

## **GRIGEO AB**

*Interim information for the nine months of 2018*



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

Reports have been prepared for the nine months of 2018.

## 2. AUDIT INFORMATION

The interim consolidated information of Grigeo AB covering nine months of 2018 is not audited or checked-up by auditors.

## 3. GROUP COMPANIES AND THEIR CONTACT DETAILS

On the 30th of September 2018 Grigeo AB (further the Company or the Issuer) had nine subsidiaries: Grigeo Klaipėda AB, Grigeo Baltwood UAB, Grigeo Recycling UAB, Grigeo Recycling SIA, Mena Pak PAT, Grigeo investicijų valdymas UAB, Naujieji Verkiai UAB, Grigeo Packaging UAB and Grigiškių energija UAB.

Status	Issuer	Subsidiary	Subsidiary
Name	<b>Grigeo AB</b>	<b>Grigeo Klaipėda AB</b>	<b>Grigeo Baltwood UAB</b>
Company's ID No.	110012450	141011268	126199731
Authorised capital	19,053,000 Eur	11,890,550.55 Eur	6,100,000 Eur
Shares directly or indirectly controlled by Grigeo AB	Company has not acquired any shares of itself	97.67 %**	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	<a href="mailto:info@grigeo.lt">info@grigeo.lt</a>	<a href="mailto:info.klaipeda@grigeo.lt">info.klaipeda@grigeo.lt</a>	<a href="mailto:info.baltwood@grigeo.lt">info.baltwood@grigeo.lt</a>
Internet address	<a href="http://www.grigeo.lt/en">http://www.grigeo.lt/en</a>	<a href="http://www.grigeo.lt/en">http://www.grigeo.lt/en</a>	<a href="http://www.grigeo.lt/en">http://www.grigeo.lt/en</a>
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	<b>Grigeo Recycling UAB</b>	<b>Grigeo Recycling SIA</b>	<b>Mena Pak PAT</b>
Company's ID No.	302529158	40203001091	00383260
Authorised capital	2,960,000 Eur	2,800 Eur	4,011,470 UAH
Shares directly or indirectly controlled by Grigeo AB	100 %*****	100 %****	97.92 %***
Address	Vilniaus str. 10, Grigiškės, Vilnius	Kārļa Ulmaņa str. 3, Rīga, Latvia	Koshevo str. 6, Chernihiv region, Mena, Ukraine
Phone	+370 5 243 3393	+370 5 243 3393	+380 4644 21341
Fax	-	-	+380 4644 21084
E-mail	<a href="mailto:info.recycling@grigeo.lt">info.recycling@grigeo.lt</a>	<a href="mailto:info.recycling@grigeo.lt">info.recycling@grigeo.lt</a>	<a href="mailto:menapack@ukr.net">menapack@ukr.net</a>
Internet address	<a href="http://www.grigeo.lt/en">http://www.grigeo.lt/en</a>	-	<a href="http://www.menapack.com.ua">www.menapack.com.ua</a>
Legal form	Private Limited Liability Company	Private Limited Liability Company	Public Limited Liability Company
Date of registration	16 July, 2010	16 June, 2016	30 December, 1993
Administrator of the register	State Enterprise Centre of Registers	Latvian Republic register of enterprises	Chernihiv region, Mena distr. Public administration

Status	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Name	<b>Grigeo investicijų valdymas UAB</b>	<b>Naujieji Verkiai UAB</b>	<b>Grigeo Packaging UAB</b>	<b>Grigiškių energija UAB</b>
Company's ID No.	302416687	300015674	302329061	302674488
Authorised capital	3,709,776 Eur	28,962 Eur	2,900 Eur	2,900 Eur
Shares directly or indirectly controlled by Grigeo AB	100 %*	100 %*	100 %*	100 %*
Address	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 5933	+370 5 243 59 33	+370 5 243 58 01	+370 5 243 5933
Fax	+370 5 243 58 02	+370 5 243 58 02	+370 5 243 58 02	+370 5 243 58 02
E-mail	<a href="mailto:vigmantas.kazukauskas@grigeo.lt">vigmantas.kazukauskas@grigeo.lt</a>	<a href="mailto:info@grigeo.lt">info@grigeo.lt</a>	<a href="mailto:info@grigeo.lt">info@grigeo.lt</a>	<a href="mailto:vigmantas.kazukauskas@grigeo.lt">vigmantas.kazukauskas@grigeo.lt</a>
Internet address	-	-	-	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 July, 2009	6 April, 2004	10 April, 2009	7 October, 2011
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

\*- Shares directly controlled by AB Grigeo.

\*\* - Shares directly controlled by UAB Grigeo investicijų valdymas.

\*\*\* - Shares directly controlled by AB Grigeo Klaipėda.

\*\*\*\* - Shares directly controlled by UAB Grigeo Recycling.

\*\*\*\*\* - Shares directly controlled by UAB Grigeo investicijų valdymas and AB Grigeo Klaipėda.

#### 4. MISSION, VISSION, VALUES OF THE COMPANIES

By creating and producing, we always think of you - our customers, employees, partners, colleagues... What is important for you, and how we can make your and your surroundings welfare.

**Mission** – to develop and produce environmentally friendly products, improving quality of life.

**Vission** – Recognized as the European manufacturer.

#### Values



#### 5. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

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

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

Core business activities of Grigeo Baltwood UAB are as follows: manufacturing self-coloured and painted hardboard.

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

Core business activities of Grigeo Packaging UAB are as follows: manufacturing of corrugated board, products from corrugated board. The company has not been operating in year 2018.

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 2018.

Core business activity of Grigeo Recycling UAB are as follows: second-hand paper collection and preparation for recycling.

Core business activity of Grigeo Recycling SIA are as follows: second-hand paper collection and preparation for recycling. The company has not been operating in year 2018.

Core business activities of Grigeo investicijų valdymas UAB are as follows: investment activities and corporate governance.

## 6. CONTRACTS WITH INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES AND CREDIT INSTITUTIONS

The Company has signed a contract with Finasta AB (financial brokerage company) on payment of dividend to the shareholders for 2004 and subsequent financial years. On 21<sup>st</sup> of December, 2015 Finasta AB has been joined to Siaulių bankas AB, which from that date became successor to all assets, rights and obligations of Finasta AB.

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](mailto:info@orion.lt)) on the handling of securities issued by the Company and for making the market for the shares of Grigeo AB.

## 7. AUTHORISED CAPITAL OF THE ISSUER

### 7.1. The authorized capital registered at the Register of Legal Persons

#### 7.1.1. Table. Structure of the authorized capital

Tape of shares	Number of shares	Par value, EUR	Total value, EUR	Interest in the authorised capital, %
Ordinary registered shares	65,700,000	0.29	19,053,000	100

All shares of the Issuer are fully paid up.

### 7.2. Information on the prospective increase of the authorized capital by converting issued debt securities or derivative securities into shares

The issuer has not issued any debt securities or derivative securities to be converted into shares.

### 7.3. Rights and obligations conferred by the shares

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

- 1) to receive a part of the Company's profit - dividend;
- 2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
- 5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence

or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;

- 6) to receive a part of assets of the Company in liquidation;
- 7) to bequeath all or a part of the shares to the ownership of the other people;
- 8) to transfer all or part of the shares to ownership of other people;
- 9) to attend the general meetings of shareholders;
- 10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of 0.29 EUR gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

## 8. SHAREHOLDERS

### 8.1. Number of shareholders of the Company

On the 30th of September 2018 there were 2,758 shareholders of Grigeo AB.

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

8.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 30th of September 2018 and/or the 31st of December 2017.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2018			31 December 2017		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
UAB „GINVILDOS INVESTICIJA“ Turniškių str. 10a-2, Vilnius, 125436533	28,582,407	43.50	43.50	28,582,407	43.50	43.50
IRENA ONA MIŠEIKIENĖ	7,857,585	11.96	11.96	7,857,585	11.96	11.96

Information about shareholders of Ginvildos investicija UAB is further disclosed in chapter 12 of the interim report.

### 8.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

### 8.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

### 8.5. Agreements between/among the shareholders

The Issuer is not aware of any agreements between/among the shareholders likely to result in the restriction of securities transfer and (or) voting rights.

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

Registered ordinary shares of Grigeo AB are listed in the main list of NASDAQ VILNIUS, AB (ticker – GRG1L).

