

Lithuanian Securities Commission
Konstitucijos av. 23
LT-08105 Vilnius, Lithuania

24.11.2009 No 026-SK/2009- 824

CONFIRMATION OF RESPONSIBLE PERSONS

Pursuing Part 2 of Article 22 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commission for preparation and announcement of periodical and supplementary information, we, the undersigned – General Director Gintautas Pangonis and Director of Finance Department Nina Šilerienė approve that not audited financial statements of AB Grigiškės for the nine months of 2009 year, 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 also that the consolidated report for the nine months of 2009 year shows fair business environment as well as description of the company's performance

ENCLOSURE: „Grigiškės“, AB interim information for the nine months of 2009 (34 pages).

General Director



Gintautas Pangonis

Director of Finance Department



Nina Šilerienė

“GRIGIŠKĖS”, AB

Interim information for the nine months of 2009

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

Reports have been prepared for the nine months of 2009

2. AUDIT INFORMATION

The interim consolidated information of “Grigiškės”, AB covering the nine months of 2009 is not audited or checked-up by auditors.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

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

Status	Issuer	Subsidiary	Subsidiary	Subsidiary
Name	Public Limited Liability Company „Grigiškės”	Private Limited Liability Company „Baltwood”	Private Limited Liability Company „Ekotara”	Private Limited Liability Company „Grigiškių Transporto Centras”
Company's ID number	110012450	126199731	302329061	300015674
Authorised capital	60.000.000 Lt	9.950.000 Lt	10.000 Lt	100.000 Lt
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	(8~5) 243 58 01	(8~5) 243 59 45	(8~5) 243 58 01	(8~5) 243 58 01
Fax	(8~5) 243 58 02	(8~5) 243 58 98	(8~5) 243 58 02	(8~5) 243 58 02
E-mail	info@grigiskes.lt	info@baltwood.lt	info@grigiskes.lt	info@gtc.lt
Internet address	www.grigiskes.lt	www.baltwood.lt	www.ekotara.lt	-
Legal form	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	10 April, 2003	10 April, 2009	6 April, 2004
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. 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, medical cellulose wadding, corrugated board, products from corrugated board, self-coloured and painted hardboard.

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

5. 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 the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2008 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) for making the market for the shares of AB Grigiškės.

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

6. AUTHORISED CAPITAL OF THE ISSUER

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

6.1.1. Table. Structure of the authorized capital

Type of shares	Number of shares.	Par value, LTL	Total par value, LTL	Interest in the authorised capital, %
Ordinary registered shares	60.000.000	1	60.000.000	100,00

All shares of the Issuer are fully paid up.

6.2. 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.

6.3. Rights and obligations conferred by the shares

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

- 1) to receive a part of the Company's profit - dividend;
- 2) to receive the Company's funds when the 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) litas gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed

by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;

- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On the 30th of September 2009 there were 2.475 shareholders of Grigiškės, AB.

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

7.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer as of 30 September 2009

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2009			31 December 2008		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „Ginvildos investicija“ Turniškių g. 10a-2, Vilnius 125436533	29.272.228	48,79	48,79	28.775.979	47,96	47,96
ROSEMOUNT HOLDING LLC 3533 Fairview Industrial Drive SE, Salem, OR 97302, United States of America	5.639.967	9,40	9,40	5.639.967	9,40	9,40
DAILIUS JUOZAPAS MIŠEIKIS	5.997.932	10,00	10,00	4.672.432	7,79	7,79

7.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

7.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

7.5. 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.

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

Registered ordinary shares of Grigiškės, AB are listed on the secondary lists of NASDAQ OMX VILNIUS (ticker – GRG1L).

8.1. Key characteristics of the shares of the Company

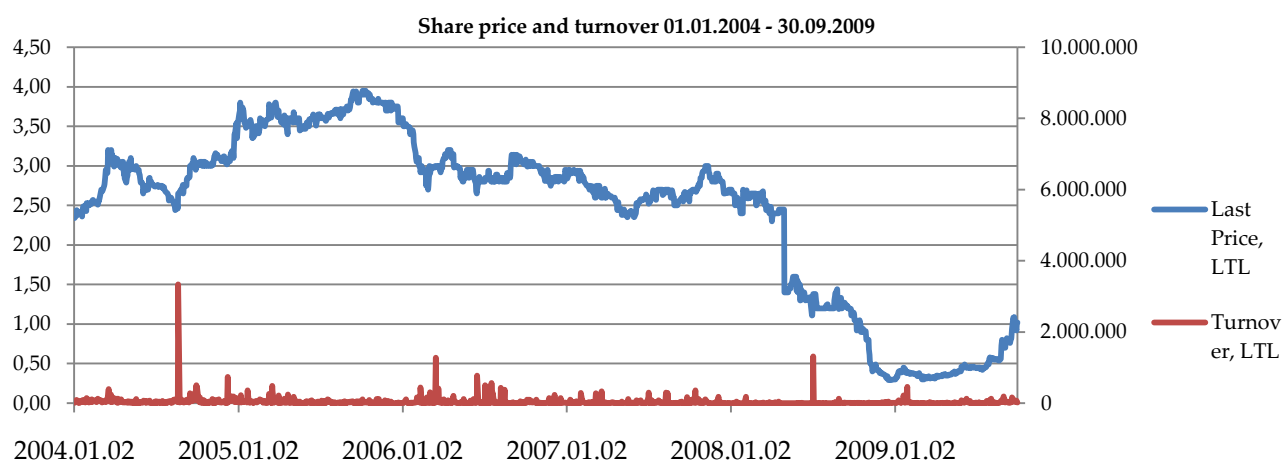
8.1. table. Key characteristics of the shares of the Company

