AKCINĖ BENDROVĖ GRIGIŠKĖS

GRIGIŠKĖS“, AB

To: Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius, Lithuania

2009-02-27No. 026-SK/2009-171

CONFIRMATION OF RESPONSIBLE PERSONS

Following Part 1 of Article 22 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commision for preparation and announcement of periodical and supplementary information, we, the undersigned - Gintautas Pangonis, General Director of Grigiškės, AB, and Nina Šilerienė, Director of Finance Department of Grigiškės, AB, hereby confirm that, to the best of our knowledge, the not audited interim consolidated financial statements for the year 2008, prepared in accordance with International Financial Reporting Standards, are true, correctly reflect Grigiškės, AB and aggregate consolidated companies' assets, liabilities, financial standing, profit or loss

ENCLOSURE: „Grigiškės“, AB not audited interim consolidated financial statements for the year 2008 (26 pages).

„Grigiškės“, AB General Director **Gintautas Pangonis**

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

„Grigiškės", AB

Not audited interim consolidated financial statements for the year 2008

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1. GENERAL INFORMATION

1.1. Reporting period for which this financial statements have been prepared

The not audited interim consolidated financial statements of "Grigiškės", AB have been prepared for the year 2008

1.2. Audit information

The interim consolidated financial statements of "Grigiškės", AB covering the year 2008 are not audited or checked-up by auditors.

1.3. Group companies and their contact details

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

	Issuer	Subsidiary	Subsidiary
Name	Public Limited Liability Company **GRIGIŠKĖS**	Private Limited Liability Company **BALTWOOD**	Private Limited Liability Company **GRIGIŠKIŲ TRANSPORTO CENTRAS**
Company's ID number	110012450	126199731	300015674
Authorised capital	LTL 60.000.000	LTL 9.950.000	LTL 100.000
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	(8~5) 243 58 01	(8~5) 243 59 45	(8~5) 243 58 01
Fax	(8~5) 243 58 02	(8~5) 243 58 98	(8~5) 243 58 02
E-mail	info@grigiskes.lt	info@baltwood.lt	info@gtc.lt
Internet	www.grigiskes.lt	www.baltwood.lt	-
Legal form	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	1 January, 2004	6 April, 2004
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

1.4. Offices and branches

The Company has office in Latvia (since 2006).

1.5. Nature of core activities of the group companies

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

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

Core business activities of Grigiškių transporto centras, UAB are as follows: trading cars. It has not been operating since 2006.

1.6. Contracts with intermediaries of public trading in securities and credit institutions

The Company has signed a contract with Finasta, AB (financial brokerage company) (Konstitucijos av. 23, Vilnius, tel. (8~5) 278 68 33, fax. (8~5) 278 68 38) on the handling of securities issued by the Company and payment of dividend to the shareholders for 2004 – 2007 financial years.

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

2. FINANCIAL INFORMATION

2.1. Balance sheet

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	Notes	The Group		The Company	
		31.12.2008	31.12.2007	31.12.2008	31.12.2007
ASSETS					
Non-current assets:					
Property, plant and equipment	1.7.	104.095.502	92.600.718	93.977.574	81.226.857
Intangible assets	1.8.	2.461.616	2.489.319	203.549	204.208
Investments in associated companies					
Investments in subsidiary				5.005.000	5.005.000
Loans granted					
Other accounts receivables					
TOTAL NON CURRENT ASSETS		**106.557.118**	**95.090.037**	**99.186.123**	**86.436.065**
CURRENT ASSETS:					
Cash and cash equivalents	1.10.	130.026	399.980	113.472	321.861
Loans granted					
Trade and other accounts receivables	1.9.	18.770.638	19.837.056	21.058.324	21.250.698
Inventories	1.11.	14.826.904	16.217.413	12.558.106	12.598.837
Other assets		408.583	496.944	383.625	417.766
TOTAL CURRENT ASSETS		**34.136.151**	**36.951.393**	**34.113.527**	**34.589.162**
		140.693.269	**132.041.430**	**133.299.650**	**121.025.227**
TOTAL ASSETS		130.026	399.980	113.472	321.861
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES:					
Share capital	1.12.	60.000.000	39.956.657	60.000.000	39.956.657
Legal reserve		3.995.665	3.995.665	3.995.665	3.995.665
Retained earnings		616.207	26.973.359	1.948.512	26.543.644
Unused emission rights' reappraisal reserve					
TOTAL EQUITY		**64.611.872**	**70.925.681**	**65.944.177**	**70.495.966**
GRANTS		**318.641**	**341.401**	**318.641**	**341.401**
NON-CURRENT LIABILITIES:					
Bank loans and mortgages	1.13.	15.397.963	9.946.962	15.397.963	9.946.962
Obligations under finance leases		12.593.549	6.123.473	12.247.115	5.521.007
Deferred tax liability		816.592	873.483	477.925	530.816
Other accounts payable					
TOTAL NON-CURRENT LIABILITIES		**28.808.104**	**16.943.918**	**28.123.003**	**15.998.785**
CURRENT LIABILITIES:					
Bank loans and mortgages	1.13.	17.633.628	16.546.361	11.628.424	9.592.950
Obligations under finance leases		7.653.001	3.977.122	7.321.274	3.614.854
Delay for unused emission rights					
Factoring		4.212.348	4.257.777	3.704.821	3.174.826
Received prepayment					
Trade and other accounts payable	1.14.	17.455.675	19.049.170	16.259.310	17.806.445
TOTAL CURRENT LIABILITIES		**46.954.652**	**43.830.430**	**38.913.829**	**34.189.075**
TOTAL EQUITY AND LIABILITIES		**140.693.269**	**132.041.430**	**133.299.650**	**121.025.227**

