.50	1,535	1.24	1,241	1.14
Russia	2,901	1.11	4,122	1.69	1,145	0.93	1,714	1.58
Other countries	1,462	0.56	1,893	0.77	426	0.34	444	0.41
Total	**261,814**	**100.00**	**244,461**	**100.00**	**123,745**	**100.00**	**108,472**	**100.00**

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

The Board meeting on December 19, 2013 approved budget for the year 2014.
It is planned that the Group which consists of companies GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Mena Pak PAT and Klaipeda Recycling UAB in the year 2014 will reach a turnover of LTL 360 Mio (EUR 104.3 Mio). The Group's profit before taxes will reach LTL 20 Mio (EUR 5.8 Mio). It is also planned that EBITDA of the Group will reach LTL 51 Mio (EUR 14.8 Mio) in 2014.
It planned that GRIGISKES AB in the year 2014 will reach a turnover of LTL 170 Mio (EUR 49.2 Mio). The company will earn a profit before taxes of LTL 7.5 Mio (EUR 2.2 Mio). It is also planned that EBITDA of GRIGISKES AB will reach LTL 24 Mio (EUR 6.95 Mio) in 2014.
These goals will be achieved by expanding the Group's sales in the local and foreign markets. The profitability will be increased by implementing energy-saving and energy cost reduction investment projects.
These forecasts are not audited.

14.8. Financial indicators

14.8.1. table. Group's financial indicators

Financial ratios	nine months of 2010, not audited	nine months of 2011, not audited	nine months of 2012, not audited	nine months of 2013, not audited	nine months of 2014, not audited
EBITDA	24,075,882	31,170,054	28,232,803	32,777,858	41,069,764
EBITDA profitability	14.2%	13.3%	12.9%	13.4%	15.7%
Gross margin	11.3%	14.2%	15.3%	16.0%	18.8%
Operating margin	5.0%	6.0%	5.2%	5.4%	8.0%
Net margin	3.4%	3.0%	4.0%	4.5%	6.6%
ROE, %	8.3%	8.0%	8.6%	9.5%	13.1%
ROA, %	3.4%	3.0%	3.5%	4.2%	5.8%
Current ratio	0.91	0.89	1.03	0.95	0.96
Quick ratio	0.64	0.62	0.70	0.66	0.65
Cash to current liabilities	0.039	0.014	0.013	0.035	0.020
P/E	20.14	15.25	12.64	11.85	10.13
Earnings per share	0.097	0.120	0.15	0.18	0.29
Debt to equity ratio	1.94	1.54	1.33	1.07	1.24
Debt to total assets ratio	0.65	0.58	0.55	0.50	0.52

14.8.2. table. Company's financial indicators

Financial ratios	nine months of 2010, not audited	nine months of 2011, not audited	nine months of 2012, not audited	nine months of 2013, not audited	nine months of 2014, not audited
EBITDA	12,446,860	16,128,061	16,188,130	17,689,863	20,117,698
EBITDA profitability	13.7%	13.4%	19.9%	16.3%	16.3%
Gross margin	10.4%	12.7%	18.1%	16.8%	17.5%
Operating margin	2.1%	4.6%	9.8%	6.1%	7.3%
Net margin	1.2%	3.5%	8.6%	5.2%	6.4%
ROE, %	1.6%	5.2%	7.3%	5.3%	6.8%
ROA, %	0.9%	2.8%	4.5%	3.3%	4.0%
Current ratio	0.90	0.73	0.91	0.96	0.89
Quick ratio	0.68	0.51	0.70	0.72	0.65
Cash to current liabilities	0.005	0.006	0.003	0.007	0.024
Earnings per share	0.018	0.070	0.12	0.09	0.13
Debt to equity ratio	0.81	0.76	0.58	0.47	0.75
Debt to total assets ratio	0.43	0.41	0.35	0.30	0.40

14.9. Related party transactions

All transactions with related persons were carried out at market prices.
Klaipėdos kartonas AB – subsidiary of Grigiškės AB.
Baltwood UAB – subsidiary of Grigiškės AB.
Mena Pak PAT – subsidiary of Grigiškės AB.
AGR Prekyba UAB – subsidiary of Grigiškės AB.
Ginvildos Investicija UAB – major shareholders of Grigiškės AB.
Didma UAB, Remada UAB and Naras UAB – companies related to companies related to the members of Supervisory Council.
Ekotara UAB – subsidiary of the group not subject to consolidation.
Naujieji Verkiai UAB – subsidiary of the group not subject to consolidation.
Klaipėda Recycling UAB – subsidiary of Grigiškės AB.
Grigiškių energija UAB – subsidiary of the group not subject to consolidation.

14.9.1. table. Group's transactions with related persons over the nine months of 2014. Balances of amounts receivable/payable in relation thereto on the 30th of September 2014 (LTL)

	Sales of goods and services	Purchase of goods and services	Amounts receivable	Amounts payable
Ginvildos Investicija UAB	20,000	279,410	-	42,756
Didma UAB	374,143	747,380	-	298,383
Naujieji Verkiai UAB	7,020	-	770	-
Total	**401,163**	**1,026,790**	**770**	**341,139**

14.9.2. table. Company's transactions with related persons over the nine months of 2014. Balances of amounts receivable/payable in relation thereto on the 30th of September 2014 (LTL)

	Sales of goods and services	Purchase of goods and services	Amounts receivable	Amounts payable
Baltwood UAB	13,390,667	7,289,488	767,705	-
Ginvildos Investicija UAB	20,000	143,880	-	21,030
Didma UAB	918	679,529	-	282,481
Klaipėda Recycling UAB	285,336	1,212,906	739,616	-
Klaipėdos kartonas AB	131,180	13,371,641	1,344,391	2,385,409
Naujieji Verkiai UAB	7,020	-	770	-
Total	**13,835,121**	**22,697,444**	**2,852,482**	**2,688,920**

