

AB GRIGIŠKĒS

Interim consolidated notification for the 1st semester 2007

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AB Grigiškės, represented by Director General Gintautas Pangonis and Director of Finance Department Nina Šilerienė, hereby confirm that, to the best of their knowledge, these interim consolidated financial statements, as made in compliance with applicable accounting standards, are true, correctly reflect issuer's and aggregate consolidated companies' assets, liabilities, financial standing, profit or loss, and the presented review of business development and activities is true and correct.

AB Grigiškės, Director General **Gintautas Pangonis**

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

I. GENERAL ATTITUDE

1. Accounting period covered by the notification

The notification covers the first semester of 2007.

2. Group companies and their contact particulars

AB Grigiškės has two subsidiaries: UAB Baltwood with core activities in wood processing and UAB Grigiškių Transporto Centras which has not been operating since 2006.

Issuer's name	Public Company GRIGIŠKĖS	Subsidiary: Private Limited Company BALTWOOD
Company's ID number	110012450	126199731
Authorised capital	39.956.657 Lt	LTL 9.950.000
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	(8~5) 243 58 01	(8~5) 243 59 45
Fax	(8~5) 243 58 02	(8~5) 243 58 98
E-mail	info@grigiskes.lt	info@baltwood.lt
Internet	www.grigiskes.lt	www.baltwood.lt
Legal-organisation form	Public company, limited liability private legal person	Private limited company, limited liability legal person
Date and place of registration	2 April 1992, Ministry of Economy of the Republic of Lithuania	10 April 2003, State Enterprise The Centre of Registers

3. Nature of core activities of the group companies

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

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

4. Contracts with intermediaries of public trading in securities

The company has signed a contract with AB FMĮ Finasta (financial brokerage firm) (Konstitucijos av. 23, Vilnius, tel. (8~5) 278 6833, fax. (8~5) 278 6838) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2006 financial years.

5. Authorised capital of the Issuer

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

5.1.1. Table. Structure of the authorised capital

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

All shares of AB Grigiškės are fully paid up.

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

AB Grigiškės has not issued any debt securities or derivative securities to be converted into shares.

5.3. Rights and obligations conferred by the shares

The shareholders shall have no other obligations to the company except for payment of the issue price for all the subscribed shares.

Where the general meeting of shareholders adopts resolution to cover Company's losses with additional contributions of the shareholders, such contributions must be paid by the shareholders who voted "for" the mentioned resolution. The shareholders who were absent at the general meeting of shareholders or voted "against" the mentioned resolution shall be entitled to withdraw from the payment of the additional contributions.

The shareholders must repay dividend to the Company if the dividend is paid down in breach of imperative provisions of the Company Law of the Republic of Lithuania and the Company proves that the shareholder was or should have been aware of this.

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

- 1) a share of the profits of the Company (the dividend);
- 2) a share of the assets of the Company when its authorised capital is reduced in order to pay Company's funds to the shareholders;
- 3) a share of the assets of the Company in case of its liquidation;
- 4) free shares when the authorised capital of the Company is enlarged out of own funds of the company;
- 5) pre-emption in acquisition of the shares or convertible bonds issued by the Company with the exception of the event when the general meeting of shareholders decides not to confer pre-emption to all the shareholders in the procedure specified by the Company Law of the Republic of Lithuania;
- 6) to bequeath all or a part of the shares to a single person or several persons;
- 7) to transfer all or any of the shares to other persons in the procedure prescribed by the legal acts of the Republic of Lithuania;
- 8) to borrow funds to the Company in the statutory procedure, but when borrowing moneys from its shareholders, the Company shall not be entitled to mortgage its property to the mentioned shareholders;
- 9) other property rights set forth by the laws.
- 10) to attend the general meetings of shareholders and vote according to the rights granted by the shares held;
- 11) to be informed on the economic activities of the Company, as stipulated in the Company Law of the Republic of Lithuania;
- 12) to lodge complaints in a court of law against resolutions or actions of the general meeting of shareholders, the board and the head of administration, claim for compensation of damage to the Company caused due to non-fulfilment or improper fulfilment of the duties prescribed by laws and/or the Articles of Association of the Company by the head of the Company or the members of the board;
- 13) the shareholders or a group of the shareholders holding shares of the total par value of at least one tenth of the authorised capital of the Company are entitled to enter into a contract with an audit company at the shareholders' choice for auditing the activities and financial statements of the Company, ascertaining whether or not there are any indications of insolvency or fraudulent bankruptcy, whether or not the Company's assets are being squandered, loss-yielding contracts are concluded, the rights of the shareholders are infringed, including an unwarranted payment of wages or application of relief or concessions.
- 14) to give powers to other person to vote on his/her behalf at the meeting of shareholders or perform any other legal acts;
- 15) to exercise other non-property rights provided for by laws.