2.2. Income (loss) statement

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	Notes	The Group				The Company			
		January – December 2008	January – December 2007	October – December 2008	October – December 2007	January – December 2008	January – December 2007	October – December 2008	October – December 2007
Sales		145.459.389	144.011.656	33.500.163	38.753.016	135.465.115	134.054.619	31.392.212	37.075.849
Cost of sales		129.613.227	117.008.916	30.829.849	31.798.394	120.243.912	108.696.308	28.859.595	30.591.647
GROSS PROFIT		**15.846.162**	**27.002.740**	**2.670.314**	**6.954.622**	**15.221.203**	**25.358.311**	**2.532.617**	**6.484.202**
Other operating income	1.15.	2.249.996	923.083	1.385.137	194.057	2.441.695	1.178.022	1.422.680	243.278
Selling and distribution expenses		7.731.123	8.980.038	2.091.145	2.231.091	7.315.339	8.574.272	1.953.107	2.125.721
Administrative expenses		11.141.989	9.988.878	2.147.669	2.589.045	9.852.228	9.120.380	1.923.240	2.346.682
Other operating expenses	1.16.	371.490	332.053	85.848	80.424	371.490	332.002	85.848	80.424
PROFIT FROM OPERATIONS		**(1.148.444)**	**8.624.854**	**(269.211)**	**2.248.119**	**123.841**	**8.509.679**	**(6.898)**	**2.174.653**
Interest income		1011	373	303	68	698	373	220	68
Finance costs		3208924	2.039.648	1.292.959	600.633	2.719.336	1.537.073	1.177.829	450.467
Net foreign exchange (loss) gain									
Rate of exchange influence		(34.440)	(49.738)	(15.131)	(8126)	(33.631)	(49.184)	(14.751)	(8234)
Other finance income		109	45	84	45	109	45	84	45
Other finance expenses		63553	12.499	37.460	4096	59.902	8.276	35.118	3993
PROFIT BEFORE		**(4.454.241)**	**6.523.387**	**(1.614.374)**	**1.635.377**	**(2.688.221)**	**6.915.564**	**(1.234.292)**	**1.712.072**
Income tax		(140.432)	1.394.812	(40.117)	506.427	(136.432)	1.399.612	(36.117)	511.227
NET PROFIT		**(4.313.809)**	**5.128.575**	**(1.574.257)**	**1.128.950**	**(2.551.789)**	**5.515.952**	**(1.198.175)**	**1.200.845**
BASIC AND DILUTED EARNINGS PER SHARE		**(0.07)**	**0,13**			**(0.04)**	**0,14**		

2.3. Statement of changes in owner's equity

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The Group	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
31 December 2006		**39.956.657**	**3.995.665**		**23.844.784**	**67.797.106**
Transfer to legal reserve						
Dividends paid					(2.000.000)	(2.000.000)
Net profit					5.128.575	5.128.575
31 December 2007		**39.956.657**	**3.995.665**		**26.973.359**	**70.925.681**
Transfer to legal reserve						
Increase of authorized capital		20.043.343			(20.043.343)	
Dividends paid					(2.000.000)	(2.000.000)
Net profit					(4.313.809)	(4.313.809)
31 December 2008	**1.12**	**60.000.000**	**3.995.665**		**616.207**	**64.611.872**

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The Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
31 December 2006		**39.956.657**	**3.995.665**		**23.027.692**	**66.980.014**
Transfer to legal reserve						
Dividends paid					(2.000.000)	(2.000.000)
Net profit					5.515.952	5.515.952
31 December 2007		**39.956.657**	**3.995.665**		**26.543.644**	**70.495.966**
Transfer to legal reserve						
Increase of authorized capital		20.043.343			(20.043.343)	
Dividends paid					(2.000.000)	(2.000.000)
Net profit					(2.551.789)	(2.551.789)
31 December 2008	**1.12**	**60.000.000**	**3.995.665**		**1.948.512**	**65.944.177**