15. FINANCIAL INFORMATION

15.1. Statement of financial position

LTL

	Notes	The Group		The Company	
		30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
ASSETS					
Non-current assets:					
Property, plant and equipment	15.7.	237,966,023	204,425,907	137,870,586	107,081,287
Investment property	15.8.	3,015,834	3,097,468	3,015,834	3,097,468
Intangible assets	15.9.	15,078,687	15,943,355	1,137,241	1,312,395
Investments into subsidiaries	15.10	-	-	40,755,923	40,755,923
Investments into other companies		100,000	-	100,000	-
Non-current receivables		1,648,009	613,835	5,262,308	1,487,305
Deferred income tax assets		-	-	363,431	323,631
TOTAL NON-CURRENT ASSETS		**257,808,553**	**224,080,565**	**188,505,323**	**154,058,009**
CURRENT ASSETS:					
Cash and cash equivalents	15.12	1,457,005	2,494,118	868,958	288,460
Accounts receivables	15.11	42,543,049	40,533,006	20,480,635	19,132,988
Inventories	15.13	22,660,789	24,635,960	8,652,656	9,600,139
Other assets		1,781,163	885,313	2,372,451	2,133,367
Current tax assets		387,289	338,567	-	85,817
TOTAL CURRENT ASSETS		**68,829,295**	**68,886,964**	**32,374,700**	**31,240,771**
TOTAL ASSETS		**326,637,848**	**292,967,529**	**220,880,023**	**185,298,780**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15.14	65,700,000	65,700,000	65,700,000	65,700,000
Share premium		3,863,357	3,863,357	3,863,357	3,863,357
Legal reserve		5,656,030	5,322,763	5,656,030	5,322,763
Foreign currency translation reserve		(4,196,119)	(963,091)	-	-
Retained earnings		64,226,890	50,889,981	44,163,485	39,867,674
Non-controlling interests		2,225,264	2,172,560	-	-
TOTAL EQUITY		**137,475,422**	**126,985,570**	**119,382,872**	**114,753,794**
GRANTS AND SUBSIDIES		**18,691,625**	**14,149,996**	**12,292,842**	**8,851,957**
NON-CURRENT LIABILITIES:					
Non-current borrowings	15.15	91,495,093	59,106,353	41,535,541	19,766,430
Financial lease obligations		4,429,050	2,149,937	2,230,441	1,845,366
Loans to subsidiaries and associated companies		-	-	8,500,000	4,000,000
Deferred income tax liability		2,135,021	2,159,712	-	-
Non-current employee benefits		766,807	766,807	303,806	303,806
Long-term trade and other payables		124,301	124,301	318,032	203,995
TOTAL NON-CURRENT LIABILITIES		**98,950,272**	**64,307,110**	**52,887,820**	**26,119,597**
CURRENT LIABILITIES:					
Current portion of long term loans	15.15	2,724,647	12,249,759	948,403	4,944,803
Current borrowings	15.15	9,672,571	8,538,212	7,095,641	8,144,336
Current portion of financial lease obligations		716,450	1,349,810	312,606	1,098,956
Income tax payable		692,772	449,112	69,808	-
Trade and other payable	15.16	57,714,089	64,937,960	27,890,031	21,385,337
TOTAL CURRENT LIABILITIES		**71,520,529**	**87,524,853**	**36,316,489**	**35,573,432**
TOTAL EQUITY AND LIABILITIES		**326,637,848**	**292,967,529**	**220,880,023**	**185,298,780**

15.2. Statements of comprehensive income

LTL

	Notes	The Group				The Company			
		January – September 2014	**January – September 2013**	**July – September 2014**	**July – September 2013**	**January – September 2014**	**January – September 2013**	**July – September 2014**	**July – September 2013**
Revenue		261,813,957	244,460,661	86,465,276	88,093,347	123,744,995	108,471,985	42,616,315	40,555,837
Cost of sales		212,597,767	205,464,718	68,076,078	71,708,585	102,089,651	90,250,522	34,451,067	33,325,789
Gross profit		**49,216,190**	**38,995,943**	**18,389,198**	**16,384,762**	**21,655,344**	**18,221,463**	**8,165,248**	**7,230,048**
Other operating income	15.17.	2,073,267	1,145,331	509,904	405,040	1,775,441	721,712	375,939	217,228
Selling and distribution expenses		19,024,449	17,375,784	6,616,230	6,147,758	8,681,167	7,290,214	3,050,136	2,744,427
General and administrative expenses		10,907,094	9,330,560	3,403,626	3,024,962	5,030,259	4,859,493	1,455,965	1,530,083
Other operating expenses	15.18.	497,793	168,506	69,870	28,485	704,302	198,249	128,987	90,231
Profit from operations		**20,860,121**	**13,266,424**	**8,809,376**	**7,588,597**	**9,015,057**	**6,595,219**	**3,906,099**	**3,082,535**
Other finance income		46,531	26,960	16,804	(119,323)	131,232	26,412	47,980	18,812
Other finance expenses		2,013,972	1,547,909	826,571	371,892	749,436	567,813	315,095	183,413
Profit before income tax		**18,892,680**	**11,745,475**	**7,999,609**	**7,097,382**	**8,396,853**	**6,053,818**	**3,638,984**	**2,917,934**
Income tax		1,722,202	734,887	737,069	346,569	482,775	425,730	281,028	191,000
NET PROFIT		**17,170,478**	**11,010,588**	**7,262,540**	**6,750,813**	**7,914,078**	**5,628,088**	**3,357,956**	**2,726,934**
Other									
Exchange differences on translation of foreign operations		(3,233,028)	(340,073)	(115,825)	(383,542)	-	-	-	-
Total comprehensive income for the year, net of tax		**13,937,450**	**10,670,515**	**7,146,715**	**6,367,271**	**7,914,078**	**5,628,088**	**3,357,956**	**2,726,934**
Profit attributable to:									
The shareholders of the Company		16,955,176	10,937,967	7,157,458	6,652,436	7,914,078	5,628,088	3,357,956	2,726,934
Non-controlling interests		215,302	72,621	105,082	98,377	-	-	-	-
Total of attributable profit		**17,170,478**	**11,010,588**	**7,262,540**	**6,750,813**	**7,914,078**	**5,628,088**	**3,357,956**	**2,726,934**
Comprehensive income attributable to:									
The shareholders of the Company		13,722,148	10,597,894	7,041,633	6,268,894	7,914,078	5,628,088	3,357,956	2,726,934
Non-controlling interests		215,302	72,621	105,082	98,377	-	-	-	-
Total attributable comprehensive income		**13,937,450**	**10,670,515**	**7,146,715**	**6,367,271**	**7,914,078**	**5,628,088**	**3,357,956**	**2,726,934**
Basic and diluted earnings per share		**0.258**	**0.17**	**0.109**	**0.10**	**0.120**	**0.09**	**0.051**	**0.04**

