

GRIGIŠKĖS AB

Interim information for the twelve months of 2014

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

Reports have been prepared for the twelve months of 2014.

2. AUDIT INFORMATION

The interim consolidated information of Grigiškės AB covering the twelve 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 | Vilniaus str. 10, Grigiškės, Vilnius | Vilniaus str. 14, Grigiškės, Vilnius |
| Phone | +370 5 243 5933 | +370 5 243 3393 | +370 5 243 5933 |
| Fax | +370 5 243 58 02 | - | +370 5 243 58 02 |
| E-mail | vigmantas.kazukauskas@grigiskes.lt | info@krec.lt | vigmantas.kazukauskas@grigiskes.lt |
| Internet address | - | www.klaipedarecycling.lt | - |
| 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.

Core business activities of Мена Пак ПАТ (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 31st of December 2014 there were 2,622 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 31st of December 2014.

| Shareholder's name (company's name, type, headquarters address, corporate ID number) | 31 December 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 str. 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 | 5,469,967 | 8.33 | 8.33 | 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

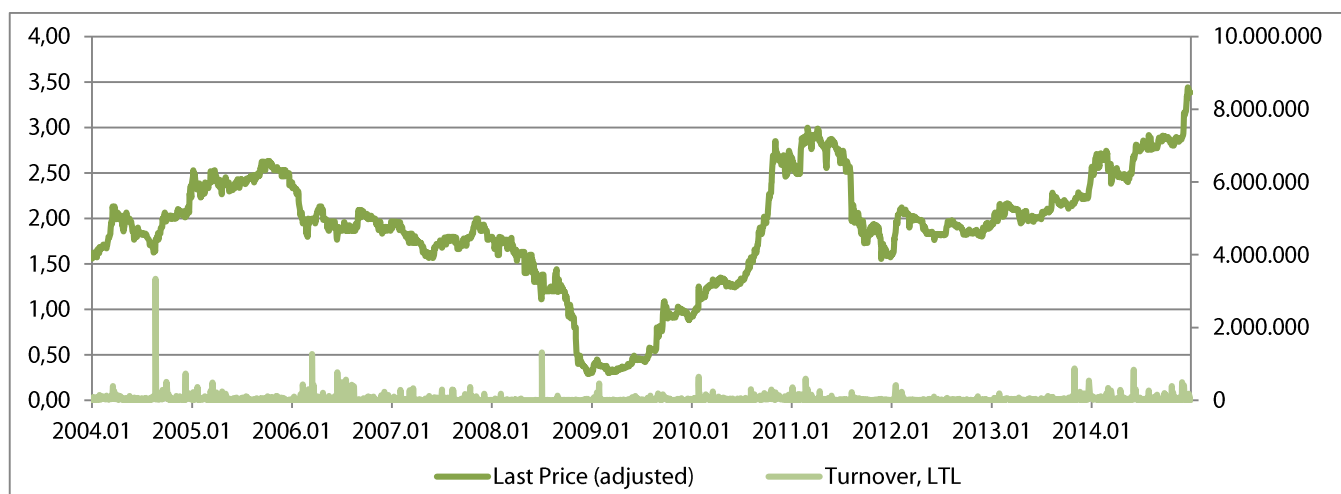
| Type of shares | Securities ISIN code | Number of shares | Par value, LTL | Total par value, LTL |
|----------------------------|----------------------|------------------|----------------|----------------------|
| Registered ordinary shares | LT0000102030 | 65,700,000 | 1 | 65,700,000 |

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 |
| 2014, IV Q | 3.442 | 2.800 | 3.384 | 2.989 | 499,981 | 0 | 4,568 | 1,073,638 | 3,209,200 |
| 2014 | 3.442 | 2.382 | 3.384 | 2.722 | 840,130 | 0 | 4,568 | 4,345,210 | 11,827,29 |

9.2. figure. Share price and turnover 01.01.2004 – 31.12.2014.



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 |
| 31.12.2014 | 222,328,800 |

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 twelve months of the year 2014 the number of the Group employees fluctuated naturally.

10.1. table. Number of employees of the Group

| | 31.12.2014 | 31.12.2013 |
|---------------------|------------|------------|
| Number of employees | 814 | 878 |

10.2. table. Number of employees of the Company

| | 31.12.2014 | 31.12.2013 |
|---------------------|------------|------------|
| Number of employees | 336 | 302 |

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

| Employees | Average salary | Employees by education | | | |
|--------------|----------------|------------------------|------------|------------|-----------|
| | | University | College | Secondary | Basic |
| Workpeople | 2,613 | 51 | 184 | 340 | 15 |
| Managers | 8,024 | 57 | 4 | 7 | - |
| Specialists | 3,535 | 123 | 32 | 10 | - |
| Total | 3,245 | 231 | 221 | 356 | 15 |

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

| Employees | Average salary | Employees by education | | | |
|--------------|----------------|------------------------|------------|------------|-----------|
| | | University | College | Secondary | Basic |
| Workpeople | 2,324 | 39 | 202 | 371 | 30 |
| Managers | 7,086 | 73 | 10 | 2 | - |
| Specialists | 3,436 | 120 | 32 | 7 | - |
| Total | 2,966 | 232 | 244 | 380 | 30 |

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

| Employees | Average salary | Employees by education | | | |
|--------------|----------------|------------------------|-----------|------------|----------|
| | | University | College | Secondary | Basic |
| Workpeople | 3,018 | 19 | 61 | 118 | 9 |
| Managers | 9,466 | 24 | 3 | 1 | - |
| Specialists | 4,169 | 59 | 11 | 8 | - |
| Total | 3,879 | 102 | 75 | 127 | 9 |