2.4. Cash flow statement

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	The Group		The Company	
	31.12.2008	**31.12.2007**	**31.12.2008**	**31.12.2007**
	LTL	**LTL**	**LTL**	**LTL**
OPERATING ACTIVITIES				
Profit before income tax	(4.454.241)	6.528.387	(2.688.221)	6.915.564
Adjustments for:				
Depreciation and amortization	13.753.532	11.203.701	12.243.435	9.670.360
Release of negative goodwill to income				
Share of loss of associates				
Interest income	(1.011)	(418)	(698)	(418)
Interest expenses	3.272.477	2.039.648	2.779.238	1.537.073
Net foreign exchange loss (gain)	34.440	49.738	33.631	49.184
Profit on disposal of fixed assets	(146.688)	(38.217)	(148.249)	(37.538)
Profit on disposal of emission rights	(1.028.934)	(1.709)	(1.028.934)	(1.709)
Provisions (reversal) for slow moving inventory, write off to net realisable value and low value inventory	354.527	130.165	354.527	130.165
Property, plant and equipment impairment losses (reversal)	18.507	(212.111)	18.507	(212.111)
Provision for doubtful accounts receivable (reversal), write off of bad accounts receivables	(832.566)	(126.124)	(821.116)	(131.124)
Total	**10.970.043**	**19.573.060**	**10.742.120**	**17.919.446**
Changes in current assets and liabilities:				
(Increase) decrease of other assets	88.361	(7.379)	34.141	(43.025)
(Increase) decrease in prepayments				
Decrease (increase) in trade and other accounts receivables	1.747.680	(2.227.251)	1.013.490	(2.658.700)
Decrease (increase) in inventories	1.035.982	(4.653.060)	(313.796)	(3.340.856)
Increase (decrease) in trade and other accounts payable	2.170.196	5.304.525	2.631.076	5.080.598
Total	**5.042.219**	**(1.583.165)**	**3.364.911**	**(961.983)**
Interest paid	(3.211.722)	(2.031.448)	(2.722.134)	(1.536.020)
Income tax paid	(973.843)	(1.699.143)	(973.843)	(1.699.143)
NET CASH FROM OPERATING ACTIVITIES	**11.826.697**	**14.259.304**	**10.411.054**	**13.722.300**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(11.195.263)	(11.420.656)	(11.054.922)	(11.061.112)
Proceeds on disposal of property, plant and equipment and intangible	470.856	333.746	470.856	329.085
Proceeds on disposal of tangible assets	1.028.934	1.709	1.028.934	1.709
Interest received	1.011	418	698	418
Acquisition of subsidiary				
Repayment of loans granted		9.677		9.677
Proceeds from long-term receivables				
NET CASH (USED IN) INVESTING ACTIVITIES	**(9.694.462)**	**(11.075.106)**	**(9.554.434)**	**(10.720.223)**
FINANCING ACTIVITIES				
Dividends paid	(2.000.000)	(2.000.000)	(2.000.000)	(2.000.000)
Repayments of loans and mortgages	(5.200.419)	(5.174.067)	(4.252.212)	(4.225.859)
Proceeds from loans and mortgages	11.738.687	9.064.610	11.738.687	7.950.300
Repayment of long-term accounts payables				
Repayments of finance lease liabilities	(6.940.457)	(5.246.200)	(6.551.484)	(4.866.104)
NET CASH (USED IN) FINANCING ACTIVITIES	**(2.402.189)**	**(3.355.657)**	**(1.065.009)**	**(3.141.663)**
NET (DECREASE)/INCREASE IN CASH	**(269.954)**	**(171.459)**	**(208.389)**	**(139.586)**
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	**399.980**	**571.439**	**321.861**	**461.447**
CASH AND CASH EQUIVALENTS END OF THE PERIOD	**130.026**	**399.980**	**113.472**	**321.861**

2.5. Basis of preparation

Statement of compliance

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

Basis of measurement

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

Use of estimates and judgements

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

2.6. Significant accounting policies

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

Basis of consolidation

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

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

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

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

Business combinations

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

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

Investments in subsidiaries

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

Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

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

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

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

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

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

Derivative financial instruments

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

Noncurrent assets

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

Buildings and constructions	4 – 91	years
Machinery and equipment	2 – 50	years
Vehicles	3 – 20	years
Other equipment and other assets	2 – 20	years

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

Intangible assets

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

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

Emission rights

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase runs for the three-year period from 2005 to 2007; the second will run for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period. The scheme works on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme. This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tones of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

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

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

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

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

Leased assets

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

The Group as lessor

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

The Group as lessee

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

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

Inventories

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

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

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

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

Impairment

A financial asset is impaired if there is objective evidence that certain event or events could have an adverse impact on asset-related cash flows in the future. Significant financial assets must be tested for impairment on an individual basis. The remaining financial assets are grouped according to their credit risk and the impairment for those groups is measured on a portfolio basis. An asset the impairment of which is tested on an individual basis and its impairment loss is continually recognised cannot be included in any group of assets that are tested for impairment on a portfolio basis.

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

Grants

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

Grants related to assets

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

Grants related to income

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

Dividends

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

Employee benefits

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

Provisions

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

Revenue recognition

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

Sale of goods

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

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

Sales of services

Sales of services are recognised on performance of the services.