15.3. Statement of changes in equity

LTL

The Group	Share capital	Share premium	Legal reserve	Rate of exchange influence	Non-controllin g interest	Retained earnings	Total
31 December 2012	**60,000,000**	**-**	**4,898,670**	**(354,420)**	**2,100,568**	**39,461,183**	**106,106,001**
Transfer to legal reserve	-	-	424,093	-	-	(424,093)	**-**
Increase in share capital	5,700,000	3,863,357	-	-	-	-	**9,563,357**
Dividends paid	-	-	-	-	-	(1,200,000)	**(1,200,000)**
Other comprehensive income (expenses)	-	-	-	(340,073)	-	-	**(340,073)**
Net profit	-	-	-	-	72,621	10,937,967	**11,010,588**
30 September 2013	**65,700,000**	**3,863,357**	**5,322,763**	**(694,493)**	**2,173,189**	**48,775,057**	**125,139,873**
Other comprehensive income (expenses)	-	-	-	(268,598)	(26,257)	-	**(294,855)**
Net profit	-	-	-	-	25,628	2,114,924	**2,140,552**
31 December 2013	**65,700,000**	**3,863,357**	**5,322,763**	**(963,091)**	**2,172,560**	**50,889,981**	**126,985,570**
Transfer to legal reserve	-	-	333,267	-	-	(333,267)	**-**
Dividends paid	-	-	-	-	(162,598)	(3,285,000)	**(3,447,598)**
Other comprehensive income (expenses)	-	-	-	(3,233,028)	-	-	**(3,233,028)**
Net profit	-	-	-	-	215,302	16,955,176	**17,170,478**
30 September 2014	**65,700,000**	**3,863,357**	**5,656,030**	**(4,196,119)**	**2,225,264**	**64,226,890**	**137,475,422**

LTL

The Company	Share capital	Share premium	Legal reserve	Other reserves	Rate of exchange influence	Retained earnings	Total
31 December 2012	**60,000,000**	**-**	**4,898,670**	**-**	**-**	**34,826,430**	**99,725,100**
Transfer to legal reserve	-	-	424,093	-	-	(424,093)	**-**
Increase in share capital	5,700,000	3,863,357	-	-	-	-	**9,563,357**
Dividends paid	-	-	-	-	-	(1,200,000)	**(1,200,000)**
Net profit	-	-	-	-	-	5,628,088	**5,628,088**
30 September 2013	**65,700,000**	**3,863,357**	**5,322,763**	**-**	**-**	**38,830,425**	**113,716,545**
Net profit	-	-	-	-	-	1,037,249	**1,037,249**
31 December 2013	**65,700,000**	**3,863,357**	**5,322,763**	**-**	**-**	**39,867,674**	**114,753,794**
Transfer to legal reserve	-	-	333,267	-	-	(333,267)	**-**
Dividends paid	-	-	-	-	-	(3,285,000)	**(3,285,000)**
Net profit	-	-	-	-	-	7,914,078	**7,914,078**
30 September 2014	**65,700,000**	**3,863,357**	**5,656,030**	**-**	**-**	**44,163,485**	**119,382,872**

