GRIGIŠKĖS AB

Interim information for the six months of 2013

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

Reports have been prepared for the six months of 2013.

2. AUDIT INFORMATION

The interim consolidated information of Grigiškės AB covering the six months of 2013 is not audited or checked-up by auditors.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

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

Status	Issuer	Subsidiary	Subsidiary
Name	**Grigiškės** AB	**Klaipėdos kartonas** AB	**Baltwood** UAB
Company's ID No.	110012450	141011268	126199731
Authorised capital	65.700.000 LTL	41.001.895 LTL	32.537.000 LTL
Shares directly or indirectly controlled by Grigiškės AB	Company has not acquired any shares of itself	95,78 %	100 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 58 01	+370 46 39 56 01	+370 5 243 59 00
Fax	+370 5 243 58 02	+370 46 39 56 00	+370 5 243 59 10
E-mail	info@grigiskes.lt	info@kartonas.lt	info@baltwood.lt
Internet address	www.grigiskes.lt	www.kartonas.lt	www.baltwood.lt
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2003
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers
Status	**Subsidiary**	**Subsidiary**	**Subsidiary**
Name	**Ekotara** UAB	**Naujieji Verkiai** UAB	**Mena Pak** PAT
Company's ID No.	302329061	300015674	00383260
Authorised capital	10.000 LTL	100.000 LTL	4.012.000 UAH
Shares directly or indirectly controlled by Grigiškės AB	100 %	100 %	93,79 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Koshevovo str. 6, Chernihiv region, Mena, Ukraine
Phone	+370 5 243 58 01	+370 5 243 59 33	+380 4644 21341
Fax	+370 5 243 58 02	+370 5 243 58 02	+380 4644 21084
E-mail	info@grigiskes.lt	info@grigiskes.lt	menapack@ukr.net
Internet address	www.ekotara.lt	-	www.menapack.com.ua
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	10 April, 2009	6 April, 2004	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary	Subsidiary
Name	**AGR Prekyba** UAB	**Klaipėda Recycling** UAB	**Grigiškių energija** UAB
Company's ID No.	302416687	302529158	302674488
Authorised capital	12.810.000 LTL	3.000.000 Lt	10.000 Lt
Shares directly or indirectly controlled by Grigiškės AB	100 %	94,18 %	100 %
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 14, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 46 395 615	+370 5 243 5933
Fax	+370 5 243 58 02	+370 46 395 600	+370 5 243 58 02
E-mail	vigmantas.kazukauskas@grigiskes.lt	v.misikonis.recycling@kartonas.lt	vigmantas.kazukauskas@grigiskes.lt
Internet address	-	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	16 July, 2010	7 October, 2011
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

4. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

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

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

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

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

Core business activities of Ekotara UAB are as follows: manufacturing of corrugated board, products from corrugated board. The company has not been operating in year 2013.

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

Core business activity of Grigiškių energija UAB is planned to be a business of heat production and sale. The company has not been operating in year 2013.

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

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

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 and subsequent financial years.
The Company has signed a contract with Orion Securities UAB (financial brokerage company) (A.Tumėno str. 4, Vilnius, tel. (8~5) 231 3833, fax: (8~5) 231 3840, info@orion.lt) for making the market for the shares of Grigiškės AB.
The Company has signed a consulting agreement 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 the possible raising of additional capital, through a secondary public offering of shares of 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

Tape of shares	Number of shares	Par value, LTL	Total value, LTL	Interest in the authorised capital, %
Ordinary registered shares	65.700.000	1	65.700.000	65.700.000

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) LTL gives its holder one vote at the general meeting);
11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

7. SHAREHOLDERS

7.1. Number of shareholders of the Company

On the 30th of June 2013 there were 2.683 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 on the 30th of June 2013.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 June 2013			31 December 2012		
	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	31.829.046	48,45	48,45	29.272.228	48,79	48,79
IRENA ONA MIŠEIKIENĖ	9.592.198	14,60	14,60	8.731.686	14,55	14,55
ROSEMOUNT HOLDING LLC 3533 Fairview Industrial Drive SE, Salem, OR 97302, United States of America	5.639.967	8,58	8,58	5.639.967	9,40	9,40

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 in the main list of NASDAQ OMX VILNIUS, AB (ticker – GRG1L).

8.1. Key characteristics of the shares of the Company

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

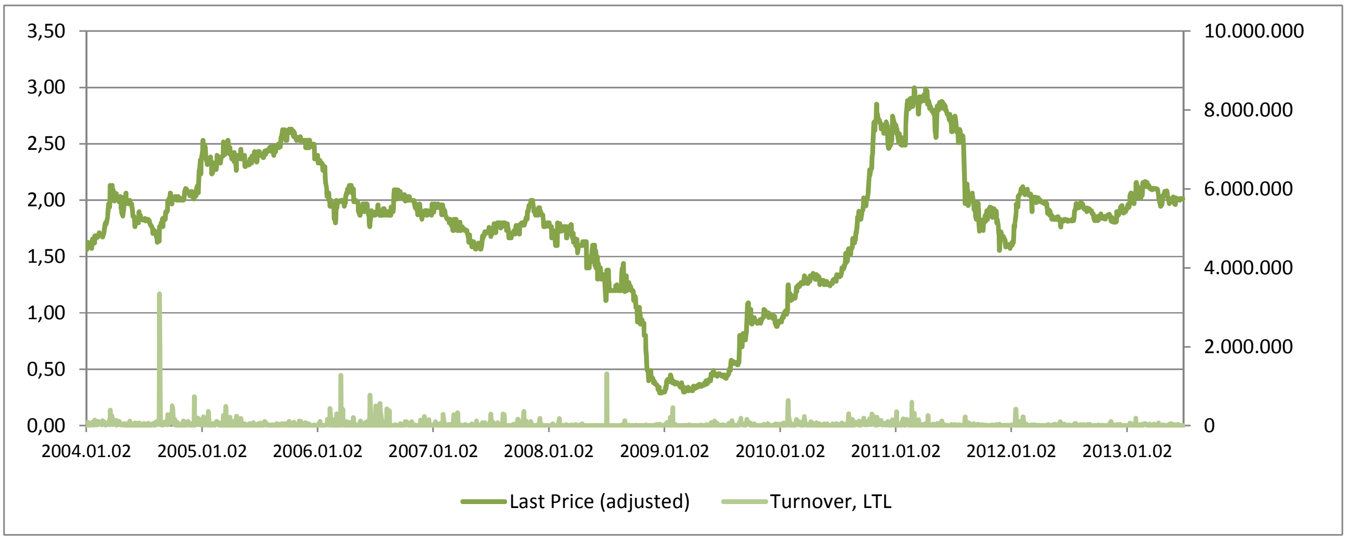
Type of shares	Securities ISIN code	Number of shares	Par value, LTL	Total par value, LTL
Registered ordinary shares	LT0000102030	65.700.000	1	65.700.000