### 9.1. Key characteristics of the shares of the Company

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

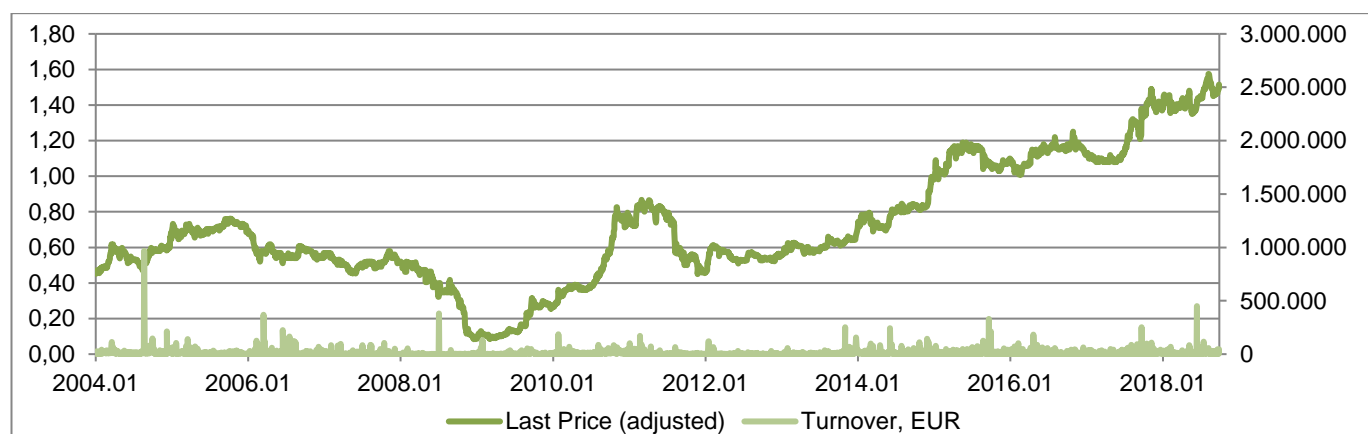
Type of shares	Securities ISIN code	Number of shares	Par value, EUR	Total par value, EUR
Registered ordinary shares	LT0000102030	65,700,000	0.29	19,053,000

### 9.2. Share trading information

9.2. table. Share trading information

Reported period	Price, EUR				Turnover, EUR			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	EUR
<b>2014</b>	<b>0.997</b>	<b>0.690</b>	<b>0.980</b>	<b>0.788</b>	<b>243,318</b>	<b>0</b>	<b>1,323</b>	<b>4,345,210</b>	<b>3,425,422</b>
2015, I Q	1.160	0.982	1.160	1.047	76,624	0	8,086	619,999	649,240
2015, II Q	1.190	1.100	1.170	1.155	56,780	0	56,780	639,333	738,494
2015, III Q	1.170	1.040	1.070	1.084	331,209	0	212,477	1,498,711	1,624,843
2015, IV Q	1.100	1.030	1.100	1.066	53,523	116	13,903	487,498	519,606
<b>2015</b>	<b>1.190</b>	<b>0.982</b>	<b>1.100</b>	<b>1.088</b>	<b>331,209</b>	<b>0</b>	<b>13,903</b>	<b>3,245,541</b>	<b>3,532,183</b>
2016, I Q	1.090	1.010	1.080	1.042	102,188	0	10,596	845,479	881,331
2016, II Q	1.180	1.070	1.150	1.128	183,659	454	12,207	1,065,079	1,201,738
2016, III Q	1.220	1.140	1.180	1.169	56,960	0	12,582	379,397	443,588
2016, IV Q	1.250	1.120	1.130	1.177	63,348	0	15,898	597,790	703,627
<b>2016</b>	<b>1.250</b>	<b>1.010</b>	<b>1.130</b>	<b>1.119</b>	<b>183,659</b>	<b>0</b>	<b>15,898</b>	<b>2,887,745</b>	<b>3,230,284</b>
2017, I Q	1.130	1.080	1.090	1.099	39,634	0	3,017	496,998	546,188
2017, II Q	1.130	1.080	1.130	1.100	47,155	0	4,209	488,357	537,049
2017, III Q	1.380	1.150	1.350	1.275	251,837	0	10,143	1,305,203	1,663,852
2017, IV Q	1.490	1.340	1.390	1.403	107,228	0	3,636	906,108	1,271,658
<b>2017</b>	<b>1.490</b>	<b>1.080</b>	<b>1.390</b>	<b>1.257</b>	<b>251,837</b>	<b>0</b>	<b>3,636</b>	<b>3,196,666</b>	<b>4,018,748</b>
2018, I Q	1.460	1.355	1.410	1.406	69,059	0	13,250	606,716	853,330
2018, II Q	1.480	1.350	1.440	1.441	449,125	0	288	975,739	1,376,401
2018, III Q	1.575	1.435	1.500	1.499	116,826	0	18,801	732,650	1,098,258

9.2. figure. Share price and turnover 01.01.2004 – 30.09.2018.



### 9.3. Capitalisation of the Company's shares

9.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, EUR
<b>31.12.2014</b>	<b>64,391,000</b>
31.03.2015	76,212,000
30.06.2015	76,869,000
30.09.2015	70,299,000
<b>31.12.2015</b>	<b>72,270,000</b>
31.03.2016	70,956,000
30.06.2016	75,555,000
30.09.2016	77,526,000
<b>31.12.2016</b>	<b>74,241,000</b>
31.03.2017	71,613,000
30.06.2017	74,241,000
30.09.2017	88,695,000
<b>31.12.2017</b>	<b>91,323,000</b>
31.03.2018	92,637,000
30.06.2018	94,608,000
30.09.2018	98,550,000

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

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

### 9.5. Own shares buy out

The Company has not bought out own shares.

### 9.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

### 9.7. Official takeover bid

Official takeover bid for the Company's shares has not been declared. The Company also hasn't declared official takeover bid for shares of other companies.

## 10. EMPLOYEES

As it is disclosed previous interim reports there were no significant changes in number of employees or salary. Over the nine months of the year 2018 the number of the Group employees fluctuated naturally. The change of average salary was mostly caused by the following factors: labour market factors and the need and recruitment of workers of higher competences after investment projects were implemented.

10.1. table. Number of employees of the Group

	30.09.2018	31.12.2017
Number of employees	843	809

10.2. table. Number of employees of the Company

	30.09.2018	31.12.2017
Number of employees	402	371

10.3. table. Average number of employees, salary and grouping of employees by education of the Group during the nine months of 2018.

Employees	Average salary*	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,112	52	220	254	22
Specialists	1,495	137	29	28	-
Managers	3,528	68	2	3	-
<b>Total</b>	<b>1,426</b>	<b>257</b>	<b>251</b>	<b>285</b>	<b>22</b>

10.4. table. Average number of employees, salary and grouping of employees by education of the Group during the nine months of 2017.

Employees	Average salary*	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,017	66	200	271	19
Specialists	1,339	129	26	23	-
Managers	2,654	70	2	4	-
<b>Total</b>	<b>1,250</b>	<b>265</b>	<b>228</b>	<b>298</b>	<b>19</b>

10.5. table. Average number of employees, salary and grouping of employees by education of the Company during the nine months of 2018.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,141	23	86	113	12
Specialists	1,514	80	10	21	-
Managers	3,689	35	2	2	-
<b>Total</b>	<b>1,495</b>	<b>138</b>	<b>98</b>	<b>136</b>	<b>12</b>

10.6. table. Average number of employees, salary and grouping of employees by education of the Company during the nine months of 2017.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,025	33	85	104	10
Specialists	1,402	65	11	15	-
Managers	2,925	35	2	3	-
<b>Total</b>	<b>1,327</b>	<b>133</b>	<b>98</b>	<b>122</b>	<b>10</b>

\* - information on the average wage is provided without Mena Pak PAT data to show the precise group average wages unaffected by fluctuations of Ukrainian currency.

## 11. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

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

## 12. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

The Company has the general meeting of shareholders, the sole-person managing body – the head of the Company (the President), the collegial managing bodies – supervisory council and audit committee 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 supervisory council elects and revokes the members of the Audit committee. The Audit committee of the Company consists of 3 members.

The Supervisory Board represents the shareholders and together with the Audit Committee performs supervisory functions.