15.4. Statements of cash flows

LTL

	The Group		The Company	
	30.09.2014	**30.09.2013**	**30.09.2014**	**30.09.2013**
OPERATING ACTIVITIES				
Profit before income tax	18,892,680	11,745,475	8,396,853	6,053,818
Adjustments for:				
Depreciation and amortization	20,209,643	19,511,434	11,102,641	11,094,644
Elimination of financial activity results	1,967,441	1,520,949	618,204	541,401
Loss (profit) on disposal of fixed assets	(231,414)	(57,812)	(189,993)	(47,752)
Loss (profit) on disposal of emission rights	(871,832)	(48,394)	(871,832)	-
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(378,359)	(17,420)	(378,359)	-
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	349,637	(400,203)	(101,514)	-
Property, plant and equipment impairment losses (reversal)	(3,128)	-	(3,128)	-
TOTAL	**39,934,668**	**32,254,029**	**18,572,872**	**17,642,111**
Changes in current assets and liabilities:				
(Increase) decrease in other assets	(895,850)	(1,521,749)	(239,084)	(685,715)
Decrease (increase) in trade and other accounts receivables	(3,393,854)	(10,511,298)	(5,021,136)	(6,135,616)
Decrease (increase) in inventories	3,891,862	182,585	1,325,888	(512,547)
Increase (decrease) in trade and other accounts payable	(9,849,139)	5,905,449	6,292,986	(246,407)
TOTAL	**(10,246,981)**	**(5,945,013)**	**2,358,654**	**(7,580,285)**
Interest paid	(1,496,895)	(1,357,543)	(598,469)	(470,925)
Income tax paid	(630,000)	(478,803)	-	(478,803)
Net cash from operating activities	**27,560,792**	**24,472,670**	**20,333,057**	**9,112,098**
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(54,311,053)	(23,167,465)	(41,959,140)	(15,536,441)
Investments in other companies	(100,000)	-	(100,000)	-
Proceeds on disposal noncurrent assets	455,099	116,877	190,000	56,592
Grants and subsidies received	5,517,881	3,761,105	4,159,031	1,780,000
Proceeds on disposal of emission rights	871,832	48,394	871,832	-
Interest received	-	9,163	-	9,163
Repayment of loans granted	-	-	-	-
Net cash (used in) investing activities	**(47,566,241)**	**(19,231,926)**	**(36,838,277)**	**(13,690,686)**
FINANCING ACTIVITIES				
Dividends paid	(3,447,598)	(1,200,000)	(3,285,000)	(1,200,000)
Repayments of loans and mortgages	(8,553,212)	(8,422,321)	(3,024,500)	(3,027,192)
Proceeds from loans and mortgages	31,416,840	2,332,502	20,797,211	1,780,928
Issue of shares	-	9,563,357	-	9,563,357
Short-term loans increase (decrease)	1,134,359	(3,264,409)	(1,048,695)	(4,045,859)
Loans received from subsidiaries and related persons	-	-	4,500,000	4,000,000
Repayments of finance lease liabilities	(1,582,053)	(2,969,543)	(853,298)	(2,473,358)
Net cash (used in) financing activities	**18,968,336**	**(3,960,414)**	**17,085,718**	**4,597,876**
Net (decrease)/increase in cash	**(1,037,113)**	**1,280,330**	**580,498**	**19,288**
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	**2,494,118**	**1,239,577**	**288,460**	**195,749**
CASH AND CASH EQUIVALENTS END OF THE PERIOD	**1,457,005**	**2,519,907**	**868,958**	**215,037**

15.5. Basis of preparation

The financial statements of the Group and the Company are prepared in accordance with International Financial Reporting Standards effective as at 31 December 2013 that have been adopted for use in the European Union.

These financial statements have been prepared on a historical cost basis.

Changes in accounting policies

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 2 to all periods presented in these consolidated and separate financial statements.

The Group and the Company have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group and the Company have included additional disclosures in this regard (see Notes 6 (Investment property) and 3 (Financial instruments – fair values and risk management)).

In accordance with the transitional provisions of IFRS 13, the Group and the Company have applied the new fair value measurement guidance prospectively and have not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's and the Company's assets and liabilities.

Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group and the Company have modified the presentation of items in the statement of other comprehensive income, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

Other amendments to standards

The following amendments to standards with effective date of 1 January 2013 did not have any significant impact on these consolidated and separated financial statements:

Amendment to IFRS 7 – Offsetting of Financial Assets and Liabilities;

Amendment to IAS 19 (2011) – Employee Benefits;

Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

New standards and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated and separate financial statements. Those which may be relevant to the Group and the Company as well as management's judgements regarding the possible impact of initial application of new and revised standards and interpretations are set out below. The Group and the Company do not plan to adopt these amendments, standards and interpretations early.

i. *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities (2011)*

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees. The Group does not expect the new standard to have any impact on the financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.

Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.

The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity-accounted.

The Group does not expect IFRS 11 to have material impact on the financial statements since it is not a party to any joint arrangements.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group does not expect the new Standard will have a material impact on the financial statements.

These standards are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

ii. *IAS 27 (2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)*

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. Also, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the presentation of consolidated financial statements, which have been incorporated into IFRS 10, Consolidated Financial Statements. The Company does not expect IAS 27 (2011) to have a material impact on the financial statements, since it does not result in a change in the Company's accounting policy.

iii. *IAS 28 (2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)*

There are limited amendments to IAS 28 (2008) which are related to associates and joint ventures held for sale and changes in interest held in associates and joint ventures. The Group and the Company do not expect the amendments to Standard to have material impact on the financial statements since they do not have any significant investments in associates or joint ventures that will be impacted by the amendments.

iv. *Amendments to IAS 32 on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)*

Amendments to IAS 32 (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively) clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Group and the Company do not expect the Amendments to have any impact on the financial statements since the Group and the Company do not apply offsetting to any of their financial assets and financial liabilities and have not entered into master netting arrangements.

v. *Amendments to IFRS 10, IFRS 12 and IAS 27 on Investment Entities (effective for annual periods beginning on or after 1 January 2014)*

The Amendments provide an exception to the consolidation requirements in IFRS 10 and require qualifying investment entities to measure their investments in controlled entities, as well as investments in associates and joint ventures at fair value through profit or loss, rather than consolidating them. The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated. An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. The Group and the Company do not expect the new standard to have any impact on the financial statements, since the Group and the Company do not qualify as investment entities.

vi. *Amendments to IAS 36 on Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014)*

The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period. The Amendments also require additional disclosures related to fair value hierarchy when an impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs of disposal. The Group and the Company do not expect the new Standard will have a material impact on the financial statements.

vii. *Amendments to IAS 39 on Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)*

The Amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when certain criteria are met. The Group and the Company do not expect the new standard to have any impact on the financial statements, since the Group and the Company do not apply hedge accounting.