8.2. Share trading information

8.2. table. Share trading information

Reported period	Price, LTL				Turnover, LTL			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	LTL
2009	**1,090**	**0,300**	**0,930**	**0,533**	**458.897**	**0**	**5.460**	**10.252.77**	**5.460.887**
2010, I Q	1,330	0,920	1,270	1,200	643.163	0	14.597	3.109.465	3.731.893
2010, II Q	1,350	1,240	1,340	1,297	98.746	0	25.194	1.017.209	1.319.328
2010, III Q	2,020	1,320	1,950	1,686	299.041	0	38.734	1.817.780	3.065.303
2010, IV Q	2,850	2,000	2,676	2,512	293.473	0	7.054	1.994.606	5.010.498
2010	**2,850**	**0,920**	**2,676**	**1,653**	**643.163**	**0**	**7.054**	**7.939.060**	**13.127.02**
2011, I Q	2,997	2,486	2,883	2,746	593.054	0	22.989	1.221.311	3.354.105
2011, II Q	2,987	2,555	2,624	2,822	251.419	360	8.948	463.059	1.306.703
2011, III Q	2,745	1,726	1,823	2,076	223.677	0	9.137	753.319	1.564.106
2011, IV Q	1,937	1,554	1,595	1,746	41.693	0	4.142	328.401	573.445
2011	**2,997**	**1,554**	**1,595**	**2,458**	**593.054**	**0**	**4.142**	**2.766.090**	**6.798.360**
2012, I Q	2,120	1,595	1,989	1,950	417.134	0	2.995	1.142.755	2.228.267
2012, II Q	1,999	1,761	1,816	1,854	100.495	0	2.177	372.658	691.007
2012, III Q	1,975	1,816	1,844	1,902	64.688	0	2.404	329.661	626.890
2012, IV Q	1,951	1,802	1,899	1,861	107.318	0	6.812	294.869	548.774
2012	**2,120**	**1,595**	**1,899**	**1,914**	**417.134**	**0**	**6.812**	**2.139.943**	**4.094.938**
2013, I Q	2,165	1,934	2,099	2,091	192.333	0	39.187	635.718	1.329.516
2013, II Q	2,103	1,944	2,013	2,014	70.459	1.038	4.485	384.097	773.749

8.2. figure. Share price and turnover 01.01.2004 – 30.06.2013.



8.3. Capitalisation of the Company's shares

8.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, LTL
31.12.2009	**55.800.000**
31.03.2010	76.200.000
30.06.2010	80.400.000
30.09.2010	117.000.000
31.12.2010	**160.560.000**
31.03.2011	172.980.000
30.06.2011	157.440.000
30.09.2011	109.380.000
31.12.2011	**95.700.000**
31.03.2012	119.340.000
30.06.2012	108.960.000
30.09.2012	110.640.000
31.12.2012	**113.940.000**
31.03.2013	125.940.000
30.06.2013	132.254.100

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 takeover bid

Official takeover bid for the Company's shares has been declared on 14.05.2013 (see *Material events in the Issuer's activities*). The Company has not declared official takeover bid for shares of other companies.

9. EMPLOYEES

Over the six months of the year 2013 the number of the Group employees fluctuated naturally.

9.1. table. Number of employees of the Group

	30.06.2013	31.12.2012
Number of employees	888	890

9.2. table. Number of employees of the Company

	30.06.2013	31.12.2012
Number of employees	293	291

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

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2.145	43	190	387	29
Managers	6.652	75	11	2	-
Specialists	3.079	119	31	6	-
Total	**2.797**	**238**	**231**	**394**	**29**

9.4. table. Average number of employees, salary and grouping of employees by education of the Group in 2012.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2.018	43	186	416	35
Managers	6.039	70	12	2	-
Specialists	3.117	119	26	6	-
Total	**2.669**	**232**	**224**	**424**	**35**

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

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2.624	18	49	111	9
Managers	9.081	24	5	1	-
Specialists	3.751	58	13	4	-
Total	**3.579**	**101**	**67**	**116**	**9**

9.6. table. Average number of employees, salary and grouping of employees by education of the Company in 2012.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	2.554	16	46	108	9
Managers	8.118	21	5	-	-
Specialists	3.903	55	11	5	-
Total	**3.428**	**92**	**62**	**112**	**9**

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 (the President), the collegial managing body − supervisory council and the collegial managing body – the board.

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

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

11.1. Members of the managing bodies

11.1. 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	-
Romualdas Juškevičius	Member	-
Tautvilas Adamonis	Member	-
Daiva Duksienė	Member	-
	BOARD	
Gintautas Pangonis	Chairman	0,21
Nina Šilerienė	Member	0,07
Vigmantas Kažukauskas	Member	0,32
Normantas Paliokas	Member	-
Vytautas Juška	Member	-
	ADMINISTRATION	
Gintautas Pangonis	President	0,21
Nina Šilerienė	Vice President, Finance	0,07
Vigmantas Kažukauskas	Vice President, Business Development	0,32
Vytautas Juška	Vice President, Purchasing & Logistics	-
Robertas Krutikovas	Director General	0,07

Viktoras Tirevičius	Director of Corrugated board Department	0,09

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

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

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

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

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

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Didma UAB	Project director	Didma UAB	51,00
			Naras UAB	62,48
			Bakenas, UAB	100,00
			Statybų namai, UAB	62,00
			Technikos namai, UAB	62,00
			Ginvildos investicija UAB	13,00
	Grigiškės AB	Chairman of the supervisory council		
Algimantas Goberis	Grigiškės AB	Member of the supervisory council		
Romualdas Juškevičius	Grigiškės AB	Member of the supervisory council		
Tautvilas Adamonis	Remada UAB	Director General	Remada UAB	100,0
	Grigiškės AB	Member of the supervisory council		
	Remados statyba UAB	Director	Remados statyba UAB	100,0
Daiva Duksienė	Grigiškės AB	Member of the supervisory council		
Gintautas Pangonis			Ginvildos investicija UAB	79,0

	Grigiškės AB	President	Grigiškės AB	0,21
	Grigiškės AB	Chairman of the board		
	Klaipėdos kartonas AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Baltwood UAB	Chairman of the board		
	Ekotara UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman of the board		
	Klaipėda Recycling UAB	Member of the board		
	Mena Pak PAT	Member of the Supervisory council		
Normantas Paliokas	Didma UAB	Head of Vilnius Representative Office		
	Ginvildos investicija UAB	Director		
	Grigiškės AB	Member of the board		
Vigmantas Kažukauskas	Grigiškės AB	Vice president, Business Development	Grigiškės AB	0,32
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Baltwood UAB	Member of the board		
	Naujieji Verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Ekotara UAB	Director		
	Ekotara UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	AGR Prekyba UAB	Director		
Vytautas Juška	Grigiškės AB	Vice president, Purchasing & Logistics		
	Grigiškės AB	Member of the board		
	Baltwood UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		
Nina Šilerienė	Grigiškės AB	Vice President, Finance	Grigiškės AB	0,07
	Grigiškės AB	Member of the board		
	Klaipėdos kartonas AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Baltwood UAB	Member of the board		
	Ekotara UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		

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

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

12. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigiskes AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2011 has not undergone any changes.

13. REVIEW OF ACTYVITY OF THE GROUP COMPANIES

13.1. Material events in the Issuer's activities

11.01.2013 The Board meeting on January 10, 2013 approved budget for the year 2013.
It is planned that the Group in the year 2013 will reach a turnover of LTL 330 Mio. (EUR 95.6 Mio). It is also planned that GRIGISKES AB in the year 2013 will reach a turnover of LTL 148 Mio (EUR 42.8 Mio). These forecasts are not audited.

13.02.2013 The decision of the Board of the Bank of Lithuania to temporary restrict operation of „Ūkio bankas" AB has no significant direct effect on activities and results of GRIGISKES AB or other companies of the Group.

21.02.2013 On 20th February 2013, GRIGISKES AB and SEB bank AB signed a loan supply contract for LTL 35 Mio (EUR 10.1 Mio). This begins the third stage of the investment program announced in April 2011. The loan to be obtained as a result of the financing contract signed yesterday will be used to purchase a new paper manufacturing machine.

28.02.2013 Over the year 2012 the consolidated turnover of GRIGISKES AB Group outmeasured LTL 290 Mio (EUR 84 Mio). Over the same period the turnover of GRIGISKES AB outmeasured LTL 111.0 Mio (EUR 32.1 Mio).
Over the year 2012 the consolidated profit before taxes of GRIGISKES AB Group reached LTL 9.97 Mio (EUR 2.9 Mio). The Company's profit before taxes reached LTL 8.7 Mio (EUR 2.5 Mio).

28.03.2013 Company considers various alternatives of expansion of Company's business, including the possible raising of additional capital of the Company by way of secondary public offering of shares of the Company.