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

| Employees | Average salary | Employees by education | | | |
|--------------|----------------|------------------------|-----------|------------|----------|
| | | University | College | Secondary | Basic |
| Workpeople | 2,751 | 17 | 50 | 114 | 9 |
| Managers | 8,743 | 25 | 4 | 1 | - |
| Specialists | 3,896 | 59 | 14 | 4 | - |
| Total | 3,650 | 100 | 68 | 120 | 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 Dukšienė | 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 | | 0.85 |
| 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 | - | 0.85 |
| 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 Dukšienė | Grigiškės AB | Member of the supervisory council | | |
| Gintautas Pangonis | Grigiškės AB | President | Ginvildos investicija UAB | 100.0 |
| | 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 | | |
| | Ginvilδος investicija UAB | Director | | |
| | Grigiškės AB | Member of the board | | |
| Vigmantas Kažukauskas | Grigiškės AB | Vice president, Business Development | Grigiškės AB | 0.85 |
| | 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 Grigiskės AB was elected on the 26th of April 2011 for a 4 years' period (ending in 2015). The Board of the Company was elected on the 26th of April 2011 for a 4 years' period (ending in 2015).

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 ACTIVITY 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** Klaipėdos Kartonai 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.
- 03.11.2014** During the nine months of 2014, the Group achieved the consolidated sales turnover of LTL 261.8 million (EUR 75.8 million). During the same period in question, the Company's sales amounted to LTL 123.7 million (EUR 35.8 million). During the reporting period, the Group earned LTL 18.9 million (EUR 5.5 million) and the Company earned LTL 8.4 million (EUR 2.4 million) profit before taxes.
- 03.11.2014** GRIGISKES AB has successfully finished the construction of biofuel boiler in Vilnius.
- 22.12.2014** It is planned that the Group in the year 2015 will reach a turnover of LTL 385 Mio (EUR 111.5 Mio). The Company will reach a turnover of LTL 210 Mio (EUR 60.8 Mio) in 2015. It is also planned that the Group's profit before taxes will reach LTL 27 Mio (EUR 7.8 Mio) and the Company will earn a profit before taxes of LTL 11 Mio (EUR 3.2 Mio).
- 23.12.2014** GRIGISKES AB has received notification from managers of the Company and related parties on the transactions in issuer's securities.

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 2015.

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 twelve 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 twelve months of the year

| Supplier's country | 2014 | 2013 |
|--------------------|--------------|--------------|
| | % | % |
| Lithuania | 53.8 | 68.5 |
| Italy | 25.6 | 3.7 |
| Estonia | 5.2 | 5.5 |
| Poland | 4.1 | 2.3 |
| Sweden | 2.2 | 0.3 |
| Germany | 1.8 | 2.2 |
| Finland | 1.8 | 8.2 |
| Austria | 1.6 | 0.4 |
| Belarus | 1.1 | 1.0 |
| Hungary | 0.6 | 0.0 |
| Latvia | 0.6 | 0.6 |
| The Netherlands | 0.4 | 0.0 |
| Russia | 0.2 | 4.1 |
| Bulgaria | 0.2 | 2.2 |
| Other countries | 0.8 | 1.0 |
| 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 twelve 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 | 110,310,072 | 68,757,226 | 163,216,540 | 1,383,853 | - | 343,667,691 |
| Sales between segments | - | (10,050,817) | (22,827,518) | (16,774,783) | 49,653,118 | - |
| Non-consolidated segment sales | 110,310,072 | 78,808,043 | 186,044,058 | 18,158,636 | (49,653,118) | 343,667,691 |
| Cost of sales | (87,734,802) | (54,918,996) | (135,571,843) | (921,544) | - | (279,147,185) |
| Gross profit | 22,575,270 | 10,868,333 | 27,644,697 | 462,309 | - | 64,520,506 |
| Depreciation and amortization | 8,511,101 | 4,129,394 | 12,379,409 | 4,154,481 | - | 29,174,385 |
| Segment property, plant and equipment and intangible assets | 93,535,699 | 25,702,366 | 92,410,478 | 38,420,562 | - | 250,069,105 |
| Goodwill | - | - | 10,362,101 | - | - | 10,362,101 |
| Segment capital expenditure | 42,169,729 | 3,559,795 | 14,633,334 | 10,001,122 | - | 70,363,980 |

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

| | Paper and paper products | Raw material for corrugated cardboard, and related production | Unallocated | TOTAL |
|---|--------------------------|---|----------------|----------------------|
| Sales | 110,310,072 | 38,658,896 | 18,158,636 | 167,127,604 |
| Cost of sales | (87,734,802) | (33,124,738) | (17,224,663) | (138,084,203) |
| Gross profit | 22,575,270 | 5,534,158 | 933,973 | 29,043,401 |
| Depreciation and amortization | 8,511,101 | 3,524,446 | 4,154,482 | 16,190,029 |
| Segment property, plant and equipment and intangible assets | 93,535,699 | 16,722,401 | 38,420,562 | 148,678,662 |
| Segment capital expenditure | 42,169,729 | 1,205,753 | 10,001,122 | 53,376,604 |

14.6.3. table. Consolidated segments of the Group over the twelve 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 | 98,535,483 | 74,222,521 | 155,415,989 | 605,411 | - | 328,779,404 |
| Sales between segments | - | (9,381,473) | (17,219,014) | (19,081,594) | 45,682,081 | - |
| Non-consolidated segment sales | 98,535,483 | 83,603,994 | 172,635,003 | 18,178,514 | (45,682,081) | 328,779,404 |
| Cost of sales | (79,208,506) | (61,391,817) | (135,726,821) | (474,050) | - | (276,801,194) |
| Gross profit | 19,326,977 | 12,830,704 | 19,689,168 | 131,361 | - | 51,978,210 |
| Depreciation and amortization | 8,304,048 | 4,497,961 | 10,405,978 | 4,285,174 | - | 27,493,161 |
| Segment property, plant and equipment and intangible assets | 56,487,000 | 27,687,689 | 92,960,520 | 35,969,420 | - | 213,104,629 |
| Goodwill | - | - | 10,362,101 | - | - | 10,362,101 |
| Segment capital expenditure | 15,887,332 | 4,222,850 | 23,664,774 | 8,602,253 | - | 52,377,209 |