Going concern

These financial statements for the year ended 31 December 2013 have been prepared under the assumption that the Group and the Company will continue as a going concern. The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of credit facilities to meet its commitments at a given date in accordance with its strategic plans. As at 31 December 2013 current liabilities of the Group and the Company exceeded their current assets by LTL 18,638 thousand and LTL 4,333 thousand respectively.

Liquidity management plans are based on further improvement of the Group's and the Company's results and on extension of repayment schedules of current liabilities. As disclosed in Note 13, as at 31 December 2013 the Group and the Company had unused non-current borrowings and overdrafts of LTL 52,144 thousand and LTL 37,138 thousand, respectively. As at 31 December 2013, under effective loan agreements current loans of the Company amounting to LTL 8,144 thousand and current loans of the Group amounting to LTL 8,538 thousand mature in 2014. The Group's and the Company's management is seeking to discuss the possible extension of these contractual loan maturities. Taking into account the long-term successful cooperation with the banks the Management of the Group expects to reach the agreement with the banks on the delay of repayment of part of long-term loans for subsequent periods.

The Company has prepared a forecast of the Group's operations for 2014, which allows the management to be confident about the Group's improved operational performance.

Due to the reasons mentioned above the management of the Company believes that the Group and the Company will be able to continue as a going concern for a period of not less than 1 year.

15.6. Basis of consolidation

The consolidated financial statements of the Group include GRIGIŠKĖS AB and its subsidiaries.
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company or the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.
Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.
If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units (refer to Note 2.24.).
Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed

of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Measurement and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania – Lithuanian litas (LTL).

The functional currency of the Company and its subsidiaries operating in Lithuania is Lithuanian litas. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign subsidiaries are translated into Litas at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on this translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in the statement of comprehensive income.

From 2 February 2002, the litas has been pegged to the euro at the rate of LTL 3.4528 for EUR 1, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's stand-alone financial statements are carried at cost, less impairment.

At the end of 2011 the Company transferred a segment of its operations to one of its 100% subsidiaries. From the point of view of separate financial statements of GRIGIŠKĖS AB, this is in-kind contribution to the existing subsidiary. There is no guidance under IFRS on how to account for business contributions by the parent in its separate financial statements.

The Company made a decision to determine an appropriate accounting treatment. The policy followed was to recognise an increased investment in the subsidiary based on the fair value of the additional shares received and therefore recognise a gain/loss on disposal of the net assets of the segment transferred to the subsidiary (measured as the difference between fair value of shares received and the carrying values of the assets transferred).

Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is stated at fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite.

After initial recognition, intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives:

Land lease right	90 years
Licenses, patents and etc.	3 years
Software	1–3 years

Other intangible assets	3–4 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

The Group and the Company do not have any intangible assets with infinite useful life other than goodwill.

Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost – see below) less accumulated depreciation and impairment losses.

Before 31 December 2010, buildings were accounted as follows:

- The Company's buildings, acquired before 1 January 1996, were stated at indexed cost less indexed accumulated depreciation and impairment losses.
- The Company's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and impairment losses.

As at 31 December 2010, according to the exception available under IFRS 1, part of buildings, acquired before 1 January 1996, were measured at fair values, determined as at that date by independent property valuer, and these values were used as deemed cost at that date.

After 31 December 2010 all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings and structures	8–91 years
Machinery and equipment	5–10 years
Vehicles	6–8 years
Other equipment and other assets	4–5 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

Investment property

Investment property, including part of buildings and structures, is held for earning rentals and / or for capital appreciation rather than for use in the production, provision of services, or for administration purposes or sale.

Investment property is stated at historical cost less accumulated depreciation and adjusted for impairment loss, if any. Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life: 10–50 years.
Transfers to and from investment property are made only when there is an evidence of change in an asset's use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value of investment property at the date of change in use. If owner-occupied property becomes an investment property the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The deemed cost for subsequent investment property accounting is the carrying value at the time of assets' transfer.

Emission allowances

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase ran for the three-year period from 2005 to 2007; the second runs for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period; the third – for 8 years from 2013 to 2020. The scheme works on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme; this cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tonnes of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.
Member States are required to allocate allowances to installations by 28 February each year according to the NAP (a certain number of allowances are kept in reserve for new installations).
Member States must ensure that by 30 April of the following year at the latest, that the operator of each installation surrenders a number of allowances equal to the total emissions from that installation during the preceding calendar year.
The Company and the Group apply a net liability approach in accounting for the emission allowances received. It records the emission allowances granted to it at a nominal (nil) amount. Liabilities for emissions are recognised only as emissions are made (provisions are never made on the basis of the expected future emissions) and only when the reporting entity has made emissions in excess of the allowances held. The Company and the Group have chosen a system that measures deficits on the basis of an annual allocation of emission allowances.
The outright sale of emission allowances is recorded as a sale at the fair value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit an additional liability is recognised with a charge to the income statement.

Financial assets

The Group's and the Company's financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss include financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in statement of comprehensive income.

The Group and the Company do not have any financial instruments at fair value through profit or loss as at 31 December 2013 and 2012.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group / the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

The Group and the Company do not have any held-to-maturity investments as at 31 December 2013 and 2012.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Allowance for doubtful receivables is evaluated when the indications leading to the impairment of accounts receivable are noticed and the carrying amount of the receivable is reduced through use of an allowance account – refer to Note 2.24 for measurement of impairment losses. Impaired debts are derecognised (written off) when they are assessed as uncollectible.

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

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with unrealized gains or losses (except impairment and gain or losses from foreign currencies exchange) being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in the statement of comprehensive income.