6. Shareholders

On 30 June 2007, there were 2,380 shareholders of AB Grigiškės.

6.1. Table. Shareholders owning in excess of 5 per cent of the authorised capital of the issuer as of 30 June 2007

Shareholder's name (company's name, type, headquarters address, corporate ID number)	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Votes held by the shareholder together with other persons, %
UAB GINVILDOS INVESTICIJA Turniškių str. 10a-2, Vilnius	18.895.104	47,87	47,87	----
ROSEMOUNT HOLDING LLC 8130 S.W.Beaverton-Hillsdale, Portland OR97225	3.597.457	9,00	9,00	----
DAILIUS JUOZAPAS MIŠEIKIS	2.201.367	5,51	5,51	----

There are no shareholders holding special controlling rights.

There are no restrictions of the voting rights.

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.

7. Information on trading with Issuer's securities on the regulated markets

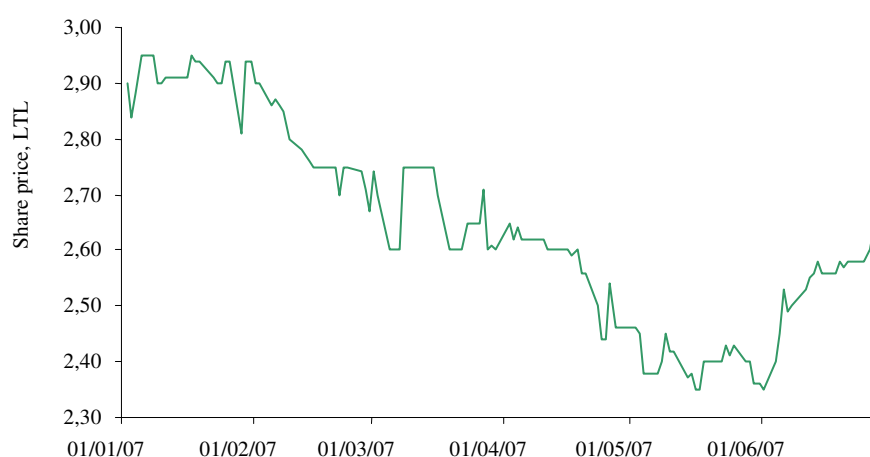
Registered ordinary shares of AB Grigiškės are listed on the current lists of AB Vilniaus Vertybinių Popierių Birža (Vilnius Stock Exchange, further – "the VVPB).

7.1. Table. Key characteristics of the shares of the company

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

7.2. Table. Trading with the shares of the company

Reported period	Price, LTL			Turnover, LTL			Last session date	Total turnover	
	Max.	Min.	Last session	Max.	Min.	Last session		Pcs.	LTL
2007, Q1	2,97	2,51	2,60	328.382,60	0	1.300,00	30/03/07	631.838	1.749.931,40
2007, Q2	2,65	2,35	2,61	120.765,00	0	14.425,00	29/06/07	341.104	852.088,82



7.2.1. Fig. Share price dynamics in January – June 2007.

7.3. Table. Capitalisation of the company's shares

Last session date	Capitalisation, LTL
30 March 2007	103.887.308,20
29 June 2007	104.286.874,77

8. Employees

Over the first six months, there were minor changes in the number of employees in Public Company Grigiškės.

Employment contracts do not provide for any extraordinary rights or obligations of the employees.

8.1. Table. Average number of listed employees

	30 June 2007	2006
Number of employees	739	759

8.2. Table. Grouping of employees by education. Average wage/salary per month on 30 June 2007 (LTL)

Employees	Average wage on 30/06/07, LTL	Grouping of employees by education				
		University	College	Secondary	Basic	Elementary
Blue-collar workers	1.961	23	101	401	73	2
Officers	5.729	38	12	2	-	-
Experts	2.677	63	19	5	-	-
Total	2.022	124	132	408	73	2

8.3. Table. Grouping of employees by education. Average wage per month in 2006 (LTL)

Employees	Average wage in 2006, LTL	Grouping of employees by education				
		University	College	Secondary	Basic	Elementary
Blue-collar workers	1.589	18	100	421	70	2
Officers	3.788	42	16	-	-	-
Experts	2.314	65	18	7	-	-
Total	1.875	125	134	428	70	2

9. Amendments to the articles of association of the Issuer

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

10. Information on the managing bodies of the Issuer

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

The council of observers shall be comprised of 5 members. The members to the council of observers shall be elected by the general meeting of shareholders for a period of 4 years. The council of observers shall elect and revoke the members of the board. The board of the Company consists of 5 members.

The board of the Company shall elect and revoke the head of the Company, fix his salary, approve his job description, award bonuses to and impose penalties on the head of the Company.