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

Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

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

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

Income tax

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

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

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

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

Contingencies

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

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

Related parties

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

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

New standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 March 2008, and have not been applied in preparing these financial statements:

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

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

- IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has not yet completed its analysis of the impact of the revised Standard.

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

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

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

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

2.7. Noncurrent assets

At 31th of December 2008 noncurrent assets consisted of the following:

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
	LTL	LTL	LTL	LTL	LTL	LTL
Modified cost						
31 December 2007	35.737.017	86.909.630	6.692.848	2.902.368	29.604.284	161.846.147
Additions	95.683	351.010	884.370	823.360	23.395.513	25.549.936
Disposals	21.732	2.362.182	725.296	222.296	111.186	3.442.692
Transfers	5.067.941	43.223.327	(994.821)	6.205	(47.302.652)	
31 December 2008	40.878.909	128.121.785	5.857.101	3.509.637	5.585.959	183.953.391
Accumulated depreciation and impairment						
31 December 2007	14.869.802	48.417.376	3.854.142	2.104.109		69.245.429
Depreciation	943.620	11.156.289	1.036.807	464.705		13.601.421
Impairment loss (reversal)		15.677		2.830		18.507
Disposals	20.193	2.117.701	647.888	221.686		3.007.468
Transfers		917.246	(923.424)	6.178		
31 December 2008	15.793.229	58.388.887	3.319.637	2.356.136		79.857.889
Carrying amount						
31 December 2007	**20.867.215**	**38.492.254**	**2.838.706**	**798.259**	**29.604.284**	**92.600.718**
31 December 2008	**25.085.680**	**69.732.898**	**2.537.464**	**1.153.501**	**5.585.959**	**104.095.502**

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

As at 31th of December 2008, the part of the Group's property, plant and equipment with a carrying value of 22,546,424 Litas (31 December 2007 – 18,901,606 Litas) is pledged as a security for repayment of the loans granted by banks.

The Company	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
	LTL	LTL	LTL	LTL	LTL	LTL
Modified cost						
31 December 2007	33.781.150	74.811.342	5.442.826	2.752.873	29.598.569	146.386.760
Additions	95.683	328.912	691.753	810.955	23.395.513	25.322.816
Disposals	21.732	2.362.182	725.296	222.296	111.186	3.442.692
Transfers	5.067.941	43.223.327	(994.821)	6.205	(47.302.652)	0
31 December 2008	38.923.042	116.001.399	4.414.462	3.347.737	5.580.244	168.266.884
Accumulated depreciation and impairment						
31 December 2007	14.659.176	45.359.104	3.126.850	2.014.773		65.159.903
Depreciation	890.995	9.917.372	867.744	442.257		12.118.368
Impairment loss (reversal)		15.677		2.830		18.507
Disposals	20.193	2.117.701	647.888	221.686		3.007.468
Transfers		917.246	(923.424)	6.178		0
31 December 2008	15.529.978	54.091.698	2.423.282	2.244.352	0	74.289.310
Carrying amount						
31 December 2007	**19.121.974**	**29.452.238**	**2.315.976**	**738.100**	**29.598.569**	**81.226.857**
31 December 2008	**23.393.064**	**61.909.701**	**1.991.180**	**1.103.385**	**5.580.244**	**93.977.574**

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

As at 31th of December 2008, the part of the Company‘s property, plant and equipment with a carrying value of 14,008,119 Litas (31 December 2007 – 10,777,422 Litas) is pledged as a security for repayment of the loans granted by banks.

2.8. Intangible assets

At 31th of December 2008, Group's intangible assets consisted of the following:

The Group	Land lease rights	Licenses, patents	Software	Other assets	Construction in progress and	Total
	LTL	LTL	LTL	LTL	LTL	LTL
Cost						
31 December 2007	2.400.000	56.238	668.525	17.694		3.142.457
Additions					125.320	125.320
Disposals				6.161		6.161
Reappraisal			125.320		(125.320)	
Transfers						0
31 December 2008	**2.400.000**	**56.238**	**793.845**	**11.533**		**3.261.616**
Accumulated						
31 December 2007	115.556	29.837	490.966	16.779		653.138
Amortization	26.666	10.369	115.075	1		152.111
Impairment loss/ (reversal)						0
Disposals				5.249		5.249
Transfers						0
31 December 2008	**142.222**	**40.206**	**606.041**	**11.531**		**800.000**
Carrying amount						
31 December 2007	**2.284.444**	**26.401**	**177.559**	**915**		**2.489.319**
31 December 2008	**2.257.778**	**16.032**	**187.804**	**2**		**2.461.616**

As of 31th of December 2008, the Group's land lease rights with a carrying value of 2,257,778 Litas (31 December 2007 – 2,284,444 Litas) are pledged as a security for repayment of the loan granted by banks.