The Group and the Company do not have any available for sale financial assets as at 31 December 2013 and 2012.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group / the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group / the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group / the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group / the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost of inventory is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory has been fully written-off.

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term equal to or less than 3 months.

Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Borrowings are initially recognised at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. The borrowings are classified as non-current if the completion of a refinancing agreement before the date of the statement of financial position provides evidence that the substance of the liability at the date of the statement of financial position was long-term.

Financial lease and operating lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease – Group and the Company as a lessee

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases.

The Group and the Company recognise finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate of finance lease payment, when it is possible to determine it, in other cases, Company's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the Group's and the Company's statement of comprehensive income for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than lease term, unless the Group or the Company, according to the lease contract, gets transferred their ownership after the lease term is over.

Operating lease – the Group and the Company as lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is an operating lease and the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

Operating lease – the Group and the Company as lessor

Assets leased under operating lease in the balance sheet of the Group and the Company are accounted for depending on their nature. Income from operating lease is recognised as other income in the statement of income within the lease period using the straight-line method. All the discounts provided to the operating lessee are recognised using straight-line method during the lease period by reducing the lease income. Initial direct expenses incurred in order to generate lease income are included in the carrying value of the leased asset.

Non-current employee benefits

According to the requirements of Lithuanian Labour Code, each employee leaving the Group or the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.

The past service costs are recognised as an expense on a straight-line basis in profit or loss immediately after the assessment of such liability. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

Financial guarantee contracts

Financial guarantees provided for the liabilities of the sister companies (i.e. companies controlled by the same parent) during the initial recognition are accounted at estimated fair value as distribution to shareholder and financial liability in the balance sheet.

Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the sister company's financial liability to the bank. If there is a possibility that the sister company may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Grants and subsidies

Grants and subsidies (hereinafter "grants") intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the asset related grants is recognised in profit and loss gradually according to the depreciation rate of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

Trade and other payable

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

The nominal or cost value of the other payables is assumed to appropriate their fair value, if these are current liabilities.

Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and Ukraine.

Income tax rate of 15% has been introduced starting from 1 January 2010 for companies operating in the Republic of Lithuania. Standard income tax rate in Ukraine for the year 2013 was 19% (2012 – 21%).

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments and for the losses accumulated in the Ukrainian company (under the Ukrainian law, losses can be carried forward for 4 years). Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

From 2014 tax losses carried forward shall not exceed 70 percent of the taxable profit of a taxable period according to Lithuanian laws.

Deferred taxes are calculated using the liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from services is recognised when services are rendered.

Dividend income from subsidiaries is recognised in the Company's stand-alone financial statements when the dividends are declared by the subsidiary.

Interest income is recognised on an accrual basis (using the effective interest rate). Interest income is included in financial and investing activities result in statement of comprehensive income.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

Impairment of assets

<u>Financial assets</u>

Financial assets are reviewed for impairment at each date of the statement of financial position.

For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the statement of comprehensive income. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

<u>Impairment of non-financial assets</u>

Non-financial assets, except for goodwill, inventories and deferred tax, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Notes 2.8, 2.9, 4, 6), amortisation (Note 2.7 and Note 5), impairment of buildings (Note 2.8, Note 4), non-current employee benefits (Note 2.18 and Note 15), impairment evaluation of goodwill (Note 2.4, Note 5), recognition of deferred income tax asset (Note 2.22, Note 23), and impairment evaluation of other assets (Note 2.24, Notes 7 and 8). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

At the date of preparing these financial statements, the underlying assumptions and estimates were not subject to a significant risk that from today's point of view it is likely that the carrying amounts of assets and liabilities will have to be adjusted significantly in the subsequent fiscal year. Should the circumstances change in the future, the estimate may need to be revised and the size of such revision cannot be reasonably estimated at the date of these financial statements.

Fair value measurement

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability:

Note 6 – Investment property;

Note 3 – Financial instruments – fair values and risk management.

Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with acquisitions. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

Subsequent events

Subsequent events that provide additional information about the Group's / the Company's position at the date of statements of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

15.7. Non-current assets

On the 30th of September 2014 Group's non-current assets consisted of the following, LTL

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2013	**95,298,392**	**199,964,377**	**5,887,615**	**6,510,989**	**42,018,023**	**349,679,396**
Additions	-	6,772,851	1,992,325	488,222	48,090,452	**57,343,850**
Disposals	(50,000)	(13,946,970)	(1,041,876)	(125,036)	-	**(15,163,882)**
Transfers	7,730,931	31,649,488	-	12,881	(39,393,300)	**-**
Rate of exchange influence	(1,821,935)	(1,234,574)	(23,902)	(110,614)	-	**(3,191,025)**
30 September 2014	**101,157,388**	**223,205,172**	**6,814,162**	**6,776,442**	**50,715,175**	**388,668,339**
Accumulated depreciation and impairment						
31 December 2013	**16,869,553**	**120,327,024**	**4,091,265**	**3,965,647**	**-**	**145,253,489**
Depreciation	3,373,249	15,440,103	547,315	746,604	-	**20,107,271**
Impairment loss/(reversal)	(3,128)	-	-	-	-	**(3,128)**
Disposals	(49,997)	(12,434,341)	(799,311)	(118,216)	-	**(13,401,865)**
Transfers	-	-	-	-	-	**-**
Rate of exchange influence	(597,446)	(615,045)	(1,865)	(39,095)	-	**(1,253,451)**
30 September 2014	**19,592,231**	**122,717,741**	**3,837,404**	**4,554,940**	**-**	**150,702,316**
Carrying amount						
31 December 2013	**78,428,839**	**79,637,353**	**1,796,350**	**2,545,342**	**42,018,023**	**204,425,907**
30 September 2014	**81,565,157**	**100,487,431**	**2,976,758**	**2,221,502**	**50,715,175**	**237,966,023**

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

On the 30th of September 2014, the part of the Group's property, plant and equipment with a carrying value of 102,051 thousand Litas (31 December 2013 – 101,032 thousand Litas) is pledged as a security for repayment of the loans granted by banks.