10.1. Members to the managing bodies

10.1.1. Positions, names, personal ID numbers, information on the interests in the authorised capital of the Issuer

10.1.1.1. Table. Members to the council of observers, board and administration, and their interest in the authorised capital of the Company

Full names	Positions	Capital interest and votes, %
COUNCIL OF OBSERVERS		
Norimantas Stankevičius	Chairman	-
Algimantas Goberis	Member	-
Valdas Urbonas	Member	-
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
BOARD		
Gintautas Pangonis	Chairman	0,22
Nina Šilerienė	Member	0,02
Audris Vilčinskis	Member	-
Normantas Paliokas	Member	-
Vigmantas Kažukauskas	Member	0,89
ADMINISTRATION		
Gintautas Pangonis	Director General	0,22
Nina Šilerienė	Directress of Finance Department	0,02

10.2. Information of the chairman of the board, head of administration and directress of Finance Department

Gintautas Pangonis – chairman of the board, director general. Education – university degree. Profession – multichannel telecommunication engineer. Employers in the last 10 years:

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

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

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

10.3. 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)

10.3.1. Table. Participation of the members of the council of observers, board and administration in the activities of other enterprises, agencies and organisations

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Position	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	UAB „Didma“	Direktorius	UAB „Didma“	71,65
	N.Stankevičiaus komercinė firma „Naras“	Įmonės savininkas		
	UAB “Grigiškių transporto centras”	Valdybos narys		
	UAB „Baltwood“ AB „Grigiškės“	Member of the board Chairman of the council of observers		
			UAB „Ginvildos investicija“	21,0
			UAB „Marijampolės kabelinė televizija“	47,0
Tautvilas Adamonis	UAB „Remada“ AB „Grigiškės“	Director Member of the council of observers	UAB „Remada“	100,0

10.3.1. Table continuation

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Position	Name of enterprise, agency and organisation	Capital share and votes, %
Gintautas Pangonis	AB „Grigiškės“	Director General	UAB „Ginvildos investicija“	79,0
	AB „Grigiškės“	Chairman of the board	UAB „Marijampolės kabelinė televizija“	25,0
	UAB „Grigiškių transporto centras“	Chairman of the board		
	UAB „Baltwood“	Chairman of the board		
Normantas Paliokas	UAB „Didma“	Head of Vilnius Representative Office		
	UAB „Ginvildos investicija“	Director		
	UAB „Baltwood“ AB „Grigiškės“	Member of the board Member of the board		
Vigmantas Kažukauskas	UAB „Grigiškių transporto centras“ AB „Grigiškės“	Member of the board Member of the board		
Audris Vilčinskas	AB „Grigiškės“	Member of the board	UAB „Marijampolės kabelinė televizija“	20,0
Nina Šilerienė	AB „Grigiškės“	Member of the board		
	UAB „Baltwood“ AB „Grigiškės“	Member of the board Directress of Finance Department	AB „Grigiškės“	

10.4. Data on the still valid criminal records of the members of the managing bodies for crimes on property, order of business and finances

The members of the managing bodies of the Company have no valid criminal records for crimes on property, order of business and finances.

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

The council of observers (supervisory board) of AB Grigiškės was elected on 29 December 2003 for a 4 years' period (ending in 2007). The board of the Company was elected on 29 December 2003 for a 4 years' period (ending in 2007).

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

10.6.1. Table. Information on the salaries, tantiemmes and other payments from profit paid by the Issuer within the reported period (average amounts per person)

10.6.1.1. Table. Information on the salaries, tantiemmes and other payments from profit paid by the Issuer within the reported period (average amounts per person)

	Salaries, LTL	Tantiemmes, LTL	Other payments, LTL
Totally for all members of the council of observers	-	-	-
In average per one member of the council of observers	-	-	-
Totally for all members of the board	-	-	-
In average per one member of the board	-	-	-
Totally for all members of the administration	211.039	-	-
In average per one member of the administration	105.519	-	-

10.6.2. *The sums paid to the members of the council of observers, board and administration of the Issuer, as salaries, tantiemes and other payments from profit in the reported period, received from companies where the share of the Issuer in the authorised capital exceeds 20 per cent*

None.

10.7. *Loans, guarantees and warranties granted to the members of the council of observers, board and administration to secure fulfilment of their obligations*

None.

11. Review of the activities of group companies

11.1 The newest events in the activities of the Issuer

On 6 April 2007, the sitting of the board of AB Grigiškės resolved to submit a proposal for the general meeting of shareholders to be held on 20 April 2007 to pay down LTL 2 million dividend. The net audited profit of the Company in 2006 amounted to LTL 6,3 million. The net audited profit of the group of companies (AB Grigiškės and UAB Baltwood) in 2006 amounted to LTL 5,4 million (EUR 1,56 million). The board approved the audited Activity Report, heard the auditor's report on the financial statements of 2006, assessed them positively and resolved to submit the drafts of annual financial statements and profit distribution report for the approval at the general meeting of shareholders.