02.04.2013 The Annual General Meeting of Shareholders of GRIGISKES AB is convened by initiative and the decision of the Board of the Company on the 26 April, 2013 at 11 a.m.

04.04.2013 The Board meeting of GRIGISKES AB on 4th of April 2013 decided to provide Annual General Meeting of Shareholders of GRIGISKES AB to be held on 26th of April, 2013, the following information and documents: consolidated annual report of the Company for the year 2012, Auditor's report for the year 2012 and the set of consolidated annual financial statements and annual financial statements of the Company for the year 2012, project of appropriation of the Company's profit for the year 2012, Draft decisions on the agenda of the Annual General Meeting of Shareholders of GRIGISKES AB to be held on 26th of April, 2013 proposed by the Board, the general ballot paper.

05.04.2013 Over the year 2012 the audited consolidated turnover of GRIGISKES AB Group outmeasured LTL 290 Mio (EUR 84 Mio). Over the same period the audited turnover of GRIGISKES AB outmeasured LTL 111.0 Mio (EUR 32.1 Mio).
Over the year 2012 the Company's audited profit before taxes reached LTL 8.7 Mio (EUR 2.5 Mio). Audited consolidated profit before taxes of GRIGISKES AB Group reached LTL 10.64 Mio (EUR 3.1 Mio).

11.04.2013 The agenda of the Annual General Meeting of Shareholders of GRIGISKES AB scheduled for 26 April, 2013 at 11:00 a.m. was supplemented by the proposal and the decision of the Board.

11.04.2013 In the Annual General Meeting of Shareholders of GRIGISKES AB, to be held on 26-04-2013 it is intended to consider the question regarding withdrawal of the pre-emptive right of shareholders of the Company to acquire the new issue of Company's shares of par value of up to LTL 5,700,000.

24.04.2013 During the 1st quarter of 2013, the Group achieved the consolidate sales turnover of LTL 76.2 million (EUR 22.1 million). During the same period in question, the Company's sales amounted to LTL 32.5 million (EUR 9.4 million). During the reporting period, the Group earned LTL 1.88 million (EUR 0.5 million) and the Company earned LTL 1.44 million (EUR 0.4 million) profit before taxes.

26.04.2013 The General Meeting of shareholders of GRIGISKES AB was held on 26-04-2013. The meeting heard the consolidated annual report of the Company for the year 2012 and the Auditor's report for the year 2012 and made decisions.

29.04.2013 GRIGISKES AB invites investors and other interested parties to participate in webinar on the secondary public offering (SPO) and Company's future plans on May 13, 2013 at 16:00 (EET).

06.05.2013 GRIGISKES AB has changed the date of the organized webinar on the SPO and Company's future plans and invites shareholders, investors, mass media representatives and other stakeholders to participate in its investor conference webinar on 20 May, 2013 at 16:00 (EET).

14.05.2013 On 14 May 2013, the Bank of Lithuania approved the prospectus of issue of GRIGISKES AB ordinary registered shares.

22.05.2013 On May 20, GRIGISKES AB organized its Investor Conference Online Webinar for investors and other stakeholders. The recorded GRIGISKES AB webinar is available online: http://bit.ly/Grigiskes_record.

27.05.2013 During the secondary public offering of newly issued GRIGISKES AB shares investors have submitted subscriptions for significantly greater amount of shares than was offered – oversubscription is approximately equal to 2.8. Investors were offered to acquire up to 5,700,000 newly issued ordinary registered shares, which account for approximately 8.7% of the company‘s increased share capital. Shares were offered at the price of 0.51 EUR (1.76 LTL).

30.05.2013 Decisions of the Board of GRIGISKES AB regarding determination and allocation of the final number of new shares the Company has issued.

31.05.2013 On 30 May 2013 the amended Articles of Association of Grigiskes AB (the "Company") were registered with the Register of Legal Persons after the increase of the authorised capital of the Company up to LTL 65,700,000 and the Company's shares of the new issue (5,700,000 units) were introduced to the Main List of AB NASDAQ OMX Vilnius stock exchange and admitted to trading. The authorised capital of the Company was increased after the placement of a new issue of the Company's shares, of the total nominal value of LTL 5,700,000, following the resolutions of the annual general meeting of shareholders of the Company held on 26 April 2013.

31.05.2013 During the 1st quarter of 2013, the Group achieved the consolidate sales turnover of LTL 76.2 million (EUR 22.1 million). It is LTL 3.5 million (EUR 1.0 million) or 5% more than during the 1st quarter in 2012.
During the same period in question, the Company's sales amounted to LTL 32.5 million (EUR 9.4 million), which is LTL 6.9 million (EUR 2.0 million) or 27% more than in the same period last year.

03.06.2013 GRIGISKES AB has received notification from managers of the Company and related parties on the transactions in issuer's securities.

11.06.2013 Carrying out the project Construction of 10 MW steam boiler using renewable energy resources at GRIGISKES AB (No. VP3-3.4-ŪM-02-K-02-020) GRIGISKES AB and Enerstena UAB signed a contract for design and equipment supply, on the 10th of June, 2013.

13.2. Newest events in the Issuer's activities

02.07.2013 Implementing the investment program GRIGISKES AB and TOSCOTEC S.p.A. signed a contract for a new paper manufacturing machine design, supply and installation. Under this contract TOSCOTEC S.p.A. undertook obligations to deliver and install equipment and to start the production of paper till the end of the year 2014.

23.07.2013 During the 1st half of 2013, the Group achieved the consolidate sales turnover of LTL 156.4 million (EUR 45.3 million). During the same period in question, the Company's sales amounted to LTL 67.9 million (EUR 19.7 million).
During the reporting period, the Group earned LTL 4.6 million (EUR 1.4 million) and the Company earned LTL 3.1 million (EUR 0.9 million) profit before taxes.

13.3. Offices and branches

Company has Country marketing representatives operating in Latvia, Estonia and Poland. No new offices or branches are planned to open in 2013.

13.4. Risk factors

Information about financial risk management is provided in notes of annual audited consolidated statements of 2012. There are no material changes in financial risk management during six months of year 2013.

13.5. Suppliers

13.5.1 table. Countries of suppliers‘ of main raw materials and materials for the Company over the six months of the year

Supplier‘s country	2013	2012
	%	%
Lithuania	69	65
Estonia	6	5
Poland	2	1
Latvia	1	1
Germany	2	1

Austria	1	1
Other countries	19	26
TOTAL	**100**	**100**

13.6. Segment information

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

13.6.1. table. Consolidated segments of the Group over the six months of the year 2013

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	Eliminations	TOTAL
Sales	44.027.693	36.955.066	74.851.263	533.292	-	**156.367.314**
Sales between segments	(7.472)	(4.974.506)	(7.065.138)	(10.190.868)	22.237.984	**-**
Non-consolidated segment sales	44.035.165	41.929.572	81.916.401	10.724.160	(22.237.984)	**156.367.314**
Cost of sales	(34.961.376)	(30.406.279)	(67.970.208)	(418.270)	-	**(133.756.133)**
Gross profit	**9.066.317**	**6.548.787**	**6.881.055**	**115.022**	**-**	**22.611.181**
Depreciation and amortization	3.868.941	2.249.756	5.044.946	2.159.907	-	**13.323.550**
Segment property, plant and equipment and intangible assets	47.910.191	26.126.889	80.505.439	30.079.005	-	**184.621.524**
Segment capital expenditure	3.178.657	385.822	5.296.109	162.651	-	**9.023.239**

13.6.2. table. Segments of the Company over the six months of the year 2013.