Type of shares	Securities ISIN code	Number of shares	Par value, LTL	Total par value, LTL
Registered ordinary shares	LT0000102030	60.000.000	1	60.000.000

8.2. Share trading information

8.2. table. Share trading information

Reported period	Price, LTL			Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Max.	Min.	Last session	Units	LTL
2008, I Q	2,70	2,40	2,48	183.621	0	0	167.207	431.407
2008, II Q	2,45	1,11	1,11	45.478	0	5.910	96.273	174.179
2008, III Q	1,44	1,11	1,14	1.311.782	0	4.812	1.325.360	1.700.485
2008, IV Q	1,14	0,29	0,30	42.459	0	6.593	884.565	378.011
2008	2,70	0,29	0,30	1.311.782	0	6.593	2.473.405	2.684.081
2009, I Q	0,45	0,30	0,31	458.897	0	0	4.465.664	1.751.743
2009, II Q	0,49	0,33	0,45	122.162	0	20.205	2.033.965	873.993
2009, III Q	1,09	0,42	1,02	185.607	0	22.208	2.889.167	2.017.305



7.2.1. Fig. Share price and turnover 1 January 2004 – 30 September 2009

Grigiškės, AB share price declined in May because of annual general meeting decision to increase authorised capital to 60.000.000 LTL (registered in May 2008). Annual general meeting decided to issue 20.043.343 ordinary registered shares of the nominal value of 1 (one) litas and to give the newly issued ordinary registered shares of the nominal value of 1 (one) litas to the shareholders for free.

8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
28.12.2007	107.882.974
31.03.2008	99.092.509
30.06.2008	66.600.000
30.09.2008	68.400.000
31.12.2008	18.000.000
31.03.2009	18.600.000
30.06.2009	27.000.000
30.09.2009	61.200.000

8.4. Issuer's share trading on other stock exchanges and regulated markets

The Company's shares are not traded on other stock exchanges and regulated markets.

8.5. Own shares buy out

The Company has not bought out own shares.

8.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

8.7. Official take over bid

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

10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

11. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

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

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

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

11.1. Members of the managing bodies

11.1.1. table. Members of the supervisory council, board and administration, and their capital share and votes

Full names	Positions	Capital share and votes, %
SUPERVISORY COUNCIL		
Norimantas Stankevičius	Chairman	-
Algimantas Goberis	Member	-
Valdas Urbonas	Member	-

Full names	Positions	Capital share and votes, %
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
BOARD		
Gintautas Pangonis	Chairman	0,22
Nina Šilerienė	Member	0,07
Audris Vilčinskas	Member	-
Normantas Paliokas	Member	-
Vigmantas Kažukauskas	Member	0,91
ADMINISTRATION		
Gintautas Pangonis	Director General	0,22
Nina Šilerienė	Director of Finance Department	0,07
Vigmantas Kažukauskas	Director for Business Development	0,91

11.2. Information of the Chairman of the Board, Head of Administration and Director of Finance Department

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

Employers	Positions
Lietuvos telekomas, AB (current name TEO LT, AB)	Director general, chairman of the board
Lietuvos telekomas, AB (current name TEO LT, AB)	Executive vice president
Bitė GSM, UAB (current name Bite Lietuva, UAB)	Director general, chairman of the board
Grigiškės, AB	Director general, chairman of the board

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

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

11.3. 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)

11.3.1. 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	Director	Didma, UAB	51,00
			Naras, UAB	62,48
			Ginvildos investicija, UAB	21,0
	Baltwood, UAB	Member of the board		
	Grigiškės, AB	Chairman of the supervisory council		
Tautvilas Adamonis	Remada, UAB	Director	Remada, UAB	100,0

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Gintautas Pangonis	Grigiškės, AB	Member of the supervisory council		
			Ginvildos investicija, UAB	79,0
	Grigiškės, AB	Director General	Grigiškės, AB	0,22
	Grigiškės, AB	Chairman of the board		
	Grigiškių transporto centras, UAB	Chairman of the board		
	Baltwood, UAB	Chairman of the board		
	Ekotara, UAB	Chairman of the board		
Normantas Paliokas	Didma, UAB	Head of Vilnius Representative Office		
	Ginvildos investicija, UAB	Director		
	Baltwood, UAB	Member of the board		
	Grigiškės, UAB	Member of the board		
Vigmantas Kažukauskas	Grigiškės, AB	Director for Business Development	Grigiškės, AB	0,91
	Grigiškės, AB	Member of the board		
	Grigiškių transporto centras, UAB	Director		
	Grigiškių transporto centras, UAB	Member of the board		
	Ekotara, UAB	Member of the board		
Audris Vilčinskas	Grigiškės, AB	Member of the board		
Nina Šilerienė	Grigiškės, AB	Director of Finance Department	Grigiškės, AB	0,07
	Grigiškės, AB	Member of the board		
	Grigiškių transporto centras, UAB	Member of the board		
	Baltwood, UAB	Member of the board		
	Ekotara, UAB	Member of the board		

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

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

12. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigiškės, AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange adopted on August 21, 2006. Information presented in the Annual Report for 2008 has not undergone any changes

13. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

January The Board meeting on 9 January 2009 approved a budget for the year 2009. This year the Group which consists of JSC Grigiskės and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 150 mln. (EUR 43.4 mln.). Comparing with the forecasted results of the year 2008 the sales in 2009 will increase by LTL 4 mln. (EUR 1.2 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 0,3 mln. (EUR 0.1 mln.).

The Group which consists of JSC Grigiskės and daughter enterprise Baltwood LTD planned results for year 2009 were calculated in pursuance of sales maintaining on the level of year 2008. Prices of raw material were forecasted according to the recent price trends. Also we believe, that price of the natural gas which has a significant impact on the Group's results will not exceed the price level what was reached in autumn 2008. According to that we believe that plan for year 2009 and planned results adopted by the Grigiškės AB Board meeting are real and achievable.