The board approved the investment plan of the Company for the year 2007 for the amount of LTL 12 million.

The general meeting of shareholders of Grigiškės took place on 20 April 2007. The meeting heard the annual report of the Company, auditor's report, approved financial statements for 2006, distribution of profit (loss) of the Company in 2006, granted powers and authorised mortgage of fixed assets of the Company which book value exceed 1/20 of the authorised capital of the Company and land lease rights. UAB KPMG Baltics was elected to be the audit company for 2007-2008 financial year, and the terms and conditions of payment for audit services were defined. The meeting of shareholders resolved to pay the dividend in the amount of LTL 2 million for the year 2006 (LTL 0,05 per share).

11.2. Material events in the Issuer's activities

Within the first quarter, sales of AB Grigiškės group exceeded LTL 34 million or were by 13,8 per cent more compared to the same period last year, when the turnover amounted to LTL 30 million. The Group earned LTL 1,6 million profit over the first quarter.

On June 2007, the turnover of the group of companies comprised of AB Grigiškės and UAB Baltwood amounted to LTL 11,4 million, profit – to LTL 274 thousand. Within six months of this year, the turnover of the group of companies exceeded LTL 67 million. Compared to the same period last year, sales have increased nearly by 14 per cent. Six months' profit of the group of companies amounted to LTL 2,56 million in 2007.

11.3. The strategy of activities and its envisioned changes in the nearest financial year

In 2007, AB Grigiškės group of companies plans to increase its turnover by 32,5 per cent and sell products and services for LTL 159 million. The group expects to earn LTL 6,9 million net profit and have LTL 20,8 million net cash flows.

In 2006-2007, AB Grigiškės receives support from EU funds for Project 'Improvement of competence of industrial workers'. The Company uses project opportunities for raising employees' qualifications, receiving the most up-to-date and relevant news in the fields of business management, production organisation and production process assurance.

The Company also plans to acquire a consumables converter line of high efficiency in order to have balanced capacities in papermaking and paper processing, and to manufacture high-quality end products.

In May, AB Grigiškės launched a new product to the Baltic market – coloured toilet paper GRITE VIVO. Now the customers may choose from three colours of toilet paper – white, peachy and pink.

In order to satisfy the increasing demand for corrugated board on the Lithuanian market, the Company is updating equipment for these products. Modernisation was started last year and on May 2007 installation of a new automated line for production of packing was completed. This equipment significantly increased the quantities and quality of the products.

AB Grigiškės pays special attention to eco-friendly production and manufactures wooden fiber boards which have NFB (Natural Fiber Board) mark from 2007. This mark is used for products of the member companies of European Federation of Fibre Board Manufacturers NFB FEROPA. AB Grigiškės is a member of this federation. This new trade mark was established by the NFB international federation in order to attract attention that fiber boards with these marks are manufactured in compliance with all European health and environmental standards and norms.

11.4. Financial and non-financial indicators of the Company

Indicators		Group		Company	
		30/06/07	2006	30/06/07	2006
Gross profit margin (%)	Gross profit / sales	17,8	20,7	18,6	21,1
Net profit margin (%)	Net profit / sales	3,0	4,5	4,2	5,8
Return on assets (%)	Net profit / assets	1,6	4,4	2,3	5,8
Return on equity (%)	Net profit / equity	3,0	7,9	3,9	9,5
Debts factor	Liabilities / debt	0,5	0,4	0,4	0,4
Debt / equity factor	Liabilities / equity	0,8	0,8	0,7	0,6
Current liquidity ratio	Current assets / short-term liabilities	0,9	0,9	1,2	1,1
Assets turnover	Sales / assets	0,5	1	0,6	1
Book value per share, LTL	Equity / number of shares	1,7	1,7	1,7	1,7
Net profit per share, LTL	Net profit / number of shares	0,05	0,13	0,07	0,16

More information about six months' activity and financial results of the Company in 2007 as well as main types of risks faced by the Company is presented in the interim consolidated financial statements report of AB Grigiškės for six month in 2007.

12. Transactions with interested persons

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

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

UAB Ginvildos Investicija – major shareholders of AB Grigiškės.

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

12.1. Table. Group's transactions with related persons in 2007. Balances of amounts receivable/payable in relation thereto on 30 June 2007 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
UAB Baltwood	1.877.630	407.570	3.015.406	-
UAB Ginvildos Investicija	-	298.000	-	61.601
UAB Didma	12.735	223.105	-	95.898
UAB Remada	3.072	-	965	-
UAB Grigiškių Transporto Centras	-	-	-	-
	1.893.437	928.675	3.016.371	157.499

17. Court and arbitration proceedings

Over the first semester of 2007 there were no court or arbitration proceedings which influenced or are likely to influence the financial standing of AB Grigiškės.