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	44.027.693	-	13.156.823	10.731.632	**67.916.148**
Cost of sales	(34.961.376)	-	(11.931.458)	(10.031.899)	**(56.924.733)**
Gross profit	**9.066.317**	**-**	**1.225.365**	**699.733**	**10.991.415**
Depreciation and amortization	3.868.941	-	1.709.766	2.159.907	**7.738.614**
Segment property, plant and equipment and intangible assets	47.910.191	-	20.213.219	30.079.005	**98.202.415**
Segment capital expenditure	3.178.657	-	29.431	162.651	**3.370.739**

13.6.3. table. Consolidated segments of the Group over the six months of the year 2012

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	Eliminations	TOTAL
Sales	32.955.520	38.392.282	72.966.461	273.508	-	**144.587.771**
Sales between segments	(9.503)	(4.804.348)	(5.020.886)	(10.752.469)	20.587.206	**-**
Non-consolidated segment sales	32.965.023	43.196.630	77.987.347	11.025.977	(20.587.206)	**144.587.771**
Cost of sales	(25.394.592	(33.954.995	(63.380.981)	(218.756)	-	**(122.949.324**
Gross profit	**7.560.928**	**4.437.287**	**9.585.480**	**54.752**	**-**	**21.638.447**
Depreciation and amortization	3.084.157	2.056.118	3.764.491	2.357.439	-	**11.262.205**
Segment property, plant and equipment and intangible assets	42.753.804	28.887.397	79.024.260	35.507.663	-	**186.173.124**
Segment capital expenditure	5.939.883	368.763	8.594.014	813.603	-	**15.716.263**

13.6.4. table. Segments of the Company over the six months of the year 2012

	Paper and paper products	Hardboard and wood products	Raw material for corrugated cardboard, and related production	Unallocated	TOTAL
Sales	32.955.520	-	7.829.092	11.035.480	**51.820.092**
Cost of sales	(25.394.592)	-	(6.689.696)	(10.096.887)	**(42.181.175)**
Gross profit	**7.560.928**	**-**	**1.139.396**	**938.593**	**9.638.917**
Depreciation and amortization	3.084.157	-	287.331	2.357.439	**5.728.927**
Segment property, plant and equipment and intangible assets	42.753.804	-	21.545.465	35.507.663	**99.806.932**
Segment capital expenditure	5.939.883	-	7.591.841	813.603	**14.345.327**

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

Country	Group				Company			
	six months of 2013		six months of 2012		six months of 2013		six months of 2012	
	thousand litas	%	thousand litas	%	thousand litas	%	thousand litas	%
Lithuania	54.925	35,13	35.909	24,84	37.569	55,32	30.952	59,73
Latvia	13.071	8,36	13.196	9,13	7.329	10,79	4.852	9,36
Poland	26.117	16,70	24.193	16,73	3.019	4,45	1.009	1,95
Sweden	6.358	4,07	6.725	4,65	2.377	3,50	2.638	5,09
Denmark	6.050	3,87	6.002	4,15	5.100	7,51	4.977	9,60
Estonia	8.606	5,50	7.253	5,02	4.867	7,17	3.542	6,84
The Netherlands	681	0,44	12.202	8,44	-	-	-	-
Slovakia	1.865	1,19	1.507	1,04	1.103	1,62	1.124	2,17
Finland	5.378	3,44	2.861	1,98	2.678	3,94	408	0,79
Great Britain	2.134	1,36	-	-	-	-	-	-
Norway	79	0,05	212	0,15	79	0,12	212	0,41
Czech Republic	618	0,40	2.946	2,04	-	-	219	0,42
Germany	737	0,47	1.789	1,24	35	0,05	-	-
Belarus	5.075	3,25	3.554	2,46	824	1,21	460	0,89
Hungary	1.678	1,07	855	0,59	714	1,05	59	0,11
Italy	1.921	1,23	933	0,65	-	-	-	-
France	457	0,29	1.952	1,35	-	-	-	-
Ukraine	16.870	10,79	17.735	12,27	815	1,20	-	-
Russia	2.914	1,86	2.048	1,42	1.123	1,65	-	-
Other countries	833	0,53	2.716	1,88	284	0,42	1.368	2,64
Total	**156.367**	**100**	**144.588**	**100**	**67.916**	**100**	**51.820**	**100**

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

It is planned that the Group which consists of companies GRIGISKES AB, Baltwood UAB, Klaipedos kartonas AB, Klaipeda Recycling UAB, Mena Pak PAT and Klaipeda recycling UAB in the year 2013 will reach a turnover of LTL 330 Mio. (EUR 95.6 Mio), which is by LTL 40 Mio (EUR 11.6 Mio) or 13.8% over the audited consolidated turnover of 2012. The Group's profit before taxes will reach LTL 13.4 Mio (EUR 3.9 Mio) and will be by LTL 3% higher than it is audited consolidated for the year 2012.
It is also planned that GRIGISKES AB in the year 2013 will reach a turnover of LTL 148 Mio (EUR 42.8 Mio) and will be higher by LTL 37 Mio (EUR 10.7 Mio) than it is audited for the year 2012. The company will earn a profit before taxes of LTL 7 Mio (EUR 2 Mio) which will be by LTL 1.7 Mio (EUR 0.5 Mio) less than it is audited for the year 2012.
The activity of the year 2013 will be focused on the development of the hygienic paper and corrugated cardboard and related products sales in Lithuania and foreign markets. In planning the activities for the year 2013 tendencies of the marked were evaluated.

13.8. Financial indicators

Financial ratios	six months of 2011, not audited		six months of 2012, not audited		six months of 2013, not audited	
	Group	Company	Group	Company	Group	Company
EBITDA	17.916.947	10.667.845	16.214.082	9.731.956	18.475.230	10.737.487
EBITDA profitability	11,6%	13,1%	11,2%	18,8%	11,8%	15,8%
Gross margin	12,1%	11,3%	15,0%	18,6%	14,5%	16,2%
Operating margin	4,4%	4,5%	3,8%	8,7%	3,6%	5,2%
Net margin	2,5%	3,5%	2,7%	8,0%	2,7%	4,3%
ROE, %	4,4%	3,5%	3,8%	4,4%	3,8%	2,8%
ROA, %	1,6%	1,9%	1,5%	2,7%	1,7%	1,7%
Current ratio	0,89	0,78	1,00	0,80	0,96	1,17
Quick ratio	0,62	0,54	0,66	0,58	0,66	0,90
Cash to current liabilities	0,017	0,001	0,019	0,016	0,097	0,223
P/E	40,95	55,15	28,34	26,39	28,35	41,63
Earnings per share	0,064	0,048	0,060	0,070	0,070	0,050
Debt to equity ration	1,63	0,78	1,42	0,59	1,10	0,45
Debt to total assets ratio	0,60	0,41	0,57	0,35	0,50	0,29

13.9. Related party transactions

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

13.9.1. table. Group’s transactions with related persons over the six months of 2013. Balances of amounts receivable/payable in relation thereto on the 30th of June 2013 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija UAB	-	71.302	-	15.246
Didma UAB	756	71.786	148	-
Naujieji Verkiai UAB	6.527	-	808	-
Total	**7.283**	**143.088**	**956**	**15.246**

13.9.2. table. Company's transactions with related persons over the six months of 2013. Balances of amounts receivable/payable in relation thereto on the 30th of June 2013 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood UAB	10.555.630	4.748.571	1.010.291	-
Ginvildos Investicija UAB	-	71.302	-	15.246
Didma UAB	756	71.786	148	-
Klaipėda Recycling UAB	65.475	54.670	164.215	-
Klaipėdos kartonas AB	41.840	6.913.438	11.504	299.993
Naujieji Verkiai UAB	6.527	-	808	-
Total	**10.670.228**	**11.859.767**	**1.186.966**	**315.239**