February On 3 February 2009 „Grigiskės“, AB has signed a contract with an audit company “Tezaurus auditas”, UAB to carry out an audit of JSC Grigiškės financial statements and consolidated financial statements for year ended on 31 december 2008.

The Board meeting on 13 February 2009 decided to establish a subsidiary company that will produce and realize corrugated carton and products made from it.

March Management Board of Joint-stock company “GRIGIŠKĖS” passed the following decision on the 17th of March, 2009: the General Meeting will take place on the 21st of April 2009 at 11 a.m. at the company's administration building (Vilnius str. 10, Grigiškės, Vilnius city municipality).

Accounting day is 14th April 2009.

On the agenda:

1. 1) Company's annual report 2008.
2. 2) Company's auditor's report 2008.
3. 3) Approval of the financial statements for the year 2008.
4. 4) Net Profit appropriation for the year 2008.
5. 5) Selection of the firm of auditors and fixing of the conditions of the remuneration for the audit services.

April The Management Board meeting on 10 04 2009 approved the audited Company's annual report, heard the auditor's opinion on the company's activities year 2008, evaluated positive and decided to supply for approval the projects of annual financial statement and profit appropriation for Annual General Meeting.

The Grigiškės, AB General Meeting was held on 21 04 2009. Resolutions of the meeting:

1. Stated, that the annual report for the year 2008 was heard;
2. Stated, that the Auditor's report for the year 2008 was heard;
3. Decides to approve the Company's financial statements for the year 2008;
4. Decides to approve the appropriation of Company's profit (loss) for the year 2008.

5. Decides to recall an audit company “KPMG Baltics”, UAB elected for the financial year 2007-2008 by General Meeting on 20th of April 2007.
6. Decides to confirm the decision of the Board by which an audit company „Tezaurus auditas“, UAB (code 122740926) was elected for the financial year 2008 and a sum payable for the audit services 37 500 LTL (plus VAT) was fixed.
7. Decides to elect an audit company “Tezaurus auditas”, UAB (code 122740926) for the financial year 2009 and fixes a sum payable for the audit services 33 750 LTL (plus VAT).

June JSC Grigiskės has allotted a tender to receive a Cohesion fund grant for the heat generation equipment modernize project value of which is 19.1 million Lit. With the EU grant Company plans to obtain a 15 MW wood fuel steam boiler. It is supposed that the new steam boiler will produce 83 thousand MWh of heat energy per year. The objectives of the project are to provide energy more defensively and to reduce business risks. Following the recommendations of Ministry of Economy JSC Grigiskės received the approbation from National Control Commission for Prices and Energy for the project.

On 25 June 2009 „Grigiskės“, AB has signed a contract with an audit company “Tezaurus auditas”, UAB to carry out an audit of JSC Grigiškės financial statements and consolidated financial statements for year will be ended on 31 december 2009. A sum payable for the audit services - 33750 litas excluding VAT.

The Board meeting on 25 June 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskės and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 112.8 mln. (EUR 32.7 mln.), comparing with the 2008 year the sales will decline by LTL 32.7 mln. (EUR 9.5 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 0.8 mln. (EUR 0.23 mln.). Planned results for the year 2009 are corrected after not audited financial results of the first quarter of the year 2009, the trends of Group sales and the reduction of consumption in Lithuanian and foreign markets were evaluated.

July AB “Grigiškės” is going to implement the Project „The modernisation of the heat sector through the greater use of renewable energy resources“ in order to increase competitiveness of production and the use of waste of the manufacturing process for the production of energy. During the implementation of the Project the new steam-boiler with the heating power of 15-18 MW using bio fuel is intended to be installed. The heat produced by the new steam-boiler will replace the heat produced by the existing natural gas steam-boilers. It is planned that the new bio fuel steam-boiler will produce about 55 percent of heat (in the form of steam) needed for the technological processes in the company.

In 2008 AB „Grigiškės“ had provided Lithuanian Business support Agency with an application in order to receive financial assistance for the implementation of the Project. The support of up to 9 445 284 litas from the European Structural Funds and the budget of Lithuanian Republic for the implementation of the Project was granted by the order No. 4-346 of the minister of economy of the Republic of Lithuania enacted on the 10th of July, 2009. The total value of the Project is about 19.1 million Lt.

Over the six months this year the Group which consists of JSC Grigiškės and daughter enterprise Baltwood LTD reached a turnover of LTL 58.0 million (EUR 16.8

million) which is by LTL 19.1 million or 24.7 % less comparing with the same period of 2008, when the Group's turnover outmeasured LTL 77,1 million (EUR 22.3 million). Over the six months of 2009 the Group earned not audited profit before taxes of LTL 0.84 million (EUR 0.24 million). Over the same period of 2008 the Group reached a loss of LTL 0.13 million (EUR 0.04 million).

It is planned, that Group's turnover in 2009 will be lower by 22.5 % than in 2008 because of economic conditions in the Group's sales markets.

AB Grigiškės signed a market making agreement with FMĮ Orion Securities, UAB for making the market for the shares of AB Grigiškės. Market making activity is intended to increase the liquidity of shares, which has fallen recently due to global financial and economic crisis as well as general negative sentiment in NASDAQ OMX Vilnius Stock Exchange. Market making facilitates trading of the shares and indicates that the company cares about the interests of small investors. Market making activity will start on the 3rd of August, 2009.