At 31sh of December 2008, intangible assets consisted of the following:

The Company	Licenses and patents	Software	Other assets	Prepayments	Total
	LTL	LTL	LTL	LTL	LTL
Cost					
31 December 2007	56.238	653.140	12.406		721.784
Additions				125.320	125.320
Disposals			6.161		6.161
Reappraisal					0
Transfers		125.320		(125.320)	
31 December 2008	**56.238**	**778.460**	**6.245**		**840.943**
Accumulated amortization					
31 December 2007	29.837	476.246	11.493		517.576
Amortization	10.369	114.698			125.067
Impairment loss/ (reversal)					0
Disposals			5.249		5.249
Transfers					0
31 December 2008	**40.206**	**590.944**	**6.244**		**637.394**
Carrying amount					
31 December 2007	**26.401**	**176.894**	**913**		**204.208**
31 December 2008	**16.032**	**187.516**	**1**		**203.549**

Amortization expenses have been included in administrative expenses.

2.9. Trade and other receivables

At 31sh of December 2008, trade and other receivables consisted of the following:

	The Group		The Company	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	LTL	LTL	LTL	LTL
Trade receivables	17.009.290	19.044.210	19.457.219	20.749.726
Other receivables	1.884.173	1.748.237	1.703.382	1.424.365
	18.893.463	**20.792.447**	**21.160.601**	**22.174.091**
Less: Allowance for doubtful amounts receivable	(122.825)	(955.391)	(102.277)	(923.393)
Total amounts receivable within one year	**18.770.638**	**19.837.056**	**21.058.324**	**21.250.698**

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

The movement for the year of 2008 in the allowance for doubtful amounts receivable consisted of the following:

	The Group		The Company	
	2008	2007	2008	2007
	LTL	LTL	LTL	LTL
At 1st of January	**955.391**	**996.984**	**923.393**	**969.986**
Increase of allowance	84.792	14.678	69.244	9.678
Reversal of allowance	(917.358)	(56.271)	(890.360)	(56.271)
At 31th of December	**122.825**	**955.391**	**102.277**	**923.393**

2.10. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	The Group		The Company	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	LTL	LTL	LTL	LTL
Cash at bank	100.628	328.221	86.486	286.582
Cash on hand	29.398	71.759	26.986	35.279
Total	**130.026**	**399.980**	**113.472**	**321.861**

2.11. Inventories

Inventories consisted of the following:

	The Group		The Company	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	LTL	LTL	LTL	LTL
Materials	3.920.928	5.463.309	3.826.432	4.873.416
Work in progress	4.394.147	5.049.245	2.866.955	2.355.556
Finished goods	7.004.843	5.790.581	6.357.733	5.455.587
Goods in transit	22.053	74.818	22.053	74.818
	15.341.971	**16.377.953**	**13.073.173**	**12.759.377**
Less: write-down to net realizable value	(515.067)	(160.540)	(515.067)	(160.540)
Total	**14.826.904**	**16.217.413**	**12.558.106**	**12.598.837**

As at 31 December 2008, the Group’s and the Company’s inventory with carrying amounts of 9,000,000 Litas and 7,000,000 Litas respectively are pledged as a security for the loan granted by the bank (as at 31 December 2007 – 8,833,634 Litas and 8,000,000 Litas).

2.12. Share capital and legal reserve

As of 31th December 2008 share capital consisted of LTL 60,000,000 ordinary shares at a par value of LTL 1 each. All shares were fully paid.

As of 31th December 2008 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	35.147.796	58,58
Lithuanian individuals	18.438.861	30,73
Foreign legal entities	6.312.651	10,52
Foreign individuals	100.692	0,17
Total	**60.000.000**	**100,0**

At 31[sh] of December 2008 shareholders of the Company (by country) were:

	Number of shares	Proportion of ownership, %
Estonia	41.896	0,07
Latvia	204.222	0,34
Norway	48.052	0,08
USA	6.013.993	10,02
Lithuania	53.586.657	89,31
Other countries	105.180	0,18
Total	**60.000.000**	**100,00**

At 31[sh] of December 2008 shareholders who owned more than 5 % of the Company’s shares were:

	Number of shares	Proportion of ownership, %
UAB „Ginvildos investicija“	28.775.979	47,96
Rosemount Holdings LLC	5.639.967	9,40
Mišeikis Dailius Juozapas	4.672.432	7,79
Total	**39.088.378**	**65,15**

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

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

2.13. Loans and mortgages

	The Group		The Company	
	31.12.2008	**31.12.2007**	**31.12.2008**	**31.12.2007**
	LTL	**LTL**	**LTL**	**LTL**
The loans and mortgages are repayable as follows:				
Within one year	17.633.627	16.546.361	11.628.424	9.592.950
In the second year	4.683.524	4.414.495	4.683.524	4.414.495
In the third to fifth years inclusive	10.714.439	5.532.467	10.714.439	5.532.467
	33.031.590	**26.493.323**	**27.026.387**	**19.539.912**
Less: amount due for settlement within one year *	(17.633.627)	(16.546.361)	(11.628.424)	(9.592.950)
Amount due for settlement after one year	**15.397.963**	**9.946.962**	**15.397.963**	**9.946.962**