14. FINANCIAL INFORMATION

14.1. Statement of financial position

LTL

	Notes	The Group		The Company	
		30.06.2013	31.12.2012	30.06.2013	31.12.2012
ASSETS					
Non-current assets:					
Property, plant and equipment	14.7.	175.410.683	180.022.200	93.554.441	98.025.181
Investment property	14.8.	3.167.557	3.237.646	3.167.557	3.237.646
Intangible assets	14.9.	16.405.385	16.034.012	1.480.417	1.312.490
Investments into subsidiaries	14.10	-	-	40.755.923	40.755.923
Non-current receivables		246.259	319.318	224.359	278.019
Deferred income tax assets		-	-	191.920	153.650
TOTAL NON-CURRENT ASSETS		**195.229.884**	**199.613.176**	**139.374.617**	**143.762.909**
CURRENT ASSETS:					
Cash and cash equivalents	14.12	6.553.037	1.239.577	5.973.371	195.749
Loans granted		-	-	-	-
Accounts receivables	14.11	36.968.145	30.993.674	17.521.539	13.621.147
Inventories	14.13	20.635.514	21.297.591	7.215.605	6.717.904
Other assets		961.301	964.596	642.576	335.881
TOTAL CURRENT ASSETS		**65.117.997**	**54.495.438**	**31.353.091**	**20.870.681**
TOTAL ASSETS		**260.347.881**	**254.108.614**	**170.727.708**	**164.633.590**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14.14	65.700.000	60.000.000	65.700.000	60.000.000
Share premium		3.924.197	-	3.924.197	-
Legal reserve		5.322.763	4.898.670	5.322.763	4.898.670
Foreign currency translation reserve		(310.951)	(354.420)	-	-
Retained earnings		42.122.621	39.461.183	36.103.491	34.826.430
Non-controlling interests		2.074.812	2.100.568	-	-
TOTAL EQUITY		**118.833.442**	**106.106.001**	**111.050.451**	**99.725.100**
GRANTS AND SUBSIDIES		**11.258.569**	**8.214.716**	**9.365.769**	**8.099.580**
NON-CURRENT LIABILITIES:					
Non-current borrowings	14.15	56.065.939	50.728.916	16.221.060	11.217.373
Financial lease obligations		3.315.274	3.184.230	2.947.603	2.865.026
Loans to subsidiaries and associated companies		-	-	4.000.000	-
Deferred income tax liability		2.195.855	1.999.364	-	-
Non-current employee benefits		648.608	648.608	169.349	169.349
Long-term trade and other payables		186.451	186.451	209.281	186.451
TOTAL NON-CURRENT LIABILITIES		**62.412.127**	**56.747.569**	**23.547.293**	**14.438.199**
CURRENT LIABILITIES:					
Current portion of long term loans	14.15	5.717.107	14.285.395	2.031.299	7.265.600
Current borrowings	14.15	16.924.493	22.763.353	7.392.113	14.356.272
Current portion of financial lease obligations		1.459.732	3.254.648	1.227.764	2.762.658
Income tax payable		607.284	574.615	607.284	493.885
Trade and other payable	14.16	43.135.127	42.162.317	15.505.735	17.492.296
TOTAL CURRENT LIABILITIES		**67.843.743**	**83.040.328**	**26.764.195**	**42.370.711**
TOTAL EQUITY AND LIABILITIES		**260.347.881**	**254.108.614**	**170.727.708**	**164.633.590**

14.2. Statements of comprehensive income

LTL

	notes	The Group				The Company			
		January – June 2013	**January – June 2012**	**April – June 2013**	**April – June 2012**	**January – June 2013**	**January – June 2012**	**April – June 2013**	**April – June 2012**
Revenue		156.367.314	144.587.771	80.129.861	71.899.091	67.916.148	51.820.092	35.387.165	26.203.383
Cost of sales		133.756.133	122.949.324	67.907.881	59.764.430	56.924.733	42.181.175	29.630.609	21.157.805
Gross profit		**22.611.181**	**21.638.447**	**12.221.980**	**12.134.661**	**10.991.415**	**9.638.917**	**5.756.556**	**5.045.578**
Other operating income	14. 16.	740.291	1.376.218	359.461	988.579	504.484	1.291.896	261.972	942.991
Selling and distribution expenses		11.228.026	10.601.098	5.703.345	5.557.197	4.545.787	3.314.964	2.213.612	1.897.358
General and administrative expenses		6.305.598	6.682.531	3.524.985	3.441.757	3.329.410	2.948.436	1.889.498	1.571.296
Other operating expenses	14. 17.	140.021	281.401	60.831	140.233	108.018	166.626	37.513	44.490
Profit from operations		**5.677.827**	**5.449.635**	**3.292.280**	**3.984.053**	**3.512.684**	**4.500.787**	**1.877.905**	**2.475.425**
Other finance income		146.283	250.954	93.062	(219.021)	7.600	548.066	7.595	66.426
Other finance expenses		1.176.017	1.404.537	620.257	642.610	384.400	633.725	192.556	329.086
Profit before income tax		**4.648.093**	**4.296.052**	**2.765.085**	**3.122.422**	**3.135.884**	**4.415.128**	**1.692.944**	**2.212.765**
Income tax		388.318	450.967	275.453	262.253	234.730	286.431	121.865	145.959
NET PROFIT		**4.259.775**	**3.845.085**	**2.489.632**	**2.860.169**	**2.901.154**	**4.128.697**	**1.571.079**	**2.066.806**
Other comprehensive income:									
Exchange differences on translation of foreign operations		43.469	678.015	383.287	867.044	-	-	-	-
Total comprehensive income for the year, net of tax		**4.303.244**	**4.523.100**	**2.872.919**	**3.727.213**	**2.901.154**	**4.128.697**	**1.571.079**	**2.066.806**
Profit attributable to:									
The shareholders of the Company		4.285.531	3.871.287	2.487.346	2.825.872	2.901.154	4.128.697	1.571.079	2.066.806
Non-controlling interests		(25.756)	(26.202)	2.286	34.297	-	-	-	-
Total of attributable profit		**4.259.775**	**3.845.085**	**2.489.632**	**2.860.169**	**2.901.154**	**4.128.697**	**1.571.079**	**2.066.806**
Comprehensive income attributable to:									
The shareholders of the Company		4.329.000	4.549.302	2.870.633	3.692.916	2.901.154	4.128.697	1.571.079	2.066.806
Non-controlling interests		(25.756)	(26.202)	2.286	34.297	-	-	-	-
Total attributable comprehensive income		**4.303.244**	**4.523.100**	**2.872.919**	**3.727.213**	**2.901.154**	**4.128.697**	**1.571.079**	**2.066.806**
Basic and diluted earnings per share		**0,065**	**0,065**	**0,038**	**0,047**	**0,044**	**0,069**	**0,024**	**0,034**

14.3. Statement of changes in equity

LTL

The Group	Notes	Share capital	Share premium	Legal reserve	Rate of exchange influence	Non-controlling interest	Retained earnings	Total
31 December 2011		**60.000.000**	**-**	**4.221.919**	**(59.777)**	**2.977.858**	**31.356.702**	**98.496.702**
Transfer to legal		-	-	676.751	-	-	(676.751)	**-**
Other comprehensive income (expenses)		-	-	-	678.015	-	-	**678.015**
Dividends paid		-	-	-	-	(226.599)	(1.200.000	**(1.426.599)**
Net profit		-	-	-	-	(26.202)	3.871.287	**3.845.085**
30 June 2012		**60.000.000**	**-**	**4.898.670**	**618.238**	**2.725.057**	**33.351.238**	**101.593.20**
Other comprehensive income (expenses)		-	-	-	(972.658)	-	-	**(972.658)**
Sales to non-controlling interest		-	-	-	-	(622.732)	622.732	**-**
Net profit		-	-	-	-	(1.757)	5.487.213	**5.485.456**
31 December 2012		**60.000.000**	**-**	**4.898.670**	**(354.420)**	**2.100.568**	**39.461.183**	**106.106.00**
Transfer to legal		-	-	424.093	-	-	(424.093)	**-**
Increase in share		5.700.000	3.924.197	-	-	-	-	**9.624.197**
Dividends paid		-	-	-	-	-	(1.200.000	**(1.200.000)**
Other comprehensive income (expenses)		-	-	-	43.469	-	-	**43.469**
Net profit		-	-	-	-	(25.756)	4.285.531	**4.259.775**
30 June 2013		**65.700.000**	**3.924.197**	**5.322.763**	**(310.951)**	**2.074.812**	**42.122.621**	**118.833.44**