August On the 31st of August 2009 AB “Grigiškės”, ministry of economy of the Republic of Lithuania and Lithuanian Business support Agency has signed the agreement on budgeting the financial support to the project „The modernisation of the heat sector through the greater use of renewable energy resources“. The aims of the project are to increase competitiveness of production and the usage of waste of the manufacturing process for the production of energy. During the implementation of the Project the new steam-boiler with the heating power of 15-18 MW using bio fuel is intended to be installed. The heat produced by the new steam-boiler will replace the heat produced by the existing natural gas steam-boilers. It is planned that the new bio fuel steam-boiler will produce about 55 percent of heat (in the form of steam) needed for the technological processes in the company. The total value of the Project is 19.1 million Lt, of which 9.4 million Lt is the support of European Structural Funds and the budget of the Republic of Lithuania.

13.2. Newest events in the Issuer's activities

The Board meeting on 7 October 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskės and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 115.6 mln. (EUR 33.5 mln.), comparing with the 2008 year the sales will decline by LTL 29.9 mln. (EUR 8.7 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 2.5 mln. (EUR 0.72 mln.).

Planned results for the year 2009 are corrected after not audited financial results of the third half of the year 2009, expected results of the third quarter of the year 2009 and the trends of Group sales were evaluated.

13.3. Offices and branches

The Company has an office in Latvia (since 2006). No new offices or branches are planned to open in 2009 year.

13.4. Risk factors

Information about financial risk management is provided in notes of 2008 annual audited consolidated statements. There are no material changes in financial risk management in during the nine months of 2009 year.

13.5. Suppliers

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

Supplier's country	2008	Nine months of 2009
	%	%
Lithuania	73	73
Sweden	1	1
Poland	5	3
Estonia	8	8
Latvia	2	1
Finland	1	0
Austria	6	1
Other countries	4	13
TOTAL	100	100

Main suppliers of energy resources are Lithuanian companies.

13.6. Sales and markets

3.1.1.1. table. Group's sold produce

Produce	Nine months of 2008		Nine months of 2009	
	thousand litas	%	thousand litas	%
Hardboard	49.334,1	44,1	25.526,6	29,5
Paper and paper products	46.618,5	41,6	47.381,1	54,7
Wood processing	10.284,0	9,2	7.979,1	9,2
Other sales	5.722,6	5,1	5.738,3	6,6
TOTAL	111.959,2	100,0	86.625,2	100,0

3.1.1.2. table. Company's sold produce

Produce	Nine months of 2008		Nine months of 2009	
	thousand litas	%	thousand litas	%
Hardboard	50.336,4	48,4	25.816,0	32,3
Paper and paper products	46.622,2	44,8	47.389,4	59,3
Other sales	7.114,3	6,8	6.710,1	8,4
TOTAL	104.072,9	100,0	79.915,6	100,0

13.6. table. Company's countries of sales

Country	Nine months of 2008		Nine months of 2009	
	thousand litas	%	thousand litas	%
United Kingdom	358	0,3	1.161	1,5
Belarus	729	0,7	401	0,5
Czech Republic	2.826	2,7	817	1,0
Denmark	1.238	1,2	3.194	4,0
Estonia	6.187	5,9	2.727	3,4
USA	117	0,1	0	0,0
Latvia	6.603	6,3	7.572	9,5
Poland	11.336	10,9	4.514	5,6
Lithuania	59.950	57,6	46.883	58,7
The Netherlands	2.099	2,0	2.328	2,9
Norway	879	0,8	1.043	1,3

Country	Nine months of 2008		Nine months of 2009	
	thousand litas	%	thousand litas	%
Slovakia	150	0,1	2.283	2,9
Finland	1.768	1,7	1.351	1,7
Sweden	8.300	8,0	4.642	5,8
Germany	567	0,5	211	0,3
Other countries	968	1,2	791	0,9
Total	104.073	100,0	79.916	100,0

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

The Board meeting on 7 October 2009 approved a corrected budget for the year 2009. This year the Group which consists of JSC Grigiskės and daughter enterprise Baltwood LTD plans to reach a turnover of LTL 115.6 mln. (EUR 33.5 mln.), comparing with the 2008 year the sales will decline by LTL 29.9 mln. (EUR 8.7 mln.). In 2009 the Group plans to earn a profit before taxes of LTL 2.5 mln. (EUR 0.72 mln.).

With the EU grant Company plans to obtain a 15-18 MW wood fuel steam boiler. The objectives of this project are to provide energy more defensively and to reduce business risks.

13.8. Financial indicators

Financial ratios	Nine months of 2007, not audited		Nine months of 2008, not audited		Nine months of 2009, not audited	
	Group	Company	Group	Company	Group	Company
EBITDA	14.690.990	13.505.740	9.002.807	8.879.677	16.071.649	15.196.924
EBITDA profitability	14,0%	13,9%	8,0%	8,5%	18,6%	19,0%
Gross margin	19,0%	19,5%	11,8%	12,2%	16,4%	16,6%
Operating margin	6,1%	6,5%	-0,8%	0,1%	3,9%	4,5%
Net margin	3,8%	4,5%	-2,4%	-1,3%	1,5%	2,1%
ROE, %	5,8%	6,4%	-4,0%	-2,0%	1,9%	2,6%
ROA, %	3,2%	3,8%	-2,1%	-1,1%	1,0%	1,4%
Current ratio	1,02	1,31	0,99	1,26	1,06	1,47
Quick ratio	0,62	0,84	0,57	0,78	0,65	1,01
Cash to current liabilities	0,012	0,009	0,010	0,010	0,046	0,057
P/E	26,57	24,43	-24,97	-50,53	47,83	35,70
Earnings per share	0,067	0,073	-0,046	-0,023	0,021	0,029
Debt to equity ratio	0,82	0,67	0,98	0,83	0,90	0,77
Debt to total assets ratio	0,45	0,40	0,49	0,45	0,47	0,43

There is more information about Company's activity and financial results in the financial report below.