2.14. Trade and other payables

	The Group		The Company	
	31.12.2008	**31.12.2007**	**31.12.2008**	**31.12.2007**
	LTL	**LTL**	**LTL**	**LTL**
Trade payables	13.590.037	12.814.582	12.829.579	11.977.734
Taxes, salaries and social insurance payable	2.722.379	4.028.350	2.621.071	3.870.000
Advances paid	239.309	292.373	131.201	277.390
Other payables	903.950	1.913.865	677.459	1.681.321
Total	**17.455.675**	**19.049.170**	**16.259.310**	**17.806.445**

2.15. Other operating income

Other operating income consisted of the following:

	The Group		The Company	
	01.01.2008-31.12.2008	**01.01.2007-31.12.2007**	**01.01.2008-31.12.2008**	**01.01.2007-31.12.2007**
	LTL	**LTL**	**LTL**	**LTL**
Rent income	681.166	642.782	838.165	861.070
Gain from disposal of fixed assets	146.688	38.217	148.249	37.538
The reversal of inventory written off, scrap	360.109	134.568	348.460	143.025
Insurance compensation	(21.219)	27.353	(8.302)	26.632
Write off of accounts payables	322	6.782	322	6.782
Profit of sold emission rights	1.028.934	1.709	1.028.934	1.709
Other income	53.996	71.672	85.867	101.266
Total	**2.249.996**	**923.083**	**2.441.695**	**1.178.022**

2.16. Other operating expenses

Other operating expenses consisted of the following:

	The Group		The Company	
	01.01.2008-31.12.2008	01.01.2007-31.12.2007	01.01.2008-31.12.2008	01.01.2007-31.12.2007
	LTL	LTL	LTL	LTL
Rent expenses	317.049	291.271	317.049	291.271
Other expenses	54.441	40.782	54.441	40.731
Total	**371.490**	**332.053**	**371.490**	**332.002**

2.17. Off balance articles

Emission rights movement for the year 2008

The Group/The Company	Amount
	Pcs.
31 December 2007	770
Emission rights allocated	51.325
Emission rights used	(36.468)
Sale of emission rights	(14.900)
31 December 2008	**727**

3. GENERAL INFORMATION

3.1. Review of the activities of group companies

3.1.1. Material events in the Issuer's activities

February The Board meeting on 14 February 2008 approved a budget and an investment plan for the year 2008. This year the Group (AB "Grigiskes" and UAB "Baltwood") plans to invest to production LTL 26,7 mln. (EUR 7.7 mln.), reach a turnover of LTL 200 mln. (EUR 57.9 mln.) and earn a profit before taxes of LTL 10 mln. (EUR 2.9 mln.).

In January the Group which consists of JSC Grigiskes and daughter enterprise Baltwood LTD reached a turnover of LTL 14.2 mln. (EUR 4.1 mln.) which is by 26.8 % more than for January in 2007 when the turnover was LTL 11.2 mln. (EUR 3.24 mln.) and earned a profit before taxes of LTL 0.69 mln. (EUR 0,2 mln.).

March Management Board of Joint-stock company "GRIGIŠKĖS" passed the following decision on 07 03 2008: the General Meeting will take place on 25 04 2008.

In February the Group reached a turnover of LTL 12.73 mln. (EUR 3.69 mln.) which is by 18.0 % more than for October in 2007 when the turnover was LTL 10.79 mln. (EUR 3.13 mln.) and earned a profit of LTL 0,29 mln. (EUR 0,08 mln.). Over two months this year the Group's turnover outmeasured LTL 26.94 mln. (EUR 7.80 mln.), comparing with the same period 2007 the sales increased by 22.6 %. Over two months 2008 the Group earned a profit of LTL 0.99 mln. (EUR 0.29 mln.).

April The Management Board meeting on 14 04 2008 adopted a resolution on 25 04 2008 to propose for Annual General Meeting for dividends to distribute LTL 0.05 (0.01 EUR) per ordinary registered share ant to pay in total LTL 2 mln. (EUR 0.58 mln.) of dividends and to increase the authorised capital of the Company out of the unappropriated profit of the Company from 39 956 657 Lt to 60 000 000 Lt and to issue 20 043 343 ordinary registered shares of the nominal value of 1 (one) litas.

In March the Group reached a turnover of LTL 12.3 mln. (EUR 3.56 mln.) which is by 1.2 % more than for March in 2007 when the turnover was LTL 12.15 mln. (EUR 3.52 mln.). Over three months this year the Group's turnover outmeasured LTL 39.24 mln. (EUR 11.36 mln.), comparing with the same period 2007 the sales increased by 15 %. Over three months 2008 the Group earned a profit of LTL 1.04 mln. (EUR 0.30 mln.).

The "Grigiškės", AB general Meeting was held on 25 04 2008.