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

### 12.1. Members of the managing bodies

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

Full names	Positions	Education	Tenure	Capital share and votes, %
SUPERVISORY COUNCIL				
Norimantas Stankevičius	Chairman	University	Since 30 April 2015 until the annual General Meeting, to be held in 2019	4.41
Vilius Oškeliūnas	Member	University		-
Romualdas Degutis	Member	University		0.03
Tautvilas Adamonis	Member	University		-
Daiva Duksienė	Member	University		-
AUDIT COMMITTEE				
Norimantas Stankevičius	Member	University	Since 30 April 2015 until the annual General Meeting, to be held in 2019	4.41
Tautvilas Adamonis	Member	University		-
Daiva Duksienė	Member	University		-
BOARD				
Gintautas Pangonis	Chairman	University	Since 30 April 2015 until the annual General Meeting, to be held in 2019	-
Nina Šlierienė	Member	University		0.24
Vigmantas Kažukauskas	Member	University		0.85
Normantas Paliokas	Member	University		-
Vytautas Juška	Member	University		-
ADMINISTRATION				
Gintautas Pangonis	President	University	-	-
Nina Šlierienė	Vice President, Finance	University	-	0.24
Vigmantas Kažukauskas	Vice President, Business Development	University	-	0.85
Vytautas Juška	Vice President, Purchasing & Logistics	University	-	-
Robertas Krutikovas	Director General	University	-	0.30

### 12.2. Information of the Chairman of the Board, President and Vice President, Finance

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

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

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

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

12.3. Information on the participation in the activities of other enterprises, agencies and organisations (name of the enterprise, agency or organisation and position thereat, capital interest and votes in excess of 5 per cent)

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

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Grigeo AB	Chairman of the supervisory council	Grigeo AB	4.41
	Didma UAB	Project director	Didma UAB	51.0
			Statybų namai UAB	62.0
			Technikos namai UAB	62.0
Vilius Oškeliūnas	Grigeo AB	Member of the supervisory council		
	Atelier Investment Management UAB	Director		
	Atelier Investment Management UAB	Member of the board		
	Gerovės valdymas UAB	Wealth manager		
	IM investment UAB	Director		
	Ars Lab Limited, IE	Chairman of the board		
	Gerovės partneriai KŪB	True member		
Romualdas Degutis	Grigeo AB	Member of the supervisory council	Grigeo AB	0.03
	Telesat sprendimai UAB	Member of the board	Telesat sprendimai UAB	50.0
	Antena UAB	Chairman of the board	Antena UAB	35.0
	InComSystems UAB	Chairman of the board	InComSystems UAB	60.0
	InComSystems UAB	Director general		
Tautvilas Adamonis	Grigeo AB	Member of the supervisory council		
Daiva Duksienė	Grigeo AB	Member of the supervisory council		
	Autodina UAB	Chief accountant		
	UAB „Vilturas“	Chief accountant		
	UAB „Ginekologijos ir šeimos klinika“	Chief accountant		
Gintautas Pangonis	Grigeo AB	President		
	Ginvildos investicija UAB	Director	Ginvildos investicija UAB	100.0
	Grigeo AB	Chairman of the board		
	Grigeo Klaipėda AB	Chairman of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Grigeo Baltwood UAB	Chairman of the board		
	Grigeo Packaging UAB	Chairman of the board		
	Grigiškių energija UAB	Chairman of the board		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	Grigeo Recycling UAB	Chairman of the board		
	Grigeo investicijų valdymas UAB	Chairman of the board		
	Mena Pak PAT	Chairman of the Supervisory council		
	Grigeo Recycling SIA	Chairman of the Supervisory council		
Normantas Paliokas	Elnorma UAB	Director	Elnorma UAB	100.0
	Grigeo AB	Member of the board		
Vigmantas Kažukauskas	Grigeo AB	Vice president, Business Development	Grigeo AB	0.85
	Grigeo AB	Member of the board		
	Grigeo Klaipėda AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Naujieji Verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Grigeo Packaging UAB	Director		
	Grigeo Packaging UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	Grigeo investicijų valdymas UAB	Director		
	Grigeo investicijų valdymas UAB	Member of the board		
	Grigeo Recycling SIA	Member of the supervisory council		
	Mena Pak PAT	Member of the supervisory council		
Vytautas Juška	Grigeo AB	Vice president, Purchasing & Logistics		
	Grigeo AB	Member of the board		
	Grigeo Klaipėda AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Grigeo Recycling UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		
	Grigeo Recycling SIA	Deputy Chairman of the Supervisory council		
Nina Šilerienė	Grigeo AB	Vice President, Finance	Grigeo AB	0.24
	Grigeo AB	Member of the board		
	Grigeo Klaipėda AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Grigeo Packaging UAB	Member of the board		
	Grigiškių energija UAB	Member of the board		
	Grigeo investicijų valdymas UAB	Member of the board		

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

The Supervisory Council of Grigeo AB was elected on the 30<sup>th</sup> of April 2015 for a 4 years' period (ending in 2019). The Board of the Company was elected on the 30<sup>th</sup> of April 2015 for a 4 years' period (ending in 2019).

### 13. INFORMATION ABOUT COMPLIANCE WITH GOVERNANCE CODE

Grigeo AB follows a Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange. Information presented in the Annual Report of 2017 has not undergone any changes.

### 14. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

#### 14.1. Material events in the Issuer's activities

This section contains summary of all GRIGEO AB published reports on material event. Full text of reports could be found on the Company's website:

<http://www.grigeo.lt/en/for-investors/notices-on-material-events/2018>.

- 02.02.2018** AB Grigeo, UAB Grigeo Baltwood and the German company Homanit Holding GmbH agreed to terminate the letter of intent regarding the sale of 100% of the shares of UAB Grigeo Baltwood.
- 08.02.2018** During 2017, the Group achieved the consolidated sales turnover of EUR 129.9 million. During the same period, the Company's sales amounted to EUR 71 million. During the reporting period, the Group earned EUR 8.4 million and the Company earned EUR 2.9 million.
- 15.03.2018** AB Grigeo has received Resolution No 03-43 of the Board of the Bank of Lithuania "Regarding the infringement committed by AB Grigeo" dated 13 March 2018.
- 04.04.2018** The Annual General Meeting of Shareholders of Grigeo AB is convened by initiative and the decision of the Board of the Company on the 26 April, 2018, at 11 a.m. Also Board of the Company proposed to pay the dividends of 0.06 EUR per share, in total 3,942,000 EUR.
- 26.04.2018** The General Meeting of shareholders of Grigeo AB made the following decisions:
  - To approve the set of consolidated and separate financial statements of the Company for the year 2017.
  - To approve the appropriation of the Company's profit for the year 2017 according to the draft of profit appropriation presented for the Annual General Meeting of Shareholders.
  - To elect audit firm "KPMG Baltics", UAB for the Company's 2018 year and 2019 year consolidated and separate financial statements audit.
- 08.05.2018** During the three months of 2018, the Group achieved the consolidated sales turnover of EUR 36.1 million. During the same period in question, the Company's sales amounted to EUR 20.5 million. During the reporting period, the Group earned EUR 3.5 million and the Company earned EUR 0.8 million profit before taxes.
- 08.08.2018** During the 1st half of 2018, the Group achieved the consolidated sales turnover of EUR 71.6 million. During the same period in question, the Company's sales amounted to EUR 40.4 million. During the reporting period, the Group earned EUR 7.8 million and the Company earned EUR 1.3 million profit before taxes.

#### 14.2. Newest events in the Issuer's activities

This section contains summary of all GRIGEO AB published reports on material event. Full text of reports could be found on the Company's website:

<http://www.grigeo.lt/en/for-investors/notices-on-material-events/2018>.

- 26.10.2018** The Board of AB Grigeo adopted a decision to transfer a part of the business of AB Grigeo - the corrugated cardboard production business to its 100 % owned subsidiary UAB Grigeo Packaging in exchange for the newly issued shares of UAB Grigeo Packaging.

### 14.3. Offices and branches

Company has Country marketing representatives operating in Latvia and Estonia. No new offices or branches are planned to open in 2018.

### 13.4. Risk factors

Information about financial risk management is provided in note No.3 of annual audited consolidated statements and annual report's chapter No. 13.4 for the year 2017. There are no material changes in financial risk management during nine months of year 2018.