On the 30th of September 2014 Company's non-current assets consisted of the following, LTL

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost						
31 December 2013	**33,042,497**	**121,733,282**	**1,901,885**	**3,020,657**	**23,305,353**	**183,003,674**
Additions	-	1,100,481	444,516	285,230	40,413,441	**42,243,668**
Disposals	(50,000)	(735,649)	(117,712)	(83,990)	-	**(987,351)**
Transfers	2,233,051	11,225,000	-	-	(13,458,051)	-
30 September 2014	**35,225,548**	**133,323,114**	**2,228,689**	**3,221,897**	**50,260,743**	**224,259,991**
Accumulated depreciation and impairment						
31 December 2013	**5,970,683**	**66,543,923**	**1,278,505**	**2,129,276**	**-**	**75,922,387**
Depreciation	1,466,972	9,512,896	188,603	286,864	-	**11,455,335**
Impairment loss/(reversal)	(3,128)	-	-	-	-	**(3,128)**
Disposals	(49,997)	(735,639)	(117,709)	(81,844)	-	**(985,189)**
Transfers	-	-	-	-	-	**-**
30 September 2014	**7,384,530**	**75,321,180**	**1,349,399**	**2,334,296**	**-**	**86,389,405**
Carrying amount						
31 December 2013	**27,071,814**	**55,189,359**	**623,380**	**891,381**	**23,305,353**	**107,081,287**
30 September 2014	**27,841,018**	**58,001,934**	**879,290**	**887,601**	**50,260,743**	**137,870,586**

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

On the 30th of September 2014, the part of the Company's property, plant and equipment with a carrying value of 49,848 thousand Litas (31 December 2013 – 52,508 thousand Litas) is pledged as a security for repayment of the loans granted by banks.

15.8. Investment property

On the 30th of September 2014 Group's and Company's investment property consisted of the following, LTL:

Group / Company	Buildings and constructions	Total
Modified cost		
31 December 2013	**3,620,000**	**3,620,000**
Additions	-	**-**
Disposals	-	**-**
30 September 2014	**3,620,000**	**3,620,000**
Accumulated depreciation and impairment		
31 December 2013	**522,532**	**522,532**
Depreciation	81,634	81,634
Disposals	-	**-**
30 September 2014	**604,166**	**604,166**
Carrying amount		
31 December 2013	**3,097,468**	**3,097,468**
30 September 2014	**3,015,834**	**3,015,834**

15.9. Intangible assets

On the 30th of September 2014 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Licenses, patents	Software	Prestige	Other assets and prepayments	Total
Cost						
31 December 2013	**2,400,000**	**128,876**	**3,201,932**	**10,362,101**	**2,832,128**	**18,925,037**
Additions	-	-	33,426	-	149,077	**182,503**
Disposals	-	-	-	-	-	**-**
Transfers	-	-	106,477	-	(106,477)	**-**
Rate of exchange influence	-	-	(4,564)	-	-	**(4,564)**
30 September 2014	**2,400,000**	**128,876**	**3,337,271**	**10,362,101**	**2,874,728**	**19,102,976**
Accumulated amortization						
31 December 2013	**275,556**	**74,592**	**1,517,549**	**-**	**1,113,985**	**2,981,682**
Amortization	19,999	17,021	574,681	-	431,613	**1,043,314**
Disposals	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	**-**
Rate of exchange influence	-	-	(707)	-	-	**(707)**
30 September 2014	**295,555**	**91,613**	**2,091,523**	**-**	**1,545,598**	**4,024,289**
Carrying amount						
31 December 2013	**2,124,444**	**54,284**	**1,684,383**	**10,362,101**	**1,718,143**	**15,943,355**
30 September 2014	**2,104,445**	**37,263**	**1,245,748**	**10,362,101**	**1,329,130**	**15,078,687**

On the 30th of September 2014, the Group's land lease rights with a carrying value of 2,104 thousand Litas (31 December 2013 – 2,124 thousand Litas) are pledged as a security for repayment of the loan granted by banks.

On the 30th of September 2014, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Total
Cost				
31 December 2013	**128,876**	**1,717,680**	**932,469**	**2,779,025**
Additions	-	10,595	144,393	**154,988**
Disposals	-	-	-	**-**
Transfers	-	38,639	(38,639)	**-**
30 September 2014	**128,876**	**1,766,914**	**1,038,223**	**2,934,013**
Accumulated amortization				
31 December 2013	**74,592**	**1,167,855**	**224,183**	**1,466,630**
Amortization	17,021	222,449	90,672	**330,142**
Disposals	-	-	-	**-**
Transfers	-	-	-	**-**
30 September 2014	**91,613**	**1,390,304**	**314,855**	**1,796,772**
Carrying amount				
31 December 2013	**54,284**	**549,825**	**708,286**	**1,312,395**
30 September 2014	**37,263**	**376,610**	**723,368**	**1,137,241**

15.10. Investments into subsidiaries

On the 30th of September 2014 investments into subsidiaries consisted of the following, LTL:

	The Company	
	30.09.2014	**31.12.2013**
Grigiškių energija UAB	10,000	10,000
Ekotara UAB	10,000	10,000
AGR Prekyba UAB	13,143,923	13,143,923
Baltwood UAB	27,592,000	27,592,000
Total investments in subsidiaries	**40,755,923**	**40,755,923**