May In April the Group reached a turnover of LTL 13.7 mln. (EUR 4 mln.), which is by 30.5 % more than for April in 2007 when the turnover was LTL 10.5 mln. (EUR 3 mln.). Over four months this year the Group's turnover outmeasured LTL 52.9 mln. (EUR 15.3 mln.), comparing with the same period 2007 the sales increased by 18.6 %. Over four months 2008 the Group earned a profit before taxes of LTL 1 mln. (EUR 0.3 mln.).

June In May the Group reached a turnover of LTL 12.5 mln. (EUR 3.6 mln.), which is by 8.7 % more than for May in 2007 when the turnover was LTL 11.5 mln. (EUR 3.3 mln.). Over five months this year the Group's turnover outmeasured LTL 65.4 mln. (EUR 18.9 mln.), comparing with the same period 2007 the sales increased by 16.6 %. Over five months 2008 the Group earned a profit before taxes of LTL 0.7 mln. (EUR 0.2 mln.).

July In June the Group reached a turnover of LTL 11,7 mln. (EUR 3,4 mln.), which is by 2,6 % more than for June in 2007 when the turnover was LTL 11,4 mln. (EUR 3,3 mln.). Over six months this year the Group's turnover outmeasured LTL 77,1 mln. (EUR 22,3 mln.), comparing with the same period 2007 the sales increased by 14,2 %.

August The Board meeting on 22 August 2008 discussed: JSC Grigiskes results of six months 2008, revised budget for the year 2008 and revised investment plan for the year 2008.

Over six months of this year the Group's reached a turnover of LTL 77,1 mln. (EUR 22,3 mln.), comparing with the same period 2007 the sales increased by 14,2 %. Over the six months of 2007 Group's turnover was LTL 67,5 mln. (EUR 19,5 mln.). The Group loss reached LTL 132,2 thousand. (EUR 38,3 thousand.).

Comparing to the earlier plan, Group's reached lower results were caused by adverse situation in the market, which caused lower sales results and higher prices of the raw materials.

The Board meeting approved revised budget for year 2008. This year the Group plans to reach turnover of LTL 160 mln. (EUR 46,3 mln.) and earn a profit before taxes of LTL 1,4 mln. (EUR 0,4 mln.).

The Board meeting approved the revised investment plan for the year 2008. This year the Group plans to invest LTL 27,1 mln. (EUR 7,8 mln.).

In July the Group reached a turnover of LTL 10,0 mln. (EUR 2,9 mln.). Over seven months of this year the Group's turnover outmeasured LTL 87,1 mln. (EUR 25,2 mln.), comparing with the same period 2007 the sales increased by 9,8 %.

September In August the Group reached a turnover of LTL 11,.5 mln. (EUR 3,3 mln.). Over eight months of this year the Group's turnover outmeasured LTL 98,6 mln. (EUR 28,6 mln.), comparing with the same period of 2007 year the sales increased by 6,8 %.

October In September the Group reached a turnover of LTL 13,4 mln. (EUR 3,9 mln.), which is by 3,1 % more than for September 2007 when the turnover was LTL 13,0 mln. (EUR 3,8 mln.). Over nine months of this year the Group's turnover was LTL 112,0 mln. (EUR 32,4 mln.), comparing with the same period 2007 the sales increased in 6,4 %.

Over nine months 2008 the Group's loss reached LTL 2,8 mln. (EUR 0,8 mln.). Loss was caused by higher natural gas prices and lower than expected sales results.

November The Board meeting on 25 November 2008 discussed: JSC Grigiskes results of ten months 2008 and revised budget for the year 2008.

Over ten months of this year the Group's turnover was LTL 124,7 mln. (EUR 36,1 mln.), comparing with the same period 2007 the sales increased by 4,4 %. Group's loss reached LTL 3,3 mln. (EUR 1,0 mln.).

In October the Group reached a turnover of LTL 12,8 mln. (EUR 3,7 mln.). Over the same period in 2007 the Group's turnover was LTL 14,2 mln. (EUR 4,1 mln.). Loss was caused by record prices of natural gas in September and October and lower than expected sales results.

The Board meeting approved revised budget for year 2008. This year the Group plans to reach turnover of LTL 148 mln. (EUR 42,9 mln.) and to reach a loss of LTL 4,0 mln. (EUR 1,2 mln.).

December In November the Group reached a turnover of LTL 10,7 mln. (EUR 3,1 mln.). Over eleven months of this year the Group's turnover outmeasured LTL 135,4 mln. (EUR 39,2 mln.), comparing with the same period of 2007 year the sales increased by 2,0 %.

In the second half of 2008, "Grigiskės" presented to the market new high-quality, 3-ply, particularly soft toilet paper „grite White Orchidea", „grite Gold Orchidea", and paper towels „grite Lady Rose", produced by new equipment. The towels are made by using innovative embossing technology, which rises paper towels' ability to absorb water, and makes already well-known products „grite Family", „grite VIVO", „grite Perlum" softer and more attractive to the consumers.