13.9. Related party transactions

All transactions with related persons were carried out at market prices

Baltwood, UAB – subsidiary of Grigiškės, AB.

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

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

Ekotara, UAB – subsidiary of the group not subject to consolidation.

Grigiškių transporto centras, UAB – subsidiary of the group not subject to consolidation.

3.2.1. table. Group's transactions with related persons during nine months of 2009. Balances of amounts receivable/payable in relation thereto on 30 September 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija, UAB	265	125.426	26	30.661
Didma, UAB	206.688	137.090	36.434	
Remada, UAB	873		5.228	
Naras, UAB	39.079		4.812	
Ekotara, UAB				
Grigiškių transporto centras, UAB				
Total	246.905	262.516	46.500	30.661

3.2.2. table. Company's transactions with related persons during nine months of 2009. Balances of amounts receivable/payable in relation thereto on 30 September 2009 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood, UAB	1.269.517	869.634	4.414.116	
Ginvildos Investicija, UAB	265	119.000	26	30.661
Didma, UAB	2.658	126.405	224	
Remada, UAB	873		5.228	
Naras, UAB	39.079		4.812	
Ekotara, UAB				
Grigiškių transporto centras, UAB				
Total	1.312.392	1.115.039	4.424.406	30.661

14. FINANCIAL INFORMATION

14.1. Balance sheet

LTL

	Note s	The Group		The Company	
		30.09.2009	31.12.2008	30.09.2009	31.12.2008
ASSETS					
Non-current assets:					
Property, plant and equipment	14.7.	96.603.699	104.095.502	87.469.224	93.977.574
Intangible assets	14.8.	2.347.373	2.461.616	109.484	203.549
Investments in associated companies					
Investments in subsidiary		10.000		5.015.000	5.005.000
Loans granted					
Other accounts receivables					
TOTAL NON CURRENT ASSETS		98.961.072	106.557.118	92.593.708	99.186.123
CURRENT ASSETS:					
Cash and cash equivalents	14.10	1.186.928	130.026	1.086.153	113.472
Loans granted					
Trade and other accounts receivables	14.9.	15.154.644	18.770.638	17.758.145	21.058.324
Inventories	14.11	10.479.995	14.826.904	8.738.561	12.558.106
Other assets		461.028	408.583	412.205	383.625
TOTAL CURRENT ASSETS		27.282.595	34.136.151	27.995.064	34.113.527
TOTAL ASSETS		126.243.667	140.693.269	120.588.772	133.299.650
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	14.12	60.000.000	60.000.000	60.000.000	60.000.000
Legal reserve		3.995.665	3.995.665	3.995.665	3.995.665
Retained earnings		2.297.548	1.017.966	3.725.976	2.011.604
Unused emission rights' reappraisal reserve					
TOTAL EQUITY		66.293.213	65.013.631	67.721.641	66.007.269
GRANTS		497.771	318.641	497.771	318.641
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	14.13	17.147.963	15.397.963	17.147.963	15.397.963
Obligations under finance leases		15.962.281	12.593.549	15.615.847	12.247.115
Deferred tax liability		587.967	359.801	587.967	359.801
Other accounts payable					
TOTAL NON-CURRENT LIABILITIES		33.698.211	28.351.313	33.351.777	28.004.879
CURRENT LIABILITIES:					
Bank loans and mortgages	14.13	9.220.148	17.633.628	3.939.343	11.628.424
Obligations under finance leases		1.067.323	7.653.001	1.004.744	7.321.274
Delay for unused emission rights					
Factoring			4.212.348		3.704.821
Received prepayment					
Trade and other accounts payable	14.14	15.467.001	17.510.707	14.073.496	16.314.342
TOTAL CURRENT LIABILITIES		25.754.472	47.009.684	19.017.583	38.968.861
TOTAL EQUITY AND LIABILITIES		126.243.667	140.693.269	120.588.772	133.299.650

14.2. Income (loss) statement

LTL

	note s	The Group				The Company			
		January – September 2009	January – September 2008	July – September 2009	July – September 2008	January – September 2009	January – September 2008	July – September 2009	July – September 2008
Sales		86.625.195	111.959.226	28.648.413	34.858.093	79.915.565	104.072.903	25.682.843	31.625.285
Cost of sales		72.449.196	98.783.378	23.380.488	31.755.047	66.654.642	91.384.317	21.012.651	28.739.706
Gross profit		14.175.999	13.175.848	5.267.925	3.103.046	13.260.923	12.688.586	4.670.192	2.885.579
Other operating income	14.15	754.411	864.859	280.601	209.339	861.705	1.019.015	297.709	277.269
Selling and distribution		5.892.270	5.639.978	1.990.589	1.809.618	5.523.758	5.362.232	1.820.340	1.689.545
Administrative expenses		5.435.283	8.994.320	2.150.583	3.414.723	4.767.561	7.928.988	1.939.292	3.036.485
Other operating expenses	14.16	209.887	285.642	83.249	87.345	209.887	285.642	83.249	87.345
Profit from operations		3.392.970	(879.233)	1.324.105	(1.999.301)	3.621.422	130.739	1.125.020	(1.650.527)
Interest income		794	708	172	247	698	478	162	147
Interest costs		1.668.414	1.915.965	457.552	683.448	1.485.162	1.541.507	409.740	566.928
Net foreign exchange (loss) gain		0	0	0	0	0	0	0	0
Rate of exchange influence		(22.344)	(19.309)	(7.996)	(7.257)	(21.982)	(18.880)	(7.984)	(7.004)
Other finance income		2.119	25	0	0	2.119	25	0	0
Other finance expenses		31.815	26.093	21.131	17.949	8.995	24.784	1.238	17.727
Profit before income tax		1.673.310	(2.839.867)	837.598	(2.707.708)	2.108.100	(1.453.929)	706.220	(2.242.039)
Income tax expense		393.728	(100.315)	113.352	(130.617)	393.728	(100.315)	113.352	(130.617)
NET PROFIT		1.279.582	(2.739.552)	724.246	(2.577.091)	1.714.372	(1.353.614)	592.868	(2.111.422)
Basic and diluted earnings per share		0,021	(0,046)	0,012	(0,043)	0,029	(0,023)	0,010	(0,035)