### 14.5. Suppliers

14.5. table. Countries of suppliers of main raw materials and materials for the Company over the nine months of the year

Supplier's country	2018	2017
	%	%
Lithuania	54.8	57.2
Finland	21.4	19.1
Estonia	6.4	4.8
Switzerland	3.6	-
Austria	3.2	2.2
Poland	3.1	6.5
Germany	2.5	2.4
Latvia	1.5	1.7
Sweden	1.2	3.8
Italy	1.1	0.9
Other countries	1.2	1.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

#### 14.6. Segment information

For decision taking purposes, the Group are organized into three operating business units based on their products produced and have three reportable segments: paper and paper products, hardboard, raw material for corrugated cardboard and related production. The Group and the Company analyse segment information only up to gross profit, as other operating income and finance income and expenses are not attributed to any segment. Segment information about these business segments is presented below:

##### 14.6.1. table. Consolidated segments of the Group over the nine months of the year 2018

	Paper and paper products	Hardboard	Raw material for corrugated cardboard and related production	Unallocated	Eliminations	TOTAL
Sales	40,366,694	11,493,125	54,926,105	1,213,997	-	<b>107,999,921</b>
Sales between segments	-	(506,067)	(8,619,700)	(10,423,711)	19,549,478	-
Non-consolidated segment sales	40,366,694	11,999,192	63,545,805	11,637,708	(19,549,478)	<b>107,999,921</b>
Cost of sales	(34,406,499)	(9,803,338)	(38,766,043)	(970,925)	-	<b>(83,946,805)</b>
<b>Gross profit</b>	<b>5,960,195</b>	<b>1,689,787</b>	<b>16,160,062</b>	<b>243,072</b>	-	<b>24,053,116</b>
Depreciation and amortization	4,086,356	1,084,782	4,099,060	1,228,696	-	<b>10,498,894</b>
Segment property, plant and equipment and intangible assets	29,110,131	4,682,367	39,299,845	6,610,409	-	<b>79,702,752</b>
Goodwill	-	-	3,001,072	-	-	<b>3,001,072</b>
Segment capital expenditure	978,641	265,153	3,614,330	605,713	-	<b>5,463,837</b>

##### 14.6.2, table. Consolidated segments of the Group over the nine months of the year 2017

	Paper and paper products	Hardboard	Raw material for corrugated cardboard and related production	Unallocated	Eliminations	TOTAL
Sales	34,097,702	11,983,726	49,349,294	788,331	-	<b>96,219,053</b>
Sales between segments	-	(404,280)	(7,747,688)	(2,556,387)	10,708,355	-
Non-consolidated segment sales	34,097,702	12,388,006	57,096,982	3,344,718	(10,708,355)	<b>96,219,053</b>
Cost of sales	(28,100,678)	(10,244,971)	(39,248,068)	(692,292)	-	<b>(78,286,009)</b>
<b>Gross profit</b>	<b>5,997,024</b>	<b>1,738,755</b>	<b>10,101,226</b>	<b>96,039</b>	-	<b>17,933,044</b>
Depreciation and amortization	3,985,002	1,523,962	4,503,285	881,447	-	<b>10,893,696</b>
Segment property, plant and equipment and intangible assets	33,563,220	5,891,044	42,468,908	5,643,063	-	<b>87,566,235</b>
Goodwill	-	-	3,001,072	-	-	<b>3,001,072</b>
Segment capital expenditure	919,252	103,062	1,110,088	696,156	-	<b>2,828,558</b>

14,6,3, table, Segments of the Company over the nine months of the year 2018

	Paper and paper products	Corrugated cardboard and related production	Unallocated	TOTAL
Sales	40,366,694	17,558,696	3,526,580	<b>61,451,970</b>
Cost of sales	(34,406,499)	(15,041,493)	(3,382,294)	<b>(52,830,286)</b>
<b>Gross profit</b>	<b>5,960,195</b>	<b>2,517,203</b>	<b>144,286</b>	<b>8,621,684</b>
Depreciation and amortization	4,086,356	1,003,159	863,409	<b>5,952,924</b>
Segment property, plant and equipment and intangible assets	29,110,131	9,425,579	4,938,191	<b>43,473,901</b>
Segment capital expenditure	978,641	2,706,288	254,979	<b>3,939,908</b>

14,6,4, table, Segments of the Company over the six months of the year 2017

	Paper and paper products	Corrugated cardboard and related production	Unallocated	TOTAL
Sales	34,097,702	14,761,546	3,344,718	<b>52,203,966</b>
Cost of sales	(28,100,678)	(12,156,647)	(3,292,760)	<b>(43,550,085)</b>
<b>Gross profit</b>	<b>5,997,024</b>	<b>2,604,899</b>	<b>51,958</b>	<b>8,653,881</b>
Depreciation and amortization	3,985,002	1,105,163	881,446	<b>5,971,611</b>
Segment property, plant and equipment and intangible assets	33,563,220	7,936,212	5,643,063	<b>47,142,495</b>
Segment capital expenditure	919,252	412,626	696,156	<b>2,028,034</b>

## 14,6,5, table, Group's and Company's countries of sales

Country	Group				Company			
	nine months of 2018		nine months of 2017		nine months of 2018		nine months of 2017	
	thousand euros	%	thousand euros	%	thousand euros	%	thousand euros	%
Lithuania	37,924	35,12	30,769	31,98	24,969	40,63	21,283	40,77
Latvia	7,389	6,84	5,298	5,51	6,967	11,34	4,940	9,46
Poland	28,033	25,96	29,218	30,37	9,932	16,16	11,127	21,31
Sweden	3,704	3,43	3,416	3,55	2,837	4,62	2,314	4,43
Denmark	4,248	3,93	3,900	4,05	3,453	5,62	3,174	6,08
Estonia	7,349	6,80	6,265	6,51	5,432	8,84	4,832	9,26
The Netherlands	1,430	1,32	925	0,96	890	1,45	297	0,57
Slovakia	37	0,03	-	-	3	0,00	-	-
Finland	5,224	4,84	4,692	4,88	3,714	6,04	2,560	4,90
Great Britain	1,589	1,47	1,371	1,42	210	0,34	40	0,08
Norway	323	0,30	71	0,07	323	0,53	71	0,14
Czech Republic	322	0,30	1,418	1,47	2	0,00	5	0,01
Germany	644	0,60	432	0,45	128	0,21	59	0,11
Belarus	1,413	1,31	1,987	2,06	577	0,94	573	1,10
Hungary	174	0,16	256	0,27	29	0,05	51	0,10
Italy	433	0,40	118	0,12	-	-	20	0,04
France	234	0,22	115	0,12	19	0,03	16	0,03
Ukraine	5,298	4,91	4,643	4,83	1,364	2,22	419	0,80
Russia	498	0,46	505	0,52	425	0,69	157	0,30
Austria	1,251	1,16	-	-	-	-	-	-
Other countries	482	0,45	821	0,85	178	0,29	266	0,51
<b>Total</b>	<b>108,000</b>	<b>100,00</b>	<b>96,219</b>	<b>100,00</b>	<b>61,452</b>	<b>100,00</b>	<b>52,204</b>	<b>100,00</b>

## 14,7, Strategy of the activity and plans for the close future

It is planned that the Group which consists of companies Grigeo AB, Grigeo Baltwood UAB, Grigeo Klaipėda AB, Grigeo Recycling UAB and Mena Pak PAT in the year 2018 will reach a turnover of EUR 142,8 million, The Group's profit before taxes will reach EUR 13,8 million, It is also planned that EBITDA of the Group will reach EUR 27,7 million in 2018.