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

| | Paper and paper products | Raw material for corrugated cardboard, and related production | Unallocated | TOTAL |
|---|--------------------------|---|------------------|----------------------|
| Sales | 98,535,483 | 30,392,675 | 19,687,005 | 148,615,163 |
| Cost of sales | (79,208,506) | (27,089,743) | (18,678,452) | (124,976,701) |
| Gross profit | 19,326,977 | 3,302,932 | 1,008,553 | 23,638,462 |
| Depreciation and amortization | 8,304,048 | 3,387,742 | 4,285,173 | 15,976,963 |
| Segment property, plant and equipment and intangible assets | 56,487,000 | 19,034,730 | 35,969,420 | 111,491,150 |
| Segment capital expenditure | 15,887,332 | 406,375 | 8,602,253 | 24,895,960 |

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

| Country | Group | | | | Company | | | |
|-----------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| | twelve months of 2014 | | twelve months of 2013 | | twelve months of 2014 | | twelve months of 2013 | |
| | thousand litas | % | thousand litas | % | thousand litas | % | thousand litas | % |
| Lithuania | 112,398 | 32.71 | 114,870 | 34.94 | 83,823 | 50.15 | 77,295 | 52.01 |
| Latvia | 23,434 | 6.82 | 26,910 | 8.18 | 18,362 | 10.99 | 16,822 | 11.32 |
| Poland | 83,136 | 24.19 | 57,639 | 17.53 | 14,892 | 8.91 | 9,741 | 6.55 |
| Sweden | 9,886 | 2.88 | 12,799 | 3.89 | 4,549 | 2.72 | 5,141 | 3.46 |
| Denmark | 12,846 | 3.74 | 15,068 | 4.58 | 11,537 | 6.90 | 13,230 | 8.90 |
| Estonia | 23,010 | 6.70 | 22,354 | 6.80 | 14,905 | 8.92 | 10,639 | 7.16 |
| The Netherlands | 5,857 | 1.70 | 1,078 | 0.33 | 2,907 | 1.74 | - | - |
| Slovakia | 741 | 0.22 | 3,208 | 0.98 | 538 | 0.32 | 2,092 | 1.41 |
| Finland | 12,546 | 3.65 | 11,127 | 3.38 | 7,593 | 4.54 | 5,837 | 3.93 |
| Great Britain | 4,499 | 1.31 | 124 | 0.04 | - | - | - | - |
| Norway | 571 | 0.17 | 79 | 0.02 | 571 | 0.34 | 79 | 0.05 |
| Czech Republic | 3,777 | 1.10 | 775 | 0.24 | 124 | 0.07 | - | - |
| Germany | 5,976 | 1.74 | 3,123 | 0.95 | 518 | 0.31 | 118 | 0.08 |
| Belarus | 12,152 | 3.54 | 9,833 | 2.99 | 1,933 | 1.16 | 1,773 | 1.19 |
| Hungary | 2,497 | 0.73 | 2,883 | 0.88 | 964 | 0.58 | 1,469 | 0.99 |
| Italy | 2,589 | 0.75 | 4,696 | 1.43 | - | - | - | - |
| France | 394 | 0.11 | 1,098 | 0.33 | - | - | - | - |
| Ukraine | 21,912 | 6.38 | 33,960 | 10.33 | 1,836 | 1.10 | 1,727 | 1.16 |
| Russia | 3,687 | 1.07 | 5,027 | 1.53 | 1,544 | 0.92 | 2,035 | 1.37 |
| Other countries | 1,760 | 0.51 | 2,128 | 0.65 | 532 | 0.32 | 617 | 0.42 |
| Total | 343,668 | 100.00 | 328,779 | 100.00 | 167,128 | 100.00 | 148,615 | 100.00 |

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

The Board meeting on December 19, 2014 approved budget for the year 2015.

It is planned that the Group which consists of companies GRIGISKES AB, Baltwood UAB, Klaipėdos kartonas AB, Mena Pak PAT and Klaipėda Recycling UAB in the year 2015 will reach a turnover of LTL 385 Mio (EUR 111.5 Mio). The Group's profit before taxes will reach LTL 27 Mio (EUR 7.8 Mio). It is also planned that EBITDA of the Group will reach LTL 60 Mio (EUR 17.4 Mio) in 2015.

It planned that GRIGISKES AB in the year 2015 will reach a turnover of LTL 210 Mio (EUR 60.8 Mio). The company will earn a profit before taxes of LTL 11 Mio (EUR 3.2 Mio). It is also planned that EBITDA of GRIGISKES AB will reach LTL 32 Mio (EUR 9.3 Mio) in 2015.

These goals will be achieved by expanding the Group's sales in the local and foreign markets. These results will be achieved after beginning to operate a new papermaking machine.

These forecasts are not audited.

14.8. Financial indicators

14.8.1. table. Group's financial indicators

| Financial ratios | twelve months of 2010 | twelve months of 2011 | twelve months of 2012 | twelve months of 2013 | twelve months of 2014, not audited |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------------|
| EBITDA | 35,625,442 | 40,792,205 | 35,586,189 | 43,535,953 | 55,719,885 |
| EBITDA profitability | 14.5% | 13.3% | 12.3% | 13.2% | 16.2% |
| Gross margin | 13.3% | 15.1% | 15.7% | 15.8% | 18.8% |
| Operating margin | 6.1% | 6.3% | 4.6% | 5.2% | 8.2% |
| Net margin | 3.1% | 4.2% | 3.2% | 4.0% | 6.9% |
| ROE, % | 9.8% | 13.8% | 9.1% | 11.3% | 17.6% |
| ROA, % | 4.2% | 5.2% | 3.7% | 4.8% | 7.6% |
| Current ratio | 0.81 | 0.87 | 0.66 | 0.79 | 0.71 |
| Quick ratio | 0.52 | 0.50 | 0.40 | 0.51 | 0.45 |
| Cash to current liabilities | 0.020 | 0.032 | 0.015 | 0.028 | 0.049 |
| P/E | 21.29 | 7.49 | 12.21 | 12.89 | 9.47 |
| Earnings per share | 0.13 | 0.21 | 0.16 | 0.21 | 0.36 |
| Debt to equity ratio | 1.64 | 1.45 | 1.32 | 1.20 | 1.20 |
| Debt to total assets ratio | 0.60 | 0.57 | 0.55 | 0.52 | 0.52 |