14.3. Statement of changes in owner's equity

LTL

The Group	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
31 December 2007		39.956.657	3.995.665	0	26.973.359	70.925.681
Transfer to legal reserve						
Increase of authorized		20.043.343			(20.043.343)	
Dividends paid					(2.000.000)	(2.000.000)
Net profit					(2.739.552)	(2.739.552)
30 September 2008		60.000.000	3.995.665	0	2.190.464	66.186.129
Transfer to legal reserve						
Dividends paid						
Net profit					(1.172.498)	(1.172.498)
31 December 2008		60.000.000	3.995.665	0	1.017.966	65.013.631
Transfer to legal reserve						
Dividends paid						
Net profit					1.279.582	1.279.582
30 September 2009	14.12	60.000.000	3.995.665	0	2.297.548	66.293.213

LTL

The Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
31 December 2007		39.956.657	3.995.665	0	26.543.644	70.495.966
Transfer to legal reserve						
Increase of authorized		20.043.343			(20.043.343)	
Dividends paid					(2.000.000)	(2.000.000)
Net profit					(1.353.614)	(1.353.614)
30 September 2008		60.000.000	3.995.665	0	3.146.687	67.142.352
Transfer to legal reserve						
Dividends paid						
Net profit					(1.135.083)	(1.135.083)
31 December 2008		60.000.000	3.995.665	0	2.011.604	66.007.269
Transfer to legal reserve						
Dividends paid						
Net profit					1.714.372	1.714.372
30 September 2009	14.12	60.000.000	3.995.665	0	3.725.976	67.721.641

14.4. Cash flow statement

LTL

	The Group		The Company	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
OPERATING ACTIVITIES				
Profit before income tax	1.673.310	(2.839.867)	2.108.100	(1.453.929)
Adjustments for:				
Depreciation and amortization	12.678.679	9.882.040	11.575.502	8.748.938
Release of negative goodwill to income				
Share of loss of associates				
Interest income	(794)	(708)	(698)	(478)
Interest expenses	1.668.413	1.915.965	1.485.162	1.541.507
Net foreign exchange loss (gain)	22.344	19.309	21.982	18.880
Profit on disposal of fixed assets	(18.039)	(11.662)	(18.039)	(11.662)
Profit on disposal of emission rights				
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(169.289)		(169.289)	
Decrease of investment into daughter enterprise (increase)	(10.000)		(10.000)	
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	212.799		212.799	
TOTAL	16.057.423	8.965.077	15.205.519	8.843.256
Changes in current assets and liabilities:				
(Increase) decrease in other assets	(52.445)	(90.375)	(28.580)	(114.225)
(Increase) decrease in prepayments				
Decrease (increase) in trade and other accounts receivables	4.301.500	802.349	3.985.685	383.592
Decrease (increase) in inventories	4.516.198	770.024	3.988.834	(922.447)
Increase (decrease) in trade and other accounts payable	(5.779.697)	(3.264.374)	(5.468.398)	(2.520.320)
TOTAL	2.985.556	(1.782.376)	2.477.541	(3.173.400)
Interest paid	(1.673.546)	(1.843.976)	(1.490.845)	(1.469.518)
Income tax paid	(480.000)	(536.578)	(480.000)	(536.578)
NET cash from operating activities	16.889.433	4.802.147	15.712.215	3.663.760
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(419.351)	(8.329.004)	(319.805)	(8.195.263)
Proceeds on disposal noncurrent assets	92.676	304.242	92.676	304.242
Proceeds on disposal of emission rights				
Interest received	794	708	698	478
Acquisition of subsidiary				
Repayment of loans granted				
Proceeds from long-term receivables				
Net cash (used in) investing activities	(325.881)	(8.024.054)	(226.431)	(7.890.543)
FINANCING ACTIVITIES				
Dividends paid		(2.000.000)		(2.000.000)
Repayments of loans and mortgages	(6.663.480)	(3.738.898)	(5.939.081)	(3.027.742)
Proceeds from loans and mortgages		12.550.515		12.550.515
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(8.843.170)	(3.631.434)	(8.574.022)	(3.324.298)
Net cash (used in) financing activities	(15.506.650)	3.180.183	(14.513.103)	4.198.475
Net (decrease)/increase in cash	1.056.902	(41.724)	972.681	(28.308)
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	130.026	399.980	113.472	321.861
CASH AND CASH EQUIVALENTS END OF THE PERIOD	1.186.928	358.256	1.086.153	293.553

14.5. Basis of preparation

Statement of compliance

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

Basis of measurement

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

Use of estimates and judgements

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

14.6. Significant accounting policies

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

Basis of consolidation

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

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

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

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

Business combinations

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

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

Investments in subsidiaries

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

Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

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

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

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

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

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

Derivative financial instruments

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

Noncurrent assets

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

Buildings and constructions	8 – 91	years
Machinery and equipment	2 – 50	years
Vehicles	3 – 20	years
Other equipment and other assets	2 – 20	years

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

Intangible assets

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

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

Emission rights

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase runs for the three-year period from 2005 to 2007; the second will run for five years from 2008 to 2012 to coincide with the first Kyoto Commitment

Period. The scheme works on a ‘Cap and Trade’ basis. EU Member States’ governments are required to set an emission cap for each phase for all ‘installations’ covered by the Scheme. This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tones of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

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

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

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

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

Leased assets

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

The Group as lessor

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

The Group as lessee

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

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

Inventories

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

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

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

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

Impairment

A financial asset is impaired if there is objective evidence that certain event or events could have an adverse impact on asset-related cash flows in the future. Significant financial assets must be tested for impairment on an individual basis. The remaining financial assets are grouped according to their

credit risk and the impairment for those groups is measured on a portfolio basis. An asset the impairment of which is tested on an individual basis and its impairment loss is continually recognised cannot be included in any group of assets that are tested for impairment on a portfolio basis.