Today, it can be stated that new paper production and processing equipment, which requested a huge investment, works swimmingly.
The new paper products processing line of Italian company Fabio Perini S.p.A, which requested 11,5 mln. LTL investment, increased our paper production potential by 1,3 times. This equipment enables us to produce products of a new generation, which will be more attractive to the consumers.

3.1.1.1. Table. The Group's monthly sales

	Measure	January	February	March	April	May	June	July	August	September	October	Novenber	December	total
Year 2007	LTL, mln.	11,2	10,8	12,1	10,5	11,5	11,4	11,8	13,0	13,0	14,2	13,3	11,2	144,0
Year 2008	LTL, mln.	14,2	12,7	12,3	13,7	12,5	11,7	10,0	11,5	13,4	12,8	10,7	10,0	145,5
Change	LTL, mln.	3,0	1,9	0,2	3,2	1,0	0,3	-1,8	-1,5	0,4	-1,4	-2,6	-1,2	1,5
		26,8	17,6	1,7	30,5	8,7	2,6	-15,3	-11,5	3,1	-9,9	-19,5	-10,7	1,0

3.1.1.2. Table. The Company's monthly sales

	Measure	January	February	March	April	May	June	July	August	September	October	Novenber	December	total
Year 2007	LTL, mln.	10,3	10,1	11,5	9,7	10,6	10,7	10,7	11,8	11,5	13,4	12,6	11,0	134,1
Year 2008	LTL, mln.	13,6	12,2	11,6	12,9	11,6	10,5	9,0	10,5	12,1	11,8	10,0	9,5	135,5
Change	LTL, mln.	3,3	2,1	0,2	3,2	0,9	-0,1	-1,7	-1,3	0,6	-1,6	-2,6	-1,5	1,4
		31,6	21,1	1,5	32,9	8,7	-1,4	-16,0	-11,2	5,3	-11,7	-20,6	-13,7	1,1

3.1.1.3. Table. Breakdown of the Group's sales in years 2007 - 2008

Product name	**Year 2008**		**Year 2007**	
	thousand. LTL	**%**	**thousand. LTL**	**%**
Hardboard	62.090,4	42,7	64.799,6	45,0
Paper and paper products	53.016,1	36,4	40.340,1	28,0
Corrugated board and related production	7.594,8	5,2	7.382,5	5,1
Corrugated and wraper paper	2.853,0	2,0	10.194,0	7,1
Heat (services)	6.174,8	4,2	4.257,2	3,0
Wood processing	12.980,6	8,9	16.137,5	11,2
Other production	749,6	0,6	900,8	0,6
TOTAL	**145.459,4**	**100,0**	**144.011,7**	**100,0**

3.1.1.4. Table. Breakdown of The Company's sales in years in years 2007 - 2008

Product name	**Year 2008**		**Year 2007**	
	thousand. LTL	**%**	**thousand. LTL**	**%**
Hardboard	62.109,3	45,8	64.800,0	48,3
Paper and paper products	53.019,7	39,1	40.341,9	30,1
Corrugated board and related production	7.594,8	5,6	7.382,5	5,5
Corrugated and wraper paper	2.853,0	2,1	10.194,0	7,6
Heat (services)	6.705,3	4,9	4.671,8	3,5
Other production	3.183,5	2,5	6.664,4	5
TOTAL	**135.465,7**	**100,0**	**134.054,6**	**100,0**

3.1.2. The newest events in the Issuer's activities

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

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

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

3.2. Transactions with related persons

All transactions with related persons were carried out at market prices.
Baltwood, UAB – subsidiary of Grigiškės, AB
Ginvildos Investicija, UAB – major shareholders of Grigiškės, AB.
Didma, UAB and Remada, UAB – companies related to the managing officers of the group.
Grigiškių Transporto Centras, UAB – subsidiary of the group not subject to consolidation.

3.2.1. Table. Group's transactions with related persons during the year 2008. Balances of amounts receivable/payable in relation thereto on 31 December 2008 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Ginvildos Investicija, UAB	2632	146.000		11.037
Didma, UAB	410.813	532.624	157.133	
Remada, UAB	8.688		4.189	
Naras, UAB	68.238	13.305	9.656	
Grigiškių transporto centras, UAB				
Total	**490.371**	**691.929**	**170.978**	**11.037**

3.2.2. Table. Grigiškės, AB transactions with related persons during the year 2008. Balances of amounts receivable/payable in relation thereto on 31 December 2008 (LTL)

	Sales of goods and services	Acquisition of goods and services	Receivable from related persons	Amounts payable to related persons
Baltwood, UAB	2.986.899	1.803.399	4.056.200	
Ginvildos Investicija, UAB	2.632	146.000		11.037
Didma, UAB	125.584	505.602	23.481	
Remada, UAB	8.688		4.189	
Naras, UAB	68.238	13.305	9.656	
Grigiškių transporto centras, UAB				
Total	**3.192.041**	**2.468.306**	**4.093.526**	**11.037**

3.3. Court and arbitration proceedings

During the year 2008 the Group and the Company were not involved in any legal proceedings would have a material impact on the financial statements.