14.8.2. table. Company's financial indicators

| Financial ratios | twelve months of 2010 | twelve months of 2011 | twelve months of 2012 | twelve months of 2013 | twelve months of 2014, not audited |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------------|
| EBITDA | 16,126,187 | 22,507,154 | 20,608,752 | 22,737,926 | 27,795,045 |
| EBITDA profitability | 12.4% | 14.1% | 18.6% | 15.3% | 16.6% |
| Gross margin | 10.9% | 14.4% | 18.1% | 15.9% | 17.4% |
| Operating margin | 1.8% | 5.7% | 8.3% | 5.2% | 7.7% |
| Net margin | 1.2% | 8.5% | 7.6% | 4.5% | 7.0% |
| ROE, % | 2.0% | 15.7% | 8.8% | 6.2% | 9.9% |
| ROA, % | 1.1% | 9.0% | 5.4% | 3.8% | 5.7% |
| Current ratio | 0.71 | 0.68 | 0.49 | 0.88 | 0.55 |
| Quick ratio | 0.47 | 0.49 | 0.33 | 0.61 | 0.38 |
| Cash to current liabilities | 0.009 | 0.002 | 0.005 | 0.008 | 0.017 |
| Earnings per share | 0.03 | 0.23 | 0.14 | 0.11 | 0.18 |
| Debt to equity ratio | 0.76 | 0.54 | 0.57 | 0.54 | 0.77 |
| Debt to total assets ratio | 0.41 | 0.33 | 0.35 | 0.33 | 0.41 |

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 twelve months of 2014. Balances of amounts receivable/payable in relation thereto on the 31st of December 2014 (LTL)

| | Sales of goods and services | Purchase of goods and services | Amounts receivable | Amounts payable |
|---------------------------|-----------------------------|--------------------------------|--------------------|-----------------|
| Ginvildos Investicija UAB | 20,000 | 177,130 | 700,000 | 13,129 |
| Didma UAB | 1,124 | 892,986 | - | 282,481 |
| Naujieji Verkiai UAB | 9,333 | - | 770 | - |
| Total | 30,457 | 1,070,116 | 700,770 | 295,610 |

14.9.2. table. Company's transactions with related persons over the twelve months of 2014. Balances of amounts receivable/payable in relation thereto on the 31st of December 2014 (LTL)

| | Sales of goods and services | Purchase of goods and services | Amounts receivable | Amounts payable |
|---------------------------|-----------------------------|--------------------------------|--------------------|------------------|
| Baltwood UAB | 17,903,953 | 9,746,470 | 397,527 | - |
| Ginvildos Investicija UAB | 20,000 | 177,130 | 700,000 | 13,129 |
| Didma UAB | 1,124 | 892,986 | - | 282,481 |
| Klaipėda Recycling UAB | 438,745 | 1,780,554 | 861,610 | - |
| Klaipėdos kartonas AB | 178,304 | 20,596,903 | - | 4,246,463 |
| Naujieji Verkiai UAB | 9,333 | - | 770 | - |
| Total | 18,551,459 | 33,194,043 | 1,959,907 | 4,542,073 |

15. FINANCIAL INFORMATION

15.1. Statement of financial position

LTL

| | Notes | The Group | | The Company | |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| | | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| ASSETS | | | | | |
| Non-current assets: | | | | | |
| Property, plant and equipment | 15.7. | 242,506,700 | 204,425,907 | 144,472,305 | 107,081,287 |
| Investment property | 15.8. | 2,988,623 | 3,097,468 | 2,988,623 | 3,097,468 |
| Intangible assets | 15.9. | 14,935,883 | 15,943,355 | 1,217,734 | 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 | | 1,659,203 | 613,835 | 5,310,289 | 1,487,305 |
| Deferred income tax assets | | - | - | 561,823 | 323,631 |
| TOTAL NON-CURRENT ASSETS | | 262,190,409 | 224,080,565 | 195,406,697 | 154,058,009 |
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | 15.12 | 4,855,352 | 2,494,118 | 1,045,651 | 288,460 |
| Accounts receivables | 15.11 | 36,866,042 | 40,533,006 | 20,559,173 | 19,132,988 |
| Inventories | 15.13 | 26,479,216 | 24,635,960 | 10,309,934 | 9,600,139 |
| Other assets | | 1,955,753 | 885,313 | 2,168,565 | 2,133,367 |
| Current tax assets | | 840,000 | 338,567 | - | 85,817 |
| TOTAL CURRENT ASSETS | | 70,996,363 | 68,886,964 | 34,083,323 | 31,240,771 |
| TOTAL ASSETS | | 333,186,772 | 292,967,529 | 229,490,020 | 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 | | (5,160,533) | (963,091) | - | - |
| Retained earnings | | 70,743,112 | 50,889,981 | 47,989,278 | 39,867,674 |
| Non-controlling interests | | 2,286,822 | 2,172,560 | - | - |
| TOTAL EQUITY | | 143,088,788 | 126,985,570 | 123,208,665 | 114,753,794 |
| GRANTS AND SUBSIDIES | | 18,135,077 | 14,149,996 | 11,937,943 | 8,851,957 |
| NON-CURRENT LIABILITIES: | | | | | |
| Non-current borrowings | 15.15 | 66,697,021 | 59,106,353 | 25,775,643 | 19,766,430 |
| Financial lease obligations | | 2,387,931 | 2,149,937 | 1,087,000 | 1,845,366 |
| Loans from subsidiaries companies | | - | - | 4,500,000 | 4,000,000 |
| Deferred income tax liability | | 1,742,818 | 2,159,712 | - | - |
| Non-current employee benefits | | 680,198 | 766,807 | 341,568 | 303,806 |
| Long-term trade and other payables | | 428,817 | 124,301 | 114,504 | 203,995 |
| TOTAL NON-CURRENT LIABILITIES | | 71,936,785 | 64,307,110 | 31,818,715 | 26,119,597 |
| CURRENT LIABILITIES: | | | | | |
| Current portion of long term loans | 15.15 | 26,372,962 | 12,249,759 | 17,334,788 | 4,944,803 |
| Current borrowings | 15.15 | 8,943,133 | 8,538,212 | 5,137,260 | 8,144,336 |
| Current portion of financial lease obligations | | 2,044,185 | 1,349,810 | 1,143,280 | 1,098,956 |
| Loans from subsidiaries companies | | - | - | 4,000,000 | - |
| Income tax payable | | 1,167,707 | 449,112 | 201,192 | - |
| Trade and other payable | 15.16 | 61,498,135 | 64,937,960 | 34,708,177 | 21,385,337 |
| TOTAL CURRENT LIABILITIES | | 100,026,122 | 87,524,853 | 62,524,697 | 35,573,432 |
| TOTAL EQUITY AND LIABILITIES | | 333,186,772 | 292,967,529 | 229,490,020 | 185,298,780 |