LTL

The Company	Notes	Share capital	Share premium	Legal reserve	Other reserves	Rate of exchange influence	Retained earnings	Total
31 December 2011		**60.000.000**	**-**	**4.221.919**	**-**	**-**	**28.221.313**	**92.443.232**
Transfer to legal		-	-	676.751	-	-	(676.751)	**-**
Dividends paid		-	-	-	-	-	(1.200.000	**(1.200.000)**
Net profit		-	-	-	-	-	4.128.697	**4.128.697**
30 June 2012		**60.000.000**	**-**	**4.898.670**	-	-	**30.473.259**	**95.371.929**
Transfer to legal		-	-	-	-	-	-	**-**
Net profit		-	-	-	-	-	4.353.171	**4.353.171**
31 December 2012		**60.000.000**	**-**	**4.898.670**	**-**	**-**	**34.826.430**	**99.725.100**
Transfer to legal		-	-	424.093	-	-	(424.093)	**-**
Increase in share		5.700.000	3.924.197	-	-	-	-	**9.624.197**
Dividends paid		-	-	-	-	-	(1.200.000	**(1.200.000)**
Net profit		-	-	-	-	-	2.901.154	**2.901.154**
30 June 2013		**65.700.000**	**3.924.197**	**5.322.763**	**-**	**-**	**36.103.491**	**111.050.45**

14.4. Statements of Cash flows

LTL

	The Group		The Company	
	30.06.2013	**30.06.2012**	**30.06.2013**	**30.06.2012**
OPERATING ACTIVITIES				
Profit before income tax	4.648.093	4.296.052	3.135.884	4.415.128
Adjustments for:				
Depreciation and amortization	12.797.403	10.764.447	7.224.803	5.231.169
Elimination of financial activity results	1.029.734	1.153.583	376.800	85.659
Loss (profit) on disposal of fixed assets	(48.313)	(665.478)	(48.313)	(711.770)
Loss (profit) on disposal of emission rights	(48.394)	-	-	-
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	(17.420)	(439.033)	-	(126.984)
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	(400.203)	-	-	-
Property, plant and equipment impairment losses	-	-	-	-
TOTAL	**17.960.900**	**15.109.571**	**10.689.174**	**8.893.202**
Changes in current assets and liabilities:				
(Increase) decrease in other assets	3.295	(83.252)	(306.695)	(101.513)
Decrease (increase) in trade and other accounts	(5.501.209)	(5.100.988)	(3.846.732)	(113.965)
Decrease (increase) in inventories	706.174	5.677.279	(497.653)	(87.034)
Increase (decrease) in trade and other accounts	816.841	(2.267.278)	(2.120.536)	(1.206.705)
TOTAL	**(3.974.899)**	**(1.774.239)**	**(6.771.616)**	**(1.509.217)**
Interest paid	(1.074.604)	(1.399.014)	(353.212)	(550.239)
Income tax paid	(159.601)	(84.938)	(159.601)	(84.938)
NET cash from operating activities	**12.751.796**	**11.851.380**	**3.404.745**	**6.748.808**
INVESTING ACTIVITIES				
Purchase of noncurrent assets and intangible assets	(8.806.579)	(15.716.263)	(3.243.879)	(14.345.327)
Issue of shares	9.624.197	-	9.624.197	-
Proceeds on disposal noncurrent assets	53.292	777.206	53.292	735.698
Grants and subsidies received	3.570.000	-	1.780.000	-
Proceeds on disposal of emission rights	48.394	-	-	-
Interest received	6.357	4.574	6.357	4.366
Repayment of loans granted	-	-	-	-
Net cash (used in) investing activities	**4.495.661**	**(14.934.483)**	**8.219.967**	**(13.605.263)**
FINANCING ACTIVITIES				
Dividends paid	(1.200.000)	(1.426.599)	(1.200.000)	(1.200.000)
Repayments of loans and mortgages	(9.738.731)	(6.257.960)	(6.186.506)	(1.593.197)
Proceeds from loans and mortgages	6.507.466	8.587.410	5.955.892	8.587.410
Short-term loans increase (decrease)	(5.838.860)	69.569	(6.964.159)	69.569
Loans received from subsidiaries and related persons	-	-	4.000.000	-
Receipts of finance lease liabilities	220.275	3.076.847	130.475	2.903.587
Repayments of finance lease liabilities	(1.884.147)	(2.039.149)	(1.582.792)	(1.569.059)
Net cash (used in) financing activities	**(11.933.997)**	**2.010.118**	**(5.847.090)**	**7.198.310**
Net (decrease)/increase in cash	**5.313.460**	**(1.072.985)**	**5.777.622**	**341.855**
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	**1.239.577**	**2.134.809**	**195.749**	**71.238**
CASH AND CASH EQUIVALENTS END OF THE	**6.553.037**	**1.061.824**	**5.973.371**	**413.093**

14.5. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. In all material aspects the same accounting principles have been followed as in the preparation of financial statements for the year 2012.

14.6. Significant accounting policies

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.
If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Measurement and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania – Lithuanian litas (LTL).
The functional currency of the Company and its subsidiaries operating in Lithuania is Lithuanian litas. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.
Transactions in foreign currencies are initially recorded in the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction.
The assets and liabilities of foreign subsidiaries are translated into Litas at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on this translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in the statement of comprehensive income.
Starting from 2 February 2002, litas is pegged to euro at the rate of LTL 3.4528 for EUR 1, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's stand-alone financial statements are carried at cost, less impairment.
At the end of 2011 the Company transferred a segment of its operations to one of its 100% subsidiaries. From the point of view of separate financial statements of AB Grigiškės, this is in-kind contribution to the existing subsidiary. There is no guidance under IFRS on how to account for business contributions by the parent in its separate financial statements.
The Company made a decision to determine an appropriate accounting treatment. The policy followed was to recognise an increased investment in the subsidiary based on the fair value of the additional shares received and therefore recognise a gain/loss on disposal of the net assets of the segment transferred to the subsidiary (measured as the difference between fair value of shares received and the carrying values of the assets transferred).

Intangible assets other than goodwill

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

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

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

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

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

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

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

Property, plant and equipment

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

Before 31 December 2010, buildings were accounted as follows:

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

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

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

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

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

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.
Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

Investment property

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

Emission allowances

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

chosen a system that measures deficits on the basis of an annual allocation of emission allowances.
The outright sale of emission allowances is recorded as a sale at the fair value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit an additional liability is recognised with a charge to the income statement.

Financial assets

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

Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in statement of comprehensive income.
The Group and the Company does not have any financial instruments at fair value through profit or loss as at 31 December 2012 and 2011.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group / the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.
The Group and the Company does not have any held-to-maturity investments as at 31 December 2012 and 2011.

Loans and receivables

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

Available-for-sale financial assets

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

investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in the statement of comprehensive income.
The Group and the Company does not have any available for sale financial assets as at 31 December 2012 and 2011.

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

Derecognition of financial assets and liabilities
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group / the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group / the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group / the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group / the Company could be required to repay.
Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

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

Cash and cash equivalents

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

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

Borrowings

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

The Group and the Company capitalise borrowing costs for all qualifying assets where construction was commenced on or after 1 January 2009. However, there were no significant borrowing costs matching the capitalisation criteria in 2012 and in 2011.

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

Financial lease and operating lease

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

Financial lease – Group and the Company as a lessee

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

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

Operating lease -the Group and the Company as lessee

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

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.
If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

Operating lease -the Group and the Company as lessor

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

Non-current employee benefits

According to the requirements of Lithuanian Labour Code, each employee leaving the Group or the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.
The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.
The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in the statement of comprehensive income as incurred.