It is planned that Grigeo AB in the year 2018 will reach a turnover of EUR 81,3 million, The Company revised profit before taxes will reach EUR 1,8 million, It is also planned that EBITDA of Grigeo AB will reach EUR 9,4 million in 2018,

These forecasts are not audited,

## 14,8, Financial indicators

### 14,8,1, table, Group's financial indicators

Financial ratios	nine months of 2014, not audited	nine months of 2015, not audited	nine months of 2016, not audited	nine months of 2017, not audited	nine months of 2018, not audited
EBITDA	11,894,626	13,985,542	12,030,954	17,044,401	21,953,207
EBITDA profitability	15,7%	17,9%	16,2%	17,7%	20,3%
Gross margin	18,8%	20,2%	17,4%	18,6%	22,3%
Operating margin	8,0%	9,2%	5,5%	7,0%	11,2%
Net margin	6,6%	7,5%	4,3%	5,9%	10,6%
ROE, %	13,1%	13,8%	6,7%	11,1%	19,5%
ROA, %	5,8%	6,0%	2,9%	4,8%	9,8%
Current ratio	0,96	1,08	0,92	1,02	1,12
Quick ratio	0,65	0,74	0,58	0,70	0,79
Cash to current liabilities	0,020	0,072	0,007	0,040	0,144
P/E	11,24	11,91	24,41	15,69	8,62
Earnings per share	0,075	0,090	0,048	0,086	0,174
Debt to equity ratio	1,24	1,14	1,31	1,23	0,81
Debt to total assets ratio	0,52	0,51	0,55	0,55	0,45

### 14,8,2, table, Company's financial indicators

Financial ratios	nine months of 2014, not audited	nine months of 2015, not audited	nine months of 2016, not audited	nine months of 2017, not audited	nine months of 2018, not audited
EBITDA	5,826,488	6,376,863	7,075,266	7,922,244	7,071,193
EBITDA profitability	16,3%	15,7%	17,1%	15,2%	11,5%
Gross margin	17,5%	17,0%	16,5%	16,6%	14,0%
Operating margin	7,3%	6,1%	5,3%	4,5%	2,4%
Net margin	6,4%	5,6%	6,2%	4,6%	2,6%
ROE, %	6,8%	6,4%	6,9%	6,3%	4,2%
ROA, %	4,0%	3,4%	3,7%	3,5%	2,3%
Current ratio	0,89	0,99	1,16	0,99	0,90
Quick ratio	0,65	0,68	0,73	0,75	0,65
Cash to current liabilities	0,024	0,002	0,000	0,001	0,000
Earnings per share	0,035	0,035	0,039	0,037	0,025
Debt to equity ratio	0,75	0,80	0,72	0,86	0,88
Debt to total assets ratio	0,40	0,42	0,40	0,46	0,47

The indicators are calculated in accordance with the Nasdaq Vilnius recommended formulas:

EBITDA profitability = EBITDA / Revenue

Gross margin = Gross profit / Revenue

Operating margin = Profit from operations / Revenue

ROE, % = Net profit / average equity

ROA, % = Net profit / average assets

Current ratio = Current assets / current liabilities

Quick ratio = (Current assets - Inventories) / current liabilities

Cash to current liabilities = cash / current liabilities

P/E = the market price of share / Total of attributable profit

Earnings per share = (Net profit - preferred stock dividends) / weighted average number of ordinary shares in circulation

Debt to equity ratio = liabilities / Equity

Debt to total assets ratio = liabilities / assets

#### 14,9, Related party transactions

All transactions with related persons were carried out at market prices,  
 Grigeo Klaipėda AB – subsidiary of Grigeo AB,  
 Grigeo Baltwood UAB – subsidiary of Grigeo AB,  
 Mena Pak PAT – subsidiary of Grigeo AB,  
 Grigeo investicijų valdymas UAB – subsidiary of Grigeo AB,  
 Ginvildos Investicija UAB – major shareholders of Grigeo AB,  
 Didma UAB and Statybų namai UAB – companies related to the members of Supervisory Council,  
 Grigeo Packaging UAB – subsidiary of the group not subject to consolidation,  
 Naujieji Verkiai UAB – subsidiary of the group not subject to consolidation,  
 Grigeo Recycling UAB – subsidiary of Grigeo AB,  
 Grigeo Recycling SIA – subsidiary of Grigeo AB,  
 Grigiškių energija UAB – subsidiary of the group not subject to consolidation,

14,9,1, table, Group's transactions with related persons over the nine months of 2018, Balances of amounts receivable/payable in relation thereto on the 30th of September 2018 (EUR)

	Sale of goods and services	Purchase of goods and services	Amounts receivable*	Amounts payable
Entities with significant influence	-	23,050	-	6,171
Subsidiaries	-	-	-	-
Other related companies	7,799	-	3,207	3,207
<b>Total</b>	<b>7,799</b>	<b>23,050</b>	<b>3,207</b>	<b>6,171</b>

\*Amounts receivable include prepayments for goods and services,

14,9,2, table, Company's transactions with related persons over the nine months of 2018, Balances of amounts receivable/payable in relation thereto on the 30th of September 2018 (EUR)

	Sale of goods and services	Purchase of goods and services	Amounts receivable*	Amounts payable
Entities with significant influence	-	14,500	-	2,057
Subsidiaries	3,368,143	12,433,743	773,457	4,339,475
Other related companies	7,799	-	3,207	-
<b>Total</b>	<b>3,375,942</b>	<b>12,448,243</b>	<b>776,664</b>	<b>4,341,532</b>

## 15, FINANCIAL INFORMATION

### 15,1, Statement of financial position

	Notes	The Group		The Company	
		30,09,2018	31,12,2017	30,09,2018	31,12,2017
<b>ASSETS</b>					
<b>Non-current assets:</b>					
Property, plant and equipment	15,7				
Investment property	15,8	76,792,370	81,954,112	41,526,763	43,918,201
Intangible assets	15,9	1,403,049	1,331,302	1,403,049	1,331,302
Investments into subsidiaries	15,10	4,508,405	4,340,066	544,089	238,552
Investments into other companies		-	-	8,468,001	8,468,001
Non-current receivables		59,423	29,449	58,936	28,962
Deferred income tax assets		261,964	287,873	180,651	178,755
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,913,159</b>	<b>1,886,619</b>	<b>1,346,461</b>	<b>1,317,155</b>
<b>CURRENT ASSETS:</b>		<b>84,938,370</b>	<b>89,829,421</b>	<b>53,527,950</b>	<b>55,480,928</b>
Inventories	15,13				
Accounts receivable	15,11	9,302,691	9,965,111	4,907,629	4,512,651
Other current assets		17,566,297	14,836,297	12,229,316	10,389,005
Advance income tax		209,447	377,591	131,344	308,033
Cash and cash equivalents	15,12	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>3,962,951</b>	<b>538,705</b>	<b>1,259</b>	<b>2,143</b>
<b>TOTAL ASSETS</b>		<b>31,041,386</b>	<b>25,717,704</b>	<b>17,269,548</b>	<b>15,211,832</b>
<b>EQUITY AND LIABILITIES</b>		<b>115,979,756</b>	<b>115,547,125</b>	<b>70,797,498</b>	<b>70,692,760</b>
<b>EQUITY</b>					
Share capital	15,14				
Share premium		19,053,000	19,053,000	19,053,000	19,053,000
Legal reserve		1,118,906	1,118,906	1,118,906	1,118,906
Own shares reserve		1,905,300	1,905,300	1,905,300	1,905,300
Hedging reserve		-	1,000,000	-	1,000,000
Foreign currency translation reserve		(76,095)	(120,324)	(42,139)	(67,831)
Retained earnings		(2,202,986)	(2,214,377)	-	-
Non-controlling interests		43,751,641	35,259,339	15,603,392	16,933,516
<b>TOTAL EQUITY</b>		<b>611,824</b>	<b>425,395</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES:</b>		<b>64,161,590</b>	<b>56,427,239</b>	<b>37,638,459</b>	<b>39,942,891</b>
Grants and subsidies					
Non-current borrowings	15,15	2,444,392	3,036,304	1,737,327	2,119,102
Loans from subsidiaries		21,529,863	18,354,280	10,602,046	7,426,463
Finance lease obligations		-	-	1,508,736	-
Deferred income tax liability		12,072	15,500	6,162	6,162
Fair value of financial instruments		-	-	-	-
Non-current employee benefits		76,095	120,324	42,139	67,831
Long-term trade payables and other non-current liabilities		152,421	149,442	105,105	102,126
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES:</b>		<b>24,214,843</b>	<b>21,675,850</b>	<b>14,001,515</b>	<b>9,721,684</b>
Current portion of long term loans	15,15				
Current borrowings	15,15	2,479,306	15,091,131	1,196,238	8,247,202
Current portion of financial lease obligations		4,040,733	1,928,034	3,384,837	1,218,058
Income tax payable		14,396	205,769	9,964	66,763
Trade and other payables	15,16	10,482	347,697	-	18,724
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,058,406</b>	<b>19,871,405</b>	<b>14,566,485</b>	<b>11,477,438</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,603,323</b>	<b>37,444,036</b>	<b>19,157,524</b>	<b>21,028,185</b>