15.2. Statements of comprehensive income

LTL

| | Notes | The Group | | | | The Company | | | |
|--|--------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | January – December 2014 | January – December 2013 | October – December 2014 | October – December 2013 | January – December 2014 | January – December 2013 | October – December 2014 | October – December 2013 |
| Revenue | | 343,667,691 | 328,779,404 | 81,853,734 | 84,318,743 | 167,127,604 | 148,615,163 | 43,382,609 | 40,143,178 |
| Cost of sales | | 279,147,185 | 276,801,194 | 66,549,418 | 71,336,476 | 138,084,203 | 124,976,701 | 35,994,552 | 34,726,179 |
| Gross profit | | 64,520,506 | 51,978,210 | 15,304,316 | 12,982,267 | 29,043,401 | 23,638,462 | 7,388,057 | 5,416,999 |
| Other operating income | 15.17. | 4,285,045 | 2,080,760 | 2,211,778 | 935,429 | 3,291,850 | 1,100,570 | 1,516,409 | 378,858 |
| Selling and distribution expenses | | 25,302,723 | 23,473,478 | 6,278,274 | 6,097,694 | 11,953,524 | 9,922,379 | 3,272,357 | 2,632,165 |
| General and administrative expenses | | 14,255,657 | 12,998,533 | 3,348,563 | 3,667,973 | 6,707,453 | 6,626,897 | 1,677,194 | 1,767,404 |
| Other operating expenses | 15.18. | 989,701 | 477,087 | 491,908 | 308,581 | 869,433 | 401,170 | 165,131 | 202,921 |
| Profit from operations | | 28,257,470 | 17,109,872 | 7,397,349 | 3,843,448 | 12,804,841 | 7,788,586 | 3,789,784 | 1,193,367 |
| Other finance income | | 250,130 | 178,245 | 203,599 | 151,285 | 182,064 | 20,530 | 50,832 | (5,882) |
| Other finance expenses | | 2,595,621 | 2,296,567 | 581,649 | 748,658 | 696,786 | 711,177 | (52,650) | 143,364 |
| Profit before income tax | | 25,911,979 | 14,991,550 | 7,019,299 | 3,246,075 | 12,290,119 | 7,097,939 | 3,893,266 | 1,044,121 |
| Income tax | | 2,163,721 | 1,840,410 | 441,519 | 1,105,523 | 550,248 | 432,602 | 67,473 | 6,872 |
| NET PROFIT | | 23,748,258 | 13,151,140 | 6,577,780 | 2,140,552 | 11,739,871 | 6,665,337 | 3,825,793 | 1,037,249 |
| Other comprehensive income: | | | | | | | | | |
| Exchange differences on translation of foreign operations | | (4,197,442) | (634,928) | (964,414) | (294,855) | - | - | - | - |
| Total comprehensive income for the year, net of tax | | 19,550,816 | 12,516,212 | 5,613,366 | 1,845,697 | 11,739,871 | 6,665,337 | 3,825,793 | 1,037,249 |
| Profit attributable to: | | | | | | | | | |
| The shareholders of the Company | | 23,471,398 | 13,052,891 | 6,516,222 | 2,114,924 | 11,739,871 | 6,665,337 | 3,825,793 | 1,037,249 |
| Non-controlling interests | | 276,860 | 98,249 | 61,558 | 25,628 | - | - | - | - |
| Total of attributable profit | | 23,748,258 | 13,151,140 | 6,577,780 | 2,140,552 | 11,739,871 | 6,665,337 | 3,825,793 | 1,037,249 |
| Comprehensive income attributable to: | | | | | | | | | |
| The shareholders of the Company | | 19,273,956 | 12,444,220 | 5,551,808 | 1,747,949 | 11,739,871 | 6,665,337 | 3,825,793 | 1,037,249 |
| Non-controlling interests | | 276,860 | 71,992 | 61,558 | 97,748 | - | - | - | - |
| Total attributable comprehensive income | | 19,550,816 | 12,516,212 | 5,613,366 | 1,845,697 | 11,739,871 | 6,665,337 | 3,825,793 | 1,037,249 |
| Basic and diluted earnings per share | | 0.357 | 0.206 | 0.099 | 0.035 | 0.179 | 0.105 | 0.058 | 0.017 |