Financial guarantee contracts

Financial guarantees provided for the liabilities of the sister companies (i.e. companies controlled by the same parent) during the initial recognition are accounted at estimated fair value as distribution to shareholder and financial liability in the balance sheet. Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the sister company's financial liability to the bank. If there is a possibility that the sister company may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Grants and subsidies

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

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

Trade and other payable

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

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

Income tax

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

Income tax rate of 15% has been introduced starting from 1 January 2010 for companies operating in the Republic of Lithuania. Standard income tax rate in Ukraine for the year 2012 was 21% (until 1 April 2011 – 25%, after 1 April 2011 – 23%).

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

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

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

Revenue recognition
Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.
Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed. Group entity UAB Baltwood is engaged in production of wooden houses. When product is ready, the contractor approves the order and makes payment, while product is brought to the contractor only after separate notice. The entity recognises income and expenses at the moment when contractor gives notice that order is completed as it is stated in the agreement that risks related to the product are then transferred to contractor.
Revenue from services is recognised when services are rendered.
Dividend income from subsidiaries is recognised in the Company's stand-alone financial statements when the dividends are declared by the subsidiary.
Interest income is recognised on an accrual basis (using the effective interest rate). Interest income is included in financial and investing activities result in statement of comprehensive income.
Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

Impairment of assets
Financial assets
Financial assets are reviewed for impairment at each date of the statement of financial position.
For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the statement of comprehensive income. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.
Impairment of non-financial assets
Non-financial assets, except for inventories and deferred income tax, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.
An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless

the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation, amortisation, valuation of buildings, non-current employee benefits, impairment evaluation of goodwill, recognition of deferred income tax asset, and impairment evaluation of other assets. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

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

Contingencies

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

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

Comparative information

Where necessary comparative figures have been adjusted to conform to changes in presentation of all Group companies in the current year. In the financial statements of the Group, the amount of LTL 5,979 thousand was reclassified from cost of sales: the amount of LTL 5,290 thousand related to transportation expenses was transferred to selling and distribution expenses, and the amount of LTL 689 thousand related to depreciation and salaries' expenses was transferred to general and administrative expenses. Therefore, amounts of cost of sales, selling and distribution expenses and general and administrative expenses, presented in the Consolidated Statement of comprehensive income for the year 2011, amounts of cost of sales of 'Raw material for corrugated cardboard and related production' in segment information and related notes for selling and distribution expenses and general and administrative expenses were changed to conform with current year presentation.

Subsequent events

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

14.7. Non-current assets

On the 30th of June 2013 Group's non-current assets consisted of the following, LTL

The Group	Buildings and construction	Machinery and Equipment	Vehicles	Other assets	Construction in progress and	Total
Modified cost						
31 December 2012	**94.507.119**	**185.040.118**	**6.221.751**	**5.648.462**	**10.733.486**	**302.150.936**
Additions	129.900	2.839.023	340.983	332.908	4.518.536	**8.161.350**
Disposals	(386.844)	(487.090)	(312.299)	(72.707)	-	**(1.258.940)**
Transfers	130.770	8.254.607	11.706	28.899	(8.425.982)	**-**
Rate of exchange	17.052	28.185	(11.864)	6.422	-	**39.795**
30 June 2013	**94.397.997**	**195.674.843**	**6.250.277**	**5.943.984**	**6.826.040**	**309.093.141**
Accumulated depreciation and						
31 December 2012	**12.763.760**	**102.009.792**	**3.965.428**	**3.389.756**	**-**	**122.128.736**
Depreciation	2.200.622	9.771.433	381.144	409.547	-	12.762.746
Disposals	(383.243)	(475.245)	(259.214)	(69.375)	-	(1.187.077)
Transfers	-	-	(3.687)	-	-	(3.687)
Rate of exchange	(17.904)	11.945	(13.215)	914	-	(18.260)
30 June 2013	**14.563.235**	**111.317.925**	**4.070.456**	**3.730.842**	**-**	**133.682.458**
Carrying amount						
31 December 2012	**81.743.359**	**83.030.326**	**2.256.323**	**2.258.706**	**10.733.486**	**180.022.200**
30 June 2013	**79.834.762**	**84.356.918**	**2.179.821**	**2.213.142**	**6.826.040**	**175.410.683**

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

On the 30th of June 2013, the part of the Group's property, plant and equipment with a carrying value of 101.731 thousand Litas (31 December 2012 – 96.630 thousand Litas) is pledged as a security for repayment of the loans granted by banks.

On the 30th of June 2013 Company‘s non-current assets consisted of the following, LTL

The Company	Buildings and construction	Machinery and Equipment	Vehicles	Other assets	Construction in progress and	Total
Modified cost						
31 December 2012	**32.777.206**	**113.404.902**	**2.087.855**	**2.780.544**	**9.803.525**	**160.854.032**
Additions	129.900	2.114.294	126.860	89.138	531.286	**2.991.478**
Disposals	(383.244)	(462.639)	(264.192)	(67.573)	-	**(1.177.648)**
Transfers	-	7.320.743	-	-	(7.320.743)	**-**
30 June 2013	**32.523.862**	**122.377.300**	**1.950.523**	**2.802.109**	**3.014.068**	**162.667.862**
Accumulated depreciation and						
31 December 2012	**4.394.843**	**55.116.583**	**1.326.902**	**1.990.523**	**-**	**62.828.851**
Depreciation	977.418	6.168.688	145.664	165.421	-	**7.457.191**
Disposals	(383.243)	(462.631)	(259.214)	(67.533)	-	**(1.172.621)**
Transfers	-	-	-	-	-	**-**
30 June 2013	**4.989.018**	**60.822.640**	**1.213.352**	**2.088.411**	**-**	**69.113.421**
Carrying amount						
31 December 2012	**28.382.363**	**58.288.319**	**760.953**	**790.021**	**9.803.525**	**98.025.181**
30 June 2013	**27.534.844**	**61.554.660**	**737.171**	**713.698**	**3.014.068**	**93.554.441**

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

On the 30th of June 2013, the part of the Company‘s property, plant and equipment with a carrying value of 46.754 thousand Litas (31 December 2012 – 38.706 thousand Litas) is pledged as a security for repayment of the loans granted by banks.

14.8. Investment property

On the 30th of June 2013 Group’s and Company’s investment property consisted of the following, LTL:

Group / Company	Buildings and constructions	Total
Modified cost		
31 December 2012	**3.620.000**	**3.620.000**
Additions	-	**-**
Disposals	-	**-**
Transfers	-	**-**
30 June 2013	**3.620.000**	**3.620.000**
Accumulated depreciation and impairment		
31 December 2012	**382.354**	**382.354**
Depreciation	70.089	**70.089**
Disposals	-	**-**
Transfers	-	**-**
30 June 2013	**452.443**	**452.443**
Carrying amount		
31 December 2012	**3.237.646**	**3.237.646**
30 June 2013	**3.167.557**	**3.167.557**

14.9. Intangible assets

On the 30th of June 2013 Group's intangible assets consisted of the following, LTL:

The Group	Land lease rights	Licenses, patents	Software	Prestige	Other assets and prepayments	Total
Cost						
31 December 2012	**2.400.000**	**91.409**	**1.888.506**	**10.362.101**	**3.151.293**	**17.893.309**
Additions	-	-	126.325	-	735.564	**861.889**
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Rate of exchange influence	-	-	199	-	-	**199**
30 June 2013	**2.400.000**	**91.409**	**2.015.030**	**10.362.101**	**3.886.857**	**18.755.397**
Accumulated amortization						
31 December 2012	**248.888**	**64.135**	**1.019.236**	**-**	**527.038**	**1.859.297**
Amortization	13.334	5.103	178.806	-	293.472	**490.715**
Transfers	-	-	-	-	-	-
Rate of exchange influence	-	-	-	-	-	**-**
30 June 2013	**262.222**	**69.238**	**1.198.042**	**-**	**820.510**	**2.350.012**
Carrying amount						
31 December 2012	**2.151.112**	**27.274**	**869.270**	**10.362.101**	**2.624.255**	**16.034.012**
30 June 2013	**2.137.778**	**22.171**	**816.988**	**10.362.101**	**3.066.347**	**16.405.385**

On the 30th of June 2013, the Group's land lease rights with a carrying value of 2.138 thousand Litas (31 December 2012 – 2.151 thousand Litas) are pledged as a security for repayment of the loan granted by banks.