## 15,2, Statements of comprehensive income

	Not es	The Group				The Company			
		January – Spetember 2018	January – Spetember 2017	July– September 2018	July– September 2017	January – Spetember 2018	January – Spetember 2017	July– September 2018	July– September 2017
Revenue		107,999,921	96,219,053	36,398,319	33,885,139	61,451,970	52,203,966	21,014,820	18,409,645
Cost of sales		83,946,805	78,286,009	28,375,111	27,058,515	52,830,286	43,550,085	18,269,199	15,462,480
<b>Gross profit</b>		<b>24,053,116</b>	<b>17,933,044</b>	<b>8,023,208</b>	<b>6,826,624</b>	<b>8,621,684</b>	<b>8,653,881</b>	<b>2,745,621</b>	<b>2,947,165</b>
Other operating income	15, 17	1,005,978	564,831	336,836	60,498	969,703	581,680	397,147	89,250
Selling and distribution expenses		8,477,257	7,640,738	2,914,628	2,735,504	5,612,907	4,550,614	2,021,661	1,698,250
General and administrative expenses		4,239,893	3,902,705	1,367,743	1,164,441	2,301,731	2,016,997	700,242	606,337
Other operating expenses	15, 18	295,719	200,898	152,078	36,590	176,705	333,454	66,055	62,451
<b>Profit from operations</b>		<b>12,046,225</b>	<b>6,753,534</b>	<b>3,925,595</b>	<b>2,950,587</b>	<b>1,500,044</b>	<b>2,334,496</b>	<b>354,810</b>	<b>669,377</b>
Other finance income		8,869	20,282	2,283	7,525	248,667	499,928	575	6,487
Other finance expenses		381,762	555,292	99,929	176,757	189,608	248,168	63,371	84,299
<b>Profit before income tax</b>		<b>11,673,332</b>	<b>6,218,524</b>	<b>3,827,949</b>	<b>2,781,355</b>	<b>1,559,103</b>	<b>2,586,256</b>	<b>292,014</b>	<b>591,565</b>
Income tax		(10,226)	482,489	9,163	211,311	(52,773)	167,177	10,464	37,832
<b>NET PROFIT</b>		<b>11,683,558</b>	<b>5,736,035</b>	<b>3,818,786</b>	<b>2,570,044</b>	<b>1,611,876</b>	<b>2,419,079</b>	<b>281,550</b>	<b>553,733</b>
<b>Other comprehensive income:</b>									
Exchange differences on translation of foreign operations		11,633	(121,053)	(110,521)	180,730	-	-	-	-
Cash flow hedges – effective portion of changes in fair value		44,229	77,881	27,921	(5,854)	25,692	53,712	15,748	97
<b>Total comprehensive income, net of tax Profit attributable to:</b>		<b>11,739,420</b>	<b>5,692,863</b>	<b>3,736,186</b>	<b>2,744,920</b>	<b>1,637,568</b>	<b>2,472,791</b>	<b>297,298</b>	<b>553,830</b>
The shareholders of the Company		11,434,302	5,652,571	3,730,084	2,524,494	1,611,876	2,419,079	281,550	553,733
Non-controlling interests		249,256	83,464	88,702	45,550	-	-	-	-
<b>Total of attributable profit</b>		<b>11,683,558</b>	<b>5,736,035</b>	<b>3,818,786</b>	<b>2,570,044</b>	<b>1,611,876</b>	<b>2,419,079</b>	<b>281,550</b>	<b>553,733</b>
<b>Basic and diluted earnings per share</b>		<b>0,174</b>	<b>0,086</b>	<b>0,057</b>	<b>0,038</b>	<b>0,025</b>	<b>0,037</b>	<b>0,004</b>	<b>0,009</b>
<b>Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)</b>		<b>21,953,207</b>	<b>17,044,401</b>	<b>7,191,984</b>	<b>6,430,589</b>	<b>7,071,193</b>	<b>7,922,244</b>	<b>2,194,646</b>	<b>2,539,135</b>

### 15,3, Statement of changes in equity

The Group	Share capital	Share premium	Legal reserve	Own shares reserve	Hedging reserve	Foreign currency translation reserve	Non-controlling interest	Retained earnings	Total
<b>31 December 2016</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>1,000,000</b>	<b>(224,629)</b>	<b>(2,021,969)</b>	<b>577,861</b>	<b>28,729,919</b>	<b>50,138,388</b>
Net profit	-	-	-	-	-	-	83,464	5,652,571	<b>5,736,035</b>
Dividends approved	-	-	-	-	-	-	(44,974)	(2,628,000)	<b>(2,672,974)</b>
Other comprehensive income (expenses)	-	-	-	-	77,881	(106,571)	(249,992)	-	<b>(278,682)</b>
<b>30 September 2017</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>1,000,000</b>	<b>(146,748)</b>	<b>(2,128,540)</b>	<b>366,359</b>	<b>31,754,490</b>	<b>52,922,767</b>
Net profit	-	-	-	-	-	-	60,856	3,504,849	<b>3,565,705</b>
Other comprehensive income (expenses)	-	-	-	-	26,424	(85,837)	(1,820)	-	<b>(61,233)</b>
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-
<b>31 December 2017</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>1,000,000</b>	<b>(120,324)</b>	<b>(2,214,377)</b>	<b>425,395</b>	<b>35,259,339</b>	<b>56,427,239</b>
Net profit	-	-	-	-	-	-	249,256	11,434,302	<b>11,683,558</b>
Own shares reserve	-	-	-	(1,000,000)	-	-	-	1,000,000	-
Dividends approved	-	-	-	-	-	-	-	(3,942,000)	<b>(3,942,000)</b>
Transactions with non-controlling interest	-	-	-	-	-	-	(63,069)	-	<b>(63,069)</b>
Other comprehensive income (expenses)	-	-	-	-	44,229	11,391	242	-	<b>55,862</b>
<b>30 September 2018</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>-</b>	<b>(76,095)</b>	<b>(2,202,986)</b>	<b>611,824</b>	<b>43,751,641</b>	<b>64,161,590</b>

The Company	Share capital	Share premium	Legal reserve	Own shares reserve	Hedging reserve	Retained earnings	Total
<b>31 December 2016</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>1,000,000</b>	<b>(137,574)</b>	<b>15,959,836</b>	<b>38,899,468</b>
Net profit	-	-	-	-	-	2,419,079	<b>2,419,079</b>
Dividends approved	-	-	-	-	-	(2,628,000)	<b>(2,628,000)</b>
Other comprehensive income (expenses)	-	-	-	-	53,712	-	<b>53,712</b>
<b>30 September 2017</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>1,000,000</b>	<b>(83,862)</b>	<b>15,750,915</b>	<b>38,744,259</b>
Net profit	-	-	-	-	-	1,182,601	<b>1,736,334</b>
Other comprehensive income (expenses)	-	-	-	-	16,1031	-	<b>16,031</b>
<b>31 December 2017</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>1,000,000</b>	<b>(67,831)</b>	<b>16,933,516</b>	<b>39,942,891</b>
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,611,876</b>	<b>1,611,876</b>
Own shares reserve	-	-	-	(1,000,000)	-	1,000,000	-
Dividends approved	-	-	-	-	-	(3,942,000)	<b>(3,942,000)</b>
Other comprehensive income (expenses)	-	-	-	-	25,692	-	<b>25,692</b>
<b>30 September 2018</b>	<b>19,053,000</b>	<b>1,118,906</b>	<b>1,905,300</b>	<b>-</b>	<b>(42,139)</b>	<b>15,603,392</b>	<b>37,638,459</b>