15.3. Statement of changes in equity

LTL

| The Group | Share capital | Share premium | Legal reserve | Rate of exchange influence | Non-controlling 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) | - | - | - | (608,671) | (26,257) | - | (634,928) |
| Net profit | - | - | - | - | 98,249 | 13,052,891 | 13,151,140 |
| 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) | - | - | - | (4,197,442) | - | - | (4,197,442) |
| Net profit | - | - | - | - | 276,860 | 23,471,398 | 23,748,258 |
| 31 December 2014 | 65,700,000 | 3,863,357 | 5,656,030 | (5,160,533) | 2,286,822 | 70,743,112 | 143,088,788 |

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 | - | - | - | - | - | 6,665,337 | 6,665,337 |
| 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 | - | - | - | - | - | 11,739,871 | 11,739,871 |
| 31 December 2014 | 65,700,000 | 3,863,357 | 5,656,030 | - | - | 47,989,278 | 123,208,665 |

15.4. Statements of cash flows

LTL

| | The Group | | The Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| OPERATING ACTIVITIES | | | | |
| Profit before income tax | 25,911,979 | 14,991,550 | 12,290,119 | 7,097,939 |
| Adjustments for: | | | | |
| Depreciation and amortization | 27,462,415 | 26,426,081 | 14,990,204 | 14,949,340 |
| Elimination of financial activity results | 2,345,491 | 2,118,322 | 514,722 | 690,647 |
| Loss (profit) on disposal of fixed assets | (413,011) | (298,222) | (256,992) | (85,803) |
| Loss (profit) on disposal of emission rights | (2,080,312) | - | (2,080,312) | - |
| Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory | (389,964) | 315,273 | (389,964) | 348,479 |
| Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables | 402,629 | (191,631) | (48,522) | 16,640 |
| Property, plant and equipment impairment losses (reversal) | (3,128) | (8,825) | (3,128) | (6,250) |
| TOTAL | 53,236,099 | 43,352,548 | 25,016,127 | 23,010,992 |
| Changes in current assets and liabilities: | | | | |
| (Increase) decrease in other assets | (1,070,440) | 79,283 | (35,198) | (1,797,486) |
| Decrease (increase) in trade and other accounts receivables | 2,218,967 | (9,980,785) | (5,200,647) | (5,573,584) |
| Decrease (increase) in inventories | (2,691) | (3,620,081) | (319,831) | (3,230,617) |
| Increase (decrease) in trade and other accounts payable | (7,692,505) | 21,702,819 | 12,807,131 | 3,976,887 |
| TOTAL | (6,546,669) | 8,181,236 | 7,251,455 | (6,624,800) |
| Interest paid | (1,633,786) | (1,765,138) | (491,156) | (678,200) |
| Income tax paid | (449,112) | (1,735,796) | - | (1,186,926) |
| Net cash from operating activities | 44,606,532 | 48,032,850 | 31,776,426 | 14,521,066 |
| INVESTING ACTIVITIES | | | | |
| Purchase of noncurrent assets and intangible assets | (67,347,641) | (51,925,534) | (52,937,088) | (24,769,100) |
| Investments in other companies | (100,000) | - | (100,000) | - |
| Proceeds on disposal noncurrent assets | 689,486 | 592,011 | 257,000 | 95,120 |
| Grants and subsidies received | 5,650,727 | 7,002,360 | 4,239,487 | 1,780,000 |
| Proceeds on disposal of emission rights | 2,080,312 | - | 2,080,312 | - |
| Interest received | - | 11,968 | - | 19,306 |
| Repayment of loans granted | - | - | - | (1,250,000) |
| Net cash (used in) investing activities | (59,027,116) | (44,319,195) | (46,460,289) | (24,124,674) |
| FINANCING ACTIVITIES | | | | |
| Dividends paid | (3,447,598) | (1,200,000) | (3,285,000) | (1,200,000) |
| Repayments of loans and mortgages | (11,277,859) | (10,736,099) | (3,972,903) | (4,049,640) |
| Proceeds from loans and mortgages | 32,991,730 | 4,027,900 | 22,372,101 | 4,027,900 |
| Issue of shares | - | 9,563,357 | - | 9,563,357 |
| Short-term loans increase (decrease) | 404,921 | (1,175,141) | (3,007,076) | 38,064 |
| Loans received from subsidiaries and related persons | - | - | 4,500,000 | 4,000,000 |
| Repayments of finance lease liabilities | (1,889,376) | (2,939,131) | (1,166,068) | (2,683,362) |
| Net cash (used in) financing activities | 16,781,818 | (2,459,114) | 15,441,054 | 9,696,319 |
| Net (decrease)/increase in cash | 2,361,234 | (1,254,541) | 757,191 | 92,711 |
| 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 | 4,855,352 | 2,494,118 | 1,045,651 | 288,460 |

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 GRIGIŠKĒS 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 Litass 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

Financial assets

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.

Impairment of non-financial assets

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 31st of December 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 | 11,323 | 7,361,402 | 2,003,685 | 853,168 | 59,751,965 | 69,981,543 |
| Disposals | (50,000) | (14,954,399) | (1,866,056) | (364,167) | - | (17,234,622) |
| Transfers | 9,737,290 | 31,645,359 | - | 12,881 | (41,395,530) | - |
| Rate of exchange influence | (2,415,116) | (1,637,645) | (31,142) | (136,286) | - | (4,220,189) |
| 31 December 2014 | 102,581,889 | 222,379,094 | 5,994,102 | 6,876,585 | 60,374,458 | 398,206,128 |
| Accumulated depreciation and impairment | | | | | | |
| 31 December 2013 | 16,869,553 | 120,327,024 | 4,091,265 | 3,965,647 | - | 145,253,489 |
| Depreciation | 4,605,302 | 21,240,723 | 773,457 | 1,061,261 | - | 27,680,743 |
| Impairment loss/(reversal) | (3,128) | - | - | - | - | (3,128) |
| Disposals | (49,997) | (13,520,251) | (1,581,546) | (355,752) | - | (15,507,546) |
| Transfers | - | - | - | - | - | - |
| Rate of exchange influence | (821,682) | (848,431) | (4,741) | (49,276) | - | (1,724,130) |
| 31 December 2014 | 20,600,048 | 127,199,065 | 3,278,435 | 4,621,880 | - | 155,699,428 |
| Carrying amount | | | | | | |
| 31 December 2013 | 78,428,839 | 79,637,353 | 1,796,350 | 2,545,342 | 42,018,023 | 204,425,907 |
| 31 December 2014 | 81,981,841 | 95,180,029 | 2,715,667 | 2,254,705 | 60,374,458 | 242,506,700 |