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

Grants

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

Grants related to assets

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

Grants related to income

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

Dividends

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

Employee benefits

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

Provisions

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

Revenue recognition

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

Sale of goods

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

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

Sales of services

Sales of services are recognised on performance of the services.

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

Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

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

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

Income tax

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

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

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

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

Contingencies

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

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

Related parties

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

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

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

Revised IFRS 2 Share-based Payment (effective from 1 January 2009). The revised Standard will clarify the definition of vesting conditions and non-vesting conditions. Based on the revised Standards failure to meet non-vesting conditions will generally result in treatment as a cancellation. The revised IFRS 2 is not relevant to the Group's operations as the Group does not have any share-based compensation plans.

Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009). The scope of the revised Standard has been amended and the definition of a business has been expanded. Revised IFRS 3 is relevant to the Group. However, the Group has not yet completed its analysis of the impact of the revised Standard.

IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions

about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has not yet completed its analysis of the impact of the revised Standard.

The revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.

Revised IAS 23 Borrowing Costs (effective from 1 January 2009). The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group has not yet completed its analysis of the impact of the revised Standard.

Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. The revised IAS 27 is not relevant to the Group's operations.

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

IFRIC 12 Service Concession Arrangements (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Group's operations as the Group has not entered into any service concession arrangements.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. The Group does not expect the Interpretation to have any impact on the financial statements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements (hereinafter MFR) and their interactions (effective for annual periods beginning on or after 1 January 2008). The interpretation addresses:

- 1) when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19;
- 2) how a MFR might affect the availability of reductions in future contributions; and
- 3) when a MFR might give rise to a liability.

No additional liability need be recognised by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. The Group has not yet completed its analysis of the impact of the new interpretation.

14.7. Noncurrent assets

At the 30th of September 2009 Group's noncurrent 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 2008	40.878.909	128.121.785	5.857.101	3.509.637	5.585.959	183.953.391
Additions	6.204	221.334	38.665	25.387	5.630.588	5.922.178
Disposals	14.142	6.108.161	320.069	127.871		6.570.243
Transfers		11.198.976			(11.198.976)	
30 September 2009	40.870.971	133.433.934	5.575.697	3.407.153	17.571	183.305.326
Accumulated depreciation and impairment						
31 December 2008	15.793.229	58.388.887	3.319.637	2.356.136		79.857.889
Depreciation	806.279	10.805.194	604.242	348.721		12.564.436
Impairment loss (reversal)						
Disposals	14.140	5.309.270	272.440	124.848		5.720.698
Transfers						
30 September 2009	16.585.368	63.884.811	3.651.439	2.580.009	0	86.701.627
Carrying amount						
31 December 2008	25.085.680	69.732.898	2.537.464	1.153.501	5.585.959	104.095.502
30 September 2009	24.285.603	69.549.123	1.924.258	827.144	17.571	96.603.699

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

At the 30th of September 2009, the part of the Group's property, plant and equipment with a carrying value of 23.638.048 Litas (31 December 2008 – 22.909.012 Litas) is pledged as a security for repayment of the loans granted by banks.

At the 30th of September 2009 Company's noncurrent 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 2008	38.923.042	116.001.399	4.414.462	3.347.737	5.580.244	168.266.884
Additions		166.657		25.387	5.630.588	5.822.632
Disposals	14.142	6.108.161	320.069	127.871	0	6.570.243
Transfers		11.198.976			(11.198.976)	
30 September 2009	38.908.900	121.258.871	4.094.393	3.245.253	11.856	167.519.273
Accumulated depreciation and impairment						
31 December 2008	15.529.978	54.091.698	2.423.282	2.244.352	0	74.289.310
Depreciation	766.812	9.871.132	511.270	332.223		11.481.437
Impairment loss (reversal)						
Disposals	14.140	5.309.270	272.440	124.848		5.720.698
Transfers						
30 September 2009	16.282.650	58.653.560	2.662.112	2.451.727	0	80.050.049
Carrying amount						
31 December 2008	23.393.064	61.909.701	1.991.180	1.103.385	5.580.244	93.977.574
30 September 2009	22.626.250	62.605.311	1.432.281	793.526	11.856	87.469.224

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

At the 30th of September 2009, the part of the Company's property, plant and equipment with a carrying value of 15.896.873 Litas (31 December 2008 – 14.008.119 Litas) is pledged as a security for repayment of the loans granted by banks.

14.8. Intangible assets

At the 30th of September 2009 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Licenses, patents	Software	Other assets and prepayments	Total
Cost					
31 December 2008	2.400.000	56.238	793.845	11.533	3.261.616
Additions					
Disposals					
Reappraisal					
Transfers					
30 September 2009	2.400.000	56.238	793.845	11.533	3.261.616
Accumulated amortization					
31 December 2008	142.222	40.206	606.041	11.531	800.000
Amortization	20.000	6.800	87.443	0	114.243
Impairment loss/ (reversal)					
Disposals					
Transfers					
30 September 2009	162.222	47.006	693.484	11.531	914.243
Carrying amount					
31 December 2008	2.257.778	16.032	187.804	2	2.461.616
30 September 2009	2.237.778	9.232	100.361	2	2.347.373

At the 30th of September 2009, the Group's land lease rights with a carrying value of 2.237.778 Litass (31 December 2009 – 2.257.778 Litass) are pledged as a security for repayment of the loan granted by banks.