15.11. Account receivables

On the 30th of September 2014 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
Trades receivable	40,738,907	37,107,705	20,305,486	18,494,446
Other receivable	2,663,048	3,934,570	385,834	950,741
	43,401,955	**41,042,275**	**20,691,320**	**19,445,187**
Less: allowance for doubtful amounts receivable	(858,906)	(509,269)	(210,685)	(312,199)
Total amounts receivable within one year:	**42,543,049**	**40,533,006**	**20,480,635**	**19,132,988**

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

The movement for 2014 in the allowance for doubtful amounts receivable consisted of the following, LTL:

	The Group		The Company	
	30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
On the 1st of January	**509,269**	**700,900**	**312,199**	**295,559**
Change for the year	451,151	16,640	-	16,640
Reversal of allowance	-	(208,271)	-	-
Rate of exchange influence	(101,514)	-	(101,514)	-
At the end of the period	**858,906**	**509,269**	**210,685**	**312,199**

15.12. Cash and cash equivalents

On the 30th of September 2014 cash and cash equivalents consisted of the following:

	The Group		The Company	
	30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
Cash at bank	1,446,734	2,337,434	862,596	258,155
Cash on hand	10,271	156,684	6,362	30,305
Total	**1,457,005**	**2,494,118**	**868,958**	**288,460**

15.13. Inventories

On the 30th of September 2014 inventories consisted of the following:

	The Group		The Company	
	30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
Materials	13,106,765	11,035,647	4,526,306	4,866,034
Work in progress	2,830,423	4,296,003	1,351,340	1,849,556
Finished goods	7,471,046	10,335,294	3,578,306	4,066,204
Goods in transit	71,162	165,982	-	-
	23,479,396	**25,832,926**	**9,455,952**	**10,781,794**
Less: write-down to net realizable value	(818,607)	(1,196,966)	(803,296)	(1,181,655)
Total	**22,660,789**	**24,635,960**	**8,652,656**	**9,600,139**

On the 30th of September 2014, the Group's and the Company's inventories with carrying amount of 17,174 thousand Litas and 4,000 thousand Litas respectively are pledged as a security for the loan granted by the bank (31 December 2013 – the Group's and the Company's inventories were pledged respectively 18,814 thousand Litas and 4,000 thousand Litas).

15.14. Share capital and legal reserve

On the 30th of September 2014 share capital consisted of LTL 65.700.000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

On the 30th of September 2014 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	26,099,276	39.7
Lithuanian individuals	29,592,020	45.0
Foreign legal entities	8,663,996	13.2
Foreign individuals	1,344,708	2.1
Total	65,700,000	100.0

On the 30th of September 2014 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	55,691,296	84.8
Austria	5,639,967	8.6
Sweden	2,021,412	3.1
Other countries	2,347,325	3.5
Total	65,700,000	100.0

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

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

15.15. Non-current ant current borrowings

	The Group		The Company	
	30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
The loans and mortgages are repayable as follows:				
Within one year	12,397,218	20,787,971	8,044,044	13,089,139
In the second year	30,825,557	25,306,337	22,009,898	11,642,638
In the third to fifth years inclusive	60,669,536	33,800,016	19,525,643	8,123,792
	103,892,311	**79,894,324**	**49,579,585**	**32,855,569**
Less: amount due for settlement within one year	(12,397,218)	(20,787,971)	(8,044,044)	(13,089,139)
Amount due for settlement after one year	**91,495,093**	**59,106,353**	**41,535,541**	**19,766,430**

15.16. Trade and other payables

	The Group		The Company	
	30.09.2014	**31.12.2013**	**30.09.2014**	**31.12.2013**
Trade payables	47,748,594	55,709,578	24,128,977	17,891,490
Taxes, salaries and social insurance payable	6,412,877	7,270,331	2,669,999	2,805,681
Advances received	584,092	221,779	122,694	82,108
Other payables	2,968,526	1,736,272	968,361	606,058
Total	**57,714,089**	**64,937,960**	**27,890,031**	**21,385,337**

15.17. Other operating income

	The Group		The Company	
	01.01.2014-30.09.2014	**01.01.2013-30.09.2013**	**01.01.2014-30.09.2014**	**01.01.2013-30.09.2013**
Gain from disposal of emission rights	871,832	48,394	871,832	-
Rent income	195,792	198,043	201,732	201,661
Gain from disposal of fixed assets	231,414	57,812	189,993	47,752
Scrap metal recognition	313,352	473,618	27,151	121,860
Insurance compensation	42,926	177,673	10,105	121,718
Other income	417,951	189,791	474,628	228,721
Total	**2,073,267**	**1,145,331**	**1,775,441**	**721,712**

15.18. Other operating expenses

	The Group		The Company	
	01.01.2014-30.09.2014	**01.01.2013-30.09.2013**	**01.01.2014-30.09.2014**	**01.01.2013-30.09.2013**
Rent expenses	-	13,177	12,974	39,282
Insurance expenses	51,812	75,226	13,550	29,864
Other expenses	445,981	80,103	677,778	129,103
Total	**497,793**	**168,506**	**704,302**	**198,249**

15.19. Off balance articles

Emission rights movement for the nine months of 2014

	Amount, pcs.	
	The Group	**The Company**
31 December 2013	**118,530**	**127,000**
Emission rights allocated	87,854	38,074
Purchase of emission rights	-	-
Emission rights used	(11,817)	(175)
Sale of emission rights	(50,000)	(50,000)
30 September 2014	**144,567**	**114,899**

15.20. Court and arbitration proceedings

Over the nine months of 2014 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.