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

On the 31st of December 2014, the part of the Group's property, plant and equipment with a carrying value of 111,656 thousand Litass (31 December 2013 – 101,032 thousand Litass) is pledged as a security for repayment of the loans granted by banks.

On the 31st of December 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 | 573,827 | 50,914,857 | 53,033,681 |
| Disposals | (50,000) | (1,912,162) | (393,024) | (190,362) | - | (2,545,548) |
| Transfers | 2,951,079 | 11,225,000 | - | - | (14,176,079) | - |
| 31 December 2014 | 35,943,576 | 132,146,601 | 1,953,377 | 3,404,122 | 60,044,131 | 233,491,807 |
| Accumulated depreciation and impairment | | | | | | |
| 31 December 2013 | 5,970,683 | 66,543,923 | 1,278,505 | 2,129,276 | - | 75,922,387 |
| Depreciation | 2,002,650 | 13,002,738 | 250,309 | 387,903 | - | 15,643,600 |
| Impairment loss/(reversal) | (3,128) | - | - | - | - | (3,128) |
| Disposals | (49,997) | (1,912,145) | (393,020) | (188,195) | - | (2,543,357) |
| Transfers | - | - | - | - | - | - |
| 31 December 2014 | 7,920,208 | 77,634,516 | 1,135,794 | 2,328,984 | - | 89,019,502 |
| Carrying amount | | | | | | |
| 31 December 2013 | 27,071,814 | 55,189,359 | 623,380 | 891,381 | 23,305,353 | 107,081,287 |
| 31 December 2014 | 28,023,368 | 54,512,085 | 817,583 | 1,075,138 | 60,044,131 | 144,472,305 |

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

On the 31st of December 2014, the part of the Company's property, plant and equipment with a carrying value of 59,582 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 31st of December 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 | - | - |
| 31 December 2014 | 3,620,000 | 3,620,000 |
| Accumulated depreciation and impairment | | |
| 31 December 2013 | 522,532 | 522,532 |
| Depreciation | 108,845 | 108,845 |
| Disposals | - | - |
| 31 December 2014 | 631,377 | 631,377 |
| Carrying amount | | |
| 31 December 2013 | 3,097,468 | 3,097,468 |
| 31 December 2014 | 2,988,623 | 2,988,623 |

15.9. Intangible assets

On the 31st of December 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 | - | - | 50,426 | - | 332,011 | 382,437 |
| Disposals | - | - | - | - | - | - |
| Transfers | - | - | 467,568 | - | (467,568) | - |
| Rate of exchange influence | - | - | (6,040) | - | - | (6,040) |
| 31 December 2014 | 2,400,000 | 128,876 | 3,713,886 | 10,362,101 | 2,696,571 | 19,301,434 |
| Accumulated amortization | | | | | | |
| 31 December 2013 | 275,556 | 74,592 | 1,517,549 | - | 1,113,985 | 2,981,682 |
| Amortization | 26,666 | 22,694 | 761,474 | - | 573,963 | 1,384,797 |
| Disposals | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - |
| Rate of exchange influence | - | - | (928) | - | - | (928) |
| 31 December 2014 | 302,222 | 97,286 | 2,278,095 | - | 1,687,948 | 4,365,551 |
| Carrying amount | | | | | | |
| 31 December 2013 | 2,124,444 | 54,284 | 1,684,383 | 10,362,101 | 1,718,143 | 15,943,355 |
| 31 December 2014 | 2,097,778 | 31,590 | 1,435,791 | 10,362,101 | 1,008,623 | 14,935,883 |

On the 31st of December 2014, the Group's land lease rights with a carrying value of 2,098 thousand Litass (31 December 2013 – 2,124 thousand Litass) are pledged as a security for repayment of the loan granted by banks.

On the 31st of December 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 | - | 15,595 | 327,328 | 342,923 |
| Disposals | - | - | - | - |
| Transfers | - | 399,730 | (399,730) | - |
| 31 December 2014 | 128,876 | 2,133,005 | 860,067 | 3,121,948 |
| Accumulated amortization | | | | |
| 31 December 2013 | 74,592 | 1,167,855 | 224,183 | 1,466,630 |
| Amortization | 22,694 | 295,629 | 119,261 | 437,584 |
| Disposals | - | - | - | - |
| Transfers | - | - | - | - |
| 31 December 2014 | 97,286 | 1,463,484 | 343,444 | 1,904,214 |
| Carrying amount | | | | |
| 31 December 2013 | 54,284 | 549,825 | 708,286 | 1,312,395 |
| 31 December 2014 | 31,590 | 669,521 | 516,623 | 1,217,734 |