At the 30th of September 2009, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Prepayments	Total
Cost					
31 December 2008	56.238	778.460	6.245	0	840.943
Additions					
Disposals					
Reappraisal					
Transfers					
30 September 2009	56.238	778.460	6.245	0	840.943
Accumulated amortization					
31 December 2008	40.206	590.944	6.244	0	637.394
Amortization	6.800	87.265			94.065
Impairment loss/ (reversal)					
Disposals					
Transfers					
30 September 2009	47.006	678.209	6.244	0	731.459
Carrying amount					
31 December 2008	16.032	187.516	1	0	203.549
30 September 2009	9.232	100.251	1	0	109.484

Amortization expenses have been included in administrative expenses.

14.9. Trade and other receivables

At the 30th of September 2009 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Trades receivable	14.677.822	17.009.290	17.306.610	19.457.219
Other receivable	812.446	1.884.173	766.611	1.703.382
	15.490.268	18.893.463	18.073.221	21.160.601
Less: allowance for doubtful amounts receivable	(335.624)	(122.825)	(315.076)	(102.277)
Total amounts receivable within one year:	15.154.644	18.770.638	17.758.145	21.058.324

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

The movement for the nine months of 2009 in the allowance for doubtful amounts receivable consisted of the following, LTL:

	The Group		The Company	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
At 1st of January	122.825	955.391	102.277	923.393
Increase of allowance	212.799	84.792	212.799	69.244
Reversal of allowance		(917.358)		(890.360)
At the end of the period	335.624	122.825	315.076	102.277

2.10. Cash and cash equivalents

At the 30th of September 2009 cash and cash equivalents consisted of the following:

	The Group		The Company	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Cash at bank	1.161.736	100.628	1.083.867	86.486
Cash on hand	25.192	29.398	2.286	26.986
Total	1.186.928	130.026	1.086.153	113.472

2.11. Inventories

At the 30th of September 2009 inventories consisted of the following:

	The Group		The Company	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Materials	4.049.319	3.920.928	3.911.690	3.826.432
Work in progress	3.111.912	4.394.147	1.660.344	2.866.955
Finished goods	3.664.542	7.004.843	3.512.305	6.357.733
Goods in transit		22.053		22.053
	10.825.773	15.341.971	9.084.339	13.073.173
Less: write-down to net realizable value	(345.778)	(515.067)	(345.778)	(515.067)
Total	10.479.995	14.826.904	8.738.561	12.558.106

At the 30th of September 2009, the Group's and the Company's inventory with carrying amounts of 14.000.000 Litas and 12.000.000 Litas respectively are pledged as a security for the loan granted by the bank (as at 31 December 2008 – 10.000.000 Litas and 8.000.000 Litas).

2.12. Share capital and legal reserve

At the 30th of September 2009 share capital consisted of LTL 60.000.000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

At the 30th of September 2009 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	32.539.814	54,2
Lithuanian individuals	21.337.561	35,6
Foreign legal entities	6.069.445	10,1
Foreign individuals	53.180	0,1
Total	60.000.000	100,0

At the 30th of September 2009 shareholders of the Company (by country) were:

	Number of shares	Proportion of ownership, %
Lithuania	53.877.375	89,8
USA	6.008.542	10,0
Estonia	43.659	0,1
other countries	70.424	0,1
Total	60.000.000	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.

2.13. Loans and mortgages

	The Group		The Company	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
The loans and mortgages are repayable as				
Within one year	9.220.148	17.633.628	3.939.343	11.628.424
In the second year	5.183.523	4.683.524	5.183.523	4.683.524
In the third to fifth years inclusive	11.964.440	10.714.439	11.964.440	10.714.439
	26.368.111	33.031.591	21.087.306	27.026.387
Less: amount due for settlement within one year	(9.220.148)	(17.633.628)	(3.939.343)	(11.628.424)
Amount due for settlement after one year	17.147.963	15.397.963	17.147.963	15.397.963

2.14. Trade and other payables

	The Group		The Company	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Trade payables	11.859.798	13.590.037	11.071.044	12.829.579
Taxes, salaries and social insurance payable	2.567.796	2.722.379	2.268.369	2.621.071
Advances paid	266.536	239.309	68.238	131.201
Other payables	772.871	958.982	665.845	732.491
Total	15.467.001	17.510.707	14.073.496	16.314.342

2.15. Other operating income

	The Group		The Company	
	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008
Rent income	471.779	507.517	522.955	628.884
Gain from disposal of fixed assets	18.039	11.662	18.039	11.662
The reversal of inventory written off, scrap recognition	143.156	332.133	171.544	332.133
Insurance compensation	24.838	(34.349)	21.511	(11.259)
Write off of accounts payables	2.270	195	2.270	195
Other income	94.329	47.701	125.386	57.400
Total	754.411	864.859	861.705	1.019.015

2.16. Other operating expenses

	The Group		The Company	
	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008
Rent expenses	134.396	241.709	134.396	241.709
Other expenses	75.491	43.933	75.491	43.933
Total	209.887	285.642	209.887	285.642

2.17. Off balance articles

Emission rights movement for the nine months of 2009

The Group/The Company	Amount
	Pcs.
31 December 2008	(12.617)
Emission rights allocated	53.356
Emission rights used	(22.046)
Sale of emission rights	
30 September 2009	18.693

14.18. Court and arbitration proceedings

During the nine months of 2009 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.