On the 30th of June 2013, Company's intangible assets consisted of the following, LTL:

The Company	Licenses and patents	Software	Other assets	Total
Cost				
31 December 2012	**91.409**	**1.597.958**	**660.968**	**2.350.335**
Additions	-	117.323	261.938	**379.261**
Disposals	-	-	-	-
Transfers	-	-	-	-
30 June 2013	**91.409**	**1.715.281**	**922.906**	**2.729.596**
Accumulated amortization				
31 December 2012	**64.135**	**882.272**	**91.438**	**1.037.845**
Amortization	5.103	139.858	66.373	**211.334**
Disposals	-	-	-	-
Transfers	-	-	-	-
30 June 2013	**69.238**	**1.022.130**	**157.811**	**1.249.179**
Carrying amount				
31 December 2012	**27.274**	**715.686**	**569.530**	**1.312.490**
30 June 2013	**22.171**	**693.151**	**765.095**	**1.480.417**

Amortization expenses have been included in administrative expenses.

14.10. Investments into subsidiaries

On the 30th of June 2013 investments into subsidiaries consisted of the following, LTL:

	The Company	
	30.06.2013	**31.12.2012**
Grigiškių energija UAB	10.000	10.000
Ekotara UAB	10.000	10.000
AGR Prekyba UAB	13.143.923	13.143.923
Baltwood UAB	27.592.000	27.592.000
Total investments in subsidiaries	**40.755.923**	**40.755.923**

14.11. Account receivables

On the 30th of June 2013 trade and other receivables consisted of the following, LTL:

	The Group		The Company	
	30.06.2013	**31.12.2012**	**30.06.2013**	**31.12.2012**
Trades receivable	34.687.655	27.755.982	17.479.852	13.659.466
Other receivable	2.581.187	3.938.592	337.246	257.240
	37.268.842	**31.694.574**	**17.817.098**	**13.916.706**
Less: allowance for doubtful amounts	(300.697)	(700.900)	(295.559)	(295.559)
Total amounts receivable within one year:	**36.968.145**	**30.993.674**	**17.521.539**	**13.621.147**

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

The movement for 2013 in the allowance for doubtful amounts receivable consisted of the following, LTL:

	The Group		The Company	
	30.06.2013	**31.12.2012**	**30.06.2013**	**31.12.2012**
On the 1st of January	**700.900**	**696.004**	**295.559**	**154.113**
Change for the year	-	141.446	-	141.446
Reversal of allowance	(400.203)	(131.837)	-	-
Rate of exchange influence	-	(4.713)	-	-
At the end of the period	**300.697**	**700.900**	**295.559**	**295.559**

14.12. Cash and cash equivalents

On the 30th of June 2013 cash and cash equivalents consisted of the following:

	The Group		The Company	
	30.06.2013	**31.12.2012**	**30.06.2013**	**31.12.2012**
Cash at bank	6.537.959	1.230.284	5.966.148	190.585
Cash on hand	15.078	9.293	7.223	5.164
Total	**6.553.037**	**1.239.577**	**5.973.371**	**195.749**

14.13. Inventories

On the 30th of June 2013 inventories consisted of the following:

	The Group		The Company	
	30.06.2013	**31.12.2012**	**30.06.2013**	**31.12.2012**
Materials	8.799.551	8.722.239	3.697.830	3.632.478
Work in progress	2.851.590	2.976.080	824.883	1.210.155
Finished goods	9.731.442	9.842.705	3.526.165	2.638.469
Goods in transit	117.204	638.260	-	70.075
	21.499.787	**22.179.284**	**8.048.878**	**7.551.177**
Less: write-down to net realizable value	(864.273)	(881.693)	(833.273)	(833.273)
Total	**20.635.514**	**21.297.591**	**7.215.605**	**6.717.904**

On the 30th of June 2013, the Group's inventory with carrying amount of 11.774.000 Litas respectively are pledged as a security for the loan granted by the bank (31 December 2012 – the Group's and the Company inventory were pledged respectively 10.000.000 Litas and 4.000.000 Litas).

14.14. Share capital and legal reserve

On the 30th of June 2013 share capital consisted of LTL 65.700.000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

On the 30th of June 2013 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	32.650.634	49,7
Lithuanian individuals	23.726.662	36,1
Foreign legal entities	9.001.072	13,7
Foreign individuals	321.632	0,5
Total	**65.700.000**	**100,0**

On the 30th of June 2013 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	56.377.296	85,8
USA	6.037.754	9,2
Sweden	1.842.916	2,8
other countries	1.442.034	2,2
Total	**65.700.000**	**100**

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.

14.15. Non-current ant current borrowings

	The Group		The Company	
	30.06.2013	**31.12.2012**	**30.06.2013**	**31.12.2012**
The loans and mortgages are repayable as follows:				
Within one year	22.641.600	37.048.748	9.423.412	21.621.872
In the second year	11.277.895	9.516.216	3.972.939	2.544.628
In the third to fifth years inclusive	44.788.044	41.212.700	12.248.121	8.672.745
	78.707.539	**87.777.664**	**25.644.472**	**32.839.245**
Less: amount due for settlement within one	(22.641.600)	(37.048.748)	(9.423.412)	(21.621.872)
Amount due for settlement after one year	**56.065.939**	**50.728.916**	**16.221.060**	**11.217.373**

14.16. Trade and other payables

	The Group		The Company	
	30.06.2013	**31.12.2012**	**30.06.2013**	**31.12.2012**
Trade payables	33.718.887	32.807.272	11.896.967	14.203.900
Taxes, salaries and social insurance payable	7.159.972	6.626.734	2.627.796	2.427.363
Advances received	477.015	1.079.743	120.168	244.263
Other payables	1.779.253	1.648.568	860.804	616.770
Total	**43.135.127**	**42.162.317**	**15.505.735**	**17.492.296**

14.17. Other operating income

	The Group		The Company	
	01.01.2013-30.06.2013	**01.01.2012-30.06.2012**	**01.01.2013-30.06.2013**	**01.01.2012-30.06.2012**
Gain from disposal of emission rights	48.394	-	-	-
Rent income	173.096	333.298	129.542	328.237
Gain from disposal of fixed assets	48.313	725.817	48.313	711.770
Scrap metal recognition	197.499	284.760	98.854	140.955
Insurance compensation	185.500	6.499	138.843	-
Other income	87.489	25.844	88.932	110.934
Total	**740.291**	**1.376.218**	**504.484**	**1.291.896**

14.18. Other operating expenses

	The Group		The Company	
	01.01.2013-30.06.2013	**01.01.2012-30.06.2012**	**01.01.2013-30.06.2013**	**01.01.2012-30.06.2012**
Rent expenses	64.476	87.161	36.241	87.161
Insurance expenses	56.436	-	22.819	-
Other expenses	19.109	194.240	48.958	79.465
Total	**140.021**	**281.401**	**108.018**	**166.626**

14.19. Off balance articles

Emission rights movement for the six months of 2013

	Amount, pcs.	
	The Group	**The Company**
31 December 2012	**91.373**	**87.640**
Emission rights allocated	-	-
Purchase of emission rights	-	-
Emission rights used	(16.911)	(163)
Sale of emission rights	(3.733)	-
30 June 2013	**70.729**	**87.477**

14.20. Court and arbitration proceedings

Over the six months of 2013 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.