15.10. Investments into subsidiaries

On the 31st of December 2014 investments into subsidiaries consisted of the following, LTL:

| | The Company | |
|--|-------------------|-------------------|
| | 31.12.2014 | 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 31st of December 2014 trade and other receivables consisted of the following, LTL:

| | The Group | | The Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| Trades receivable | 34,965,083 | 37,107,705 | 19,905,462 | 18,494,446 |
| Other receivable | 2,812,857 | 3,934,570 | 917,388 | 950,741 |
| | 37,777,940 | 41,042,275 | 20,822,850 | 19,445,187 |
| Less: allowance for doubtful amounts receivable | (911,898) | (509,269) | (263,677) | (312,199) |
| Total amounts receivable within one year: | 36,866,042 | 40,533,006 | 20,559,173 | 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 | |
|---|----------------|----------------|----------------|----------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| On the 1st of January | 509,269 | 700,900 | 312,199 | 295,559 |
| Change for the year | 504,143 | 16,640 | 52,992 | 16,640 |
| Reversal of allowance | - | (208,271) | - | - |
| Rate of exchange influence | (101,514) | - | (101,514) | - |
| At the end of the period | 911,898 | 509,269 | 263,677 | 312,199 |

15.12. Cash and cash equivalents

On the 31st of December 2014 cash and cash equivalents consisted of the following:

| | The Group | | The Company | |
|--------------|------------------|------------------|------------------|----------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| Cash at bank | 4,851,851 | 2,337,434 | 1,042,229 | 258,155 |
| Cash on hand | 3,501 | 156,684 | 3,422 | 30,305 |
| Total | 4,855,352 | 2,494,118 | 1,045,651 | 288,460 |

15.13. Inventories

On the 31st of December 2014 inventories consisted of the following:

| | The Group | | The Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| Materials | 14,008,204 | 11,035,647 | 4,859,800 | 4,866,034 |
| Work in progress | 2,288,522 | 4,296,003 | 1,168,365 | 1,849,556 |
| Finished goods | 10,640,650 | 10,335,294 | 4,834,396 | 4,066,204 |
| Goods in transit | 348,842 | 165,982 | 239,064 | - |
| | 27,286,218 | 25,832,926 | 11,101,625 | 10,781,794 |
| Less: write-down to net realizable value | (807,002) | (1,196,966) | (791,691) | (1,181,655) |
| Total | 26,479,216 | 24,635,960 | 10,309,934 | 9,600,139 |

On the 31st of December 2014, the Group's and the Company's inventories with carrying amount of 20,202 thousand Litass and 4,000 thousand Litass 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 Litass and 4,000 thousand Litass).

15.14. Share capital and legal reserve

On the 31st of December 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 31st of December 2014 shareholders of the Company were as follows:

| | Number of shares | Proportion of ownership, % |
|---------------------------|-------------------|----------------------------|
| Lithuanian legal entities | 25,990,733 | 39.6 |
| Lithuanian individuals | 30,031,016 | 45.7 |
| Foreign legal entities | 8,340,672 | 12.7 |
| Foreign individuals | 1,337,579 | 2.0 |
| Total | 65,700,000 | 100.0 |

On the 31st of December 2014 shareholders of the Company (by country) were as follows:

| | Number of shares | Proportion of ownership, % |
|-----------------|-------------------|----------------------------|
| Lithuania | 56,021,749 | 85.3 |
| Austria | 5,469,967 | 8.3 |
| Sweden | 1,893,412 | 2.9 |
| Other countries | 2,314,872 | 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 and current borrowings

| | The Group | | The Company | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| The loans and mortgages are repayable as follows: | | | | |
| Within one year | 35,316,095 | 20,787,971 | 22,472,048 | 13,089,139 |
| In the second year | 31,391,360 | 25,306,337 | 15,962,302 | 11,642,638 |
| In the third to fifth years inclusive | 35,305,661 | 33,800,016 | 9,813,341 | 8,123,792 |
| | 102,013,116 | 79,894,324 | 48,247,691 | 32,855,569 |
| Less: amount due for settlement within one year | (35,316,095) | (20,787,971) | (22,472,048) | (13,089,139) |
| Amount due for settlement after one year | 66,697,021 | 59,106,353 | 25,775,643 | 19,766,430 |

15.16. Trade and other payables

| | The Group | | The Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2014 | 31.12.2013 | 31.12.2014 | 31.12.2013 |
| Trade payables | 53,214,742 | 55,709,578 | 31,372,195 | 17,891,490 |
| Taxes, salaries and social insurance payable | 4,883,290 | 7,270,331 | 2,164,854 | 2,805,681 |
| Advances received | 519,162 | 221,779 | 154,399 | 82,108 |
| Other payables | 2,880,941 | 1,736,272 | 1,016,729 | 606,058 |
| Total | 61,498,135 | 64,937,960 | 34,708,177 | 21,385,337 |

15.17. Other operating income

| | The Group | | The Company | |
|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01.01.2014- 31.12.2014 | 01.01.2013- 31.12.2013 | 01.01.2014- 31.12.2014 | 01.01.2013- 31.12.2013 |
| Gain from disposal of emission rights | 2,080,312 | 48,394 | 2,080,312 | - |
| Rent income | 259,104 | 291,642 | 267,699 | 271,440 |
| Gain from disposal of fixed assets | 413,011 | 298,222 | 256,992 | 85,803 |
| Scrap metal recognition | 440,162 | 721,274 | 38,870 | 161,265 |
| Insurance compensation | 72,634 | 223,826 | 22,180 | 127,905 |
| Other income | 1,019,822 | 497,402 | 625,797 | 454,157 |
| Total | 4,285,045 | 2,080,760 | 3,291,850 | 1,100,570 |

15.18. Other operating expenses

| | The Group | | The Company | |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01.01.2014- 31.12.2014 | 01.01.2013- 31.12.2013 | 01.01.2014- 31.12.2014 | 01.01.2013- 31.12.2013 |
| Rent expenses | - | 203,725 | 13,297 | 42,322 |
| Insurance expenses | 96,735 | 114,115 | 23,122 | 36,051 |
| Other expenses | 892,966 | 159,247 | 833,014 | 322,797 |
| Total | 989,701 | 477,087 | 869,433 | 401,170 |

15.19. Off balance articles

Emission rights movement for the twelve 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 | (15,251) | (175) |
| Sale of emission rights | (100,000) | (100,000) |
| 31 December 2014 | 91,133 | 64,899 |

15.20. Court and arbitration proceedings

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