## 15,4, Statements of cash flows

	The Group		The Company	
	30,09,2018	30,09,2017	30,09,2018	30,09,2017
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>				
Profit before income tax	11,673,332	6,218,524	1,559,103	2,586,256
<b>Adjustments for non-cash items</b>				
Depreciation and amortisation net of grants	9,906,982	10,290,867	5,571,149	5,587,748
Elimination of finance (income) expenses	373,893	535,010	(59,059)	(251,760)
Loss (gain) on disposal and write-off of property, plant and equipment	(189,165)	(300,291)	(174,894)	(175,055)
Loss (profit) on disposal of emission rights	(643,650)	-	(491,300)	-
Property, plant and equipment impairment losses (reversal)	-	-	-	-
Allowance for doubtful accounts receivable (reversal)	(44,451)	-	(44,453)	-
<b>TOTAL</b>	<b>21,076,941</b>	<b>16,744,110</b>	<b>6,360,546</b>	<b>7,747,189</b>
<b>Changes in working capital</b>				
(Increase) decrease in trade and other receivables	(2,718,797)	(5,109,546)	(1,827,728)	(3,399,194)
(Increase) decrease in inventories	537,074	402,454	(394,978)	(160,398)
(Increase) decrease in other assets	168,144	(12,116)	176,689	(12,730)
Increase (decrease) in trade and other payables	1,276,758	1,338,900	3,324,283	2,759,561
<b>TOTAL</b>	<b>(736,821)</b>	<b>(3,380,308)</b>	<b>1,278,266</b>	<b>(812,761)</b>
Interest (paid)	(382,405)	(566,004)	(181,736)	(257,874)
Income tax received (paid)	(358,855)	(153,910)	-	(59,461)
<b>Net cash flows from (to) operating activities</b>	<b>19,598,860</b>	<b>12,643,888</b>	<b>7,457,076</b>	<b>6,617,093</b>
<b>CASH FLOWS FROM (TO) INVESTING ACTIVITIES</b>				
(Acquisition) of property, plant and equipment and intangible assets	(5,611,741)	(5,414,583)	(4,247,080)	(3,606,032)
Acquisition of shares	205,551	333,493	176,032	178,126
Proceeds from sale of property, plant and equipment	-	(248,221)	-	-
Grants and subsidies received	-	-	-	-
Proceeds from disposal of emission allowances	643,650	-	491,300	-
Dividends received	-	-	245,243	475,051
Loans repaid (granted) to related companies	-	-	-	-
<b>Net cash flows (to) investing activities</b>	<b>(4,762,540)</b>	<b>(5,329,311)</b>	<b>(3,334,505)</b>	<b>(2,952,855)</b>
<b>CASH FLOWS FROM (TO) FINANCING ACTIVITIES</b>				
Dividends (paid)	(3,893,730)	(2,599,902)	(3,858,054)	(2,569,957)
Loans (repaid)	(11,518,856)	(7,592,690)	(5,957,995)	(3,863,607)
Proceeds from borrowings	2,082,614	1,032,571	2,082,614	1,032,571
Received (repaid) credit lines	2,112,699	2,716,178	2,166,779	1,923,851
Loans received from subsidiaries and related companies	-	-	1,800,000	-
Loans repaid from subsidiaries and related companies	-	-	(300,000)	-
Finance lease (payments)	(194,801)	(381,546)	(56,799)	(181,551)
<b>Net cash flows from financing activities</b>	<b>(11,412,074)</b>	<b>(6,825,389)</b>	<b>(4,123,455)</b>	<b>(3,658,693)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,424,246</b>	<b>489,188</b>	<b>(884)</b>	<b>5,545</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>538,705</b>	<b>566,964</b>	<b>2,143</b>	<b>2,122</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3,962,951</b>	<b>1,056,152</b>	<b>1,259</b>	<b>7,667</b>

### 15.5, Basis of preparation

The financial statements of the Group and the Company are prepared in accordance with International Financial Reporting Standards effective as at 30th September 2018 that have been adopted for use in the European Union, These financial statements have been prepared on a historical cost basis, except of the financial instruments used for hedging, which are accounted at fair value,

#### **Changes in accounting policies**

The Group and the Company have consistently applied the accounting policies to all periods presented in these consolidated and separate financial statements,

### 15.6, Basis of consolidation

The consolidated financial statements of the Group include Grigeo AB and its subsidiaries,

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company or the Group obtains control, and continue to be consolidated until the date when such control ceases, The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies, All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full,

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance, A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction, If the Group loses control over a subsidiary, it:

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

#### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method, The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree, For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets, Acquisition costs incurred are expensed and included in administrative expenses,

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss, Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date, Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income, If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity,

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed,

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss,

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 euro, unless otherwise stated,

The functional currency of the Company and its subsidiaries operating in Lithuania is euro, 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 euro 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,

### Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's separate financial statements are carried at cost, less impairment,

### 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	3 years
Other intangible assets	3–6 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	5–15 years
Vehicles	4–8 years
Other equipment and other assets	4–6 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment,

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised,

Construction in progress is stated at cost, This includes the cost of construction, plant and equipment and other directly attributable costs, Construction-in-progress is not depreciated until the relevant assets are completed and put into operation,

### Investment property

Investment property, including part of buildings and structures, is held for earning rentals and / or for capital appreciation rather than for use in the production, provision of services, or for administration purposes or sale,

Investment property is stated at historical cost less accumulated depreciation and adjusted for impairment loss, if any, Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life: 10–50 years,

Transfers to and from investment property are made only when there is an evidence of change in an asset's use, For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value of investment property at the date of change in use, If owner-occupied property becomes an investment property the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use, The deemed cost for subsequent investment property accounting is the carrying value at the time of assets' transfer,

### Emission allowances

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005, The first phase ran for the three-year period from 2005 to 2007; the second runs for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period; the third – for 8 years from 2013 to 2020, The scheme works on a 'Cap and Trade' basis, EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme; this cap is established in the National Allocation Plan (NAP), which is issued

by the relevant authority in each Member State, The NAP describes the amount of yearly emissions (measured in tonnes of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis,

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

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

The Company and the Group apply a net liability approach in accounting for the emission allowances received, It records the emission allowances granted to it at a nominal (nil) amount, When actual emissions exceed allocated emission allowances, the obligation of purchasing additional allowances is recognized as a provision measured at the market value of the allowances as at the reporting date, 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 in the statement of financial position,

### **Borrowing costs**

Borrowing costs are interest and other costs that the Company and the Group incur in connection with the borrowing of funds, Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, Other borrowing costs are recognized as costs when incurred,

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale,

Borrowing costs may include:

- interest expense calculated using the effective interest,
- finance charges in respect of finance leases and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs,

The commencement date for capitalization is the date when all of the following three conditions are met:

- expenditures for the asset are incurred,
- borrowing costs are incurred,
- activities necessary to bring the asset into its intended use or sale are undertaken,

Capitalizing of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete,

### **Financial assets**

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

#### **Financial assets at fair value through profit or loss**

The category financial assets at fair value through profit or loss 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 profit or loss,

The Group and the Company do not have any financial instruments at fair value through profit or loss as at 30 September 2018,

### **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 profit or loss when the investments are derecognised or impaired, as well as through the amortisation process,

The Group and the Company do not have any held-to-maturity investments as at 30th September 2018,

### **Derivative financial instruments and hedge accounting**

The Group and the Company holds derivative financial instruments to hedge their interest rate risk exposures, Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met,

Derivatives initially are measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred, Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss,

#### *Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve, Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss,

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss,

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for the hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively, If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss,

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, Receivables are initially recorded at the fair value of the consideration given, Loans and receivables are subsequently carried at amortised cost using the effective interest rate method less any allowance for impairment, Gains and losses are recognised in the profit or loss 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 – for measurement of impairment losses, Impaired debts are derecognised (written off) when they are assessed as uncollectible,

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

### **Available-for-sale financial assets**

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

the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in the profit or loss,

The Group and the Company do not have any available for sale financial assets as at 30th September 2018,

### **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 profit or loss,

### **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,

### **Cash and cash equivalents**

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

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

### **Borrowings**

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

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

### **Finance lease and operating lease**

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

### **Finance lease – Group and the Company as a lessee**

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases,

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

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the Group's and the Company's statement of profit or loss 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 profit or loss on a straight-line basis over the lease term,

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method,

If the result of sales and lease back transactions is an operating lease and the transaction has been carried out at fair value, any profit or loss is recognised immediately, If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future, The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated, If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated,

### **Operating lease – the Group and the Company as lessor**

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

### **Non-current employee benefits**

According to the requirements of Lithuanian Labour Code, each employee leaving the Group or the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary,

The past service costs are recognised as an expense on a straight-line basis in profit or loss immediately after the assessment of such liability. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in profit or loss as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

### **Financial guarantee contracts**

Financial guarantees provided for the liabilities of the sister companies (i.e, companies controlled by the same parent) during the initial recognition are accounted at estimated fair value as distribution to shareholder and financial liability in the balance sheet.

Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the sister company's financial liability to the bank. If there is a possibility that the sister company may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### **Grants and subsidies**

Grants and subsidies (hereinafter "grants") intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the asset related grants is recognised in profit and loss gradually according to the depreciation rate of the assets associated with this grant. In profit or loss, 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 2017 was 18% (2016 – 18%),

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

From 2014 tax losses carried forward can cover not more than 70 percent of the taxable profit of a taxable period according to Lithuanian laws,

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

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

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably, Sales are recognised net of VAT and discounts,

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed,

Revenue from services is recognised when services are rendered,

Dividend income from subsidiaries is recognised in the Company's stand-alone financial statements when the dividends are declared by the subsidiary,

Interest income is recognised on an accrual basis (using the effective interest rate), Interest income is included in financial and investing activities result in profit or loss,

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 profit or loss, 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 profit or loss, However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised,

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset,

#### **Impairment of non-financial assets**

Non-financial assets, except for goodwill, inventories and deferred tax, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable, If any such indication exists, then the asset's recoverable amount is estimated, Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss, 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 profit or loss as the impairment loss, An impairment loss of the goodwill is recognised in profit or 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 as adopted by EU requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year, The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation, amortisation, impairment 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, Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, Revisions to 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,

### Fair value measurement

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities,

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date, The fair value of a liability reflects its non-performance risk,

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible, Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs),

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement,

The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred,

Fair values have been determined for measurement and / or disclosure purposes based on the following methods, Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability,

### Contingencies

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

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

### Subsequent events

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

## 15,7, Non-current assets

The Group	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
<b>Modified cost</b>						
<b>31 December 2017</b>	<b>42,559,990</b>	<b>108,432,214</b>	<b>1,941,361</b>	<b>2,366,622</b>	<b>588,523</b>	<b>155,888,710</b>
Additions	170,444	292,124	425,619	126,458	3,984,455	4,999,100
Disposals	(9,450)	(743,276)	(206,844)	(316,223)	-	(1,275,793)
Transfers	130,824	3,236,775	14,008	157,268	(3,538,875)	-
Reclassifications	-	125,346	-	-	-	125,346
Rate of exchange influence	7,573	5,316	420	914	-	14,223
<b>30 September 2018</b>	<b>42,859,381</b>	<b>111,348,499</b>	<b>2,174,564</b>	<b>2,335,039</b>	<b>1,034,103</b>	<b>159,751,586</b>
<b>Accumulated depreciation and impairment</b>						
<b>31 December 2017</b>	<b>12,435,799</b>	<b>58,595,924</b>	<b>1,280,874</b>	<b>1,622,001</b>	<b>-</b>	<b>73,934,598</b>
Depreciation	2,139,294	7,685,360	210,209	239,356	-	10,274,219
Disposals	(9,450)	(739,637)	(194,258)	(316,066)	-	(1,259,411)
Transfers	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Rate of exchange influence	3,924	4,953	82	851	-	9,810
<b>30 September 2018</b>	<b>14,569,567</b>	<b>65,546,600</b>	<b>1,296,907</b>	<b>1,546,142</b>	<b>-</b>	<b>82,959,216</b>
<b>Carrying amount</b>						
<b>31 December 2017</b>	<b>30,124,191</b>	<b>49,836,290</b>	<b>660,487</b>	<b>744,621</b>	<b>588,523</b>	<b>81,954,112</b>
<b>30 September 2018</b>	<b>28,289,814</b>	<b>45,801,899</b>	<b>877,657</b>	<b>788,897</b>	<b>1,034,103</b>	<b>76,792,370</b>

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

On the 30th of September 2018, the part of the Group's property, plant and equipment with a carrying value of 60,875 thousand Euros (31 December 2017 – 67,346 thousand Euros) 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
<b>Modified cost</b>						
<b>31 December 2017</b>	<b>20,747,318</b>	<b>63,282,749</b>	<b>606,071</b>	<b>1,279,903</b>	<b>579,417</b>	<b>86,495,458</b>
Additions	-	16,190	203,661	73,173	3,183,438	<b>3,476,462</b>
Disposals	(9,450)	(650,374)	(128,921)	(268,082)	-	<b>(1,056,827)</b>
Transfers	-	3,173,169	4,900	144,483	(3,322,552)	-
<b>30 September 2018</b>	<b>20,737,868</b>	<b>65,821,734</b>	<b>685,711</b>	<b>1,229,477</b>	<b>440,303</b>	<b>88,915,093</b>
<b>Accumulated depreciation and impairment</b>						
<b>31 December 2017</b>	<b>5,240,688</b>	<b>36,008,761</b>	<b>373,375</b>	<b>954,433</b>	-	<b>42,577,257</b>
Depreciation	961,456	4,713,482	64,349	127,479	-	<b>5,866,766</b>
Disposals	(9,450)	(650,362)	(127,848)	(268,033)	-	(1,055,693)
Transfers	-	-	-	-	-	-
<b>30 September 2018</b>	<b>6,192,694</b>	<b>40,071,881</b>	<b>309,876</b>	<b>813,879</b>	-	<b>47,388,330</b>
<b>Carrying amount</b>						
<b>31 December 2017</b>	<b>15,506,630</b>	<b>27,273,988</b>	<b>232,696</b>	<b>325,470</b>	<b>579,417</b>	<b>43,918,201</b>
<b>30 September 2018</b>	<b>14,545,174</b>	<b>25,749,853</b>	<b>375,835</b>	<b>415,598</b>	<b>440,303</b>	<b>41,526,763</b>

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

On the 30th of September 2018, the part of the Company's property, plant and equipment with a carrying value of 32,842 thousand Euros (31 December 2017 – 33,952 thousand Euros) is pledged as a security for repayment of the loans granted by banks,

#### 15,8, Investment property

Group / Company	Buildings and constructions	Construction in progress and prepayments	Total
<b>Modified cost</b>			
<b>31 December 2017</b>	<b>1,605,907</b>	-	<b>1,605,907</b>
Additions	-	111,134	<b>111,134</b>
Transfers	-	-	-
<b>30 September 2018</b>	<b>1,605,907</b>	<b>111,134</b>	<b>1,717,041</b>
<b>Accumulated depreciation and impairment</b>			
<b>31 December 2017</b>	<b>274,605</b>	-	<b>274,605</b>
Depreciation	39,387	-	<b>39,387</b>
Transfers	-	-	-
<b>30 September 2018</b>	<b>313,992</b>	-	<b>313,992</b>
<b>Carrying amount</b>			
<b>31 December 2017</b>	<b>1,331,302</b>	-	<b>1,331,302</b>
<b>30 September 2018</b>	<b>1,291,915</b>	<b>111,134</b>	<b>1,403,049</b>

## 15,9, Intangible assets

The Group	Land lease rights	Licenses, patents	Software	Prestige	Other assets and prepayments	Total
<b>Cost</b>						
<b>31 December 2017</b>	<b>695,088</b>	<b>74,451</b>	<b>1,629,731</b>	<b>3,001,072</b>	<b>908,296</b>	<b>6,308,638</b>
Additions	-	10,884	4,011	-	338,748	<b>353,603</b>
Disposals	-	(11,740)	(55,809)	-	(1,808)	<b>(69,357)</b>
Transfers	-	-	383	-	(383)	-
Rate of exchange influence	-	-	28	-	-	<b>28</b>
<b>30 September 2018</b>	<b>695,088</b>	<b>73,555</b>	<b>1,578,344</b>	<b>3,001,072</b>	<b>1,244,853</b>	<b>6,592,912</b>
<b>Accumulated amortization</b>						
<b>31 December 2017</b>	<b>110,699</b>	<b>58,445</b>	<b>1,074,843</b>	<b>-</b>	<b>724,585</b>	<b>1,968,572</b>
Amortization	5,792	8,073	161,166	-	10,257	<b>185,288</b>
Disposals	-	(11,739)	(55,806)	-	(1,808)	<b>(69,353)</b>
Transfers	-	-	-	-	-	-
Rate of exchange influence	-	-	30	-	-	<b>30</b>
<b>30 September 2018</b>	<b>116,491</b>	<b>54,779</b>	<b>1,180,203</b>	<b>-</b>	<b>733,034</b>	<b>2,084,507</b>
<b>Carrying amount</b>						
<b>31 December 2017</b>	<b>584,389</b>	<b>16,006</b>	<b>554,888</b>	<b>3,001,072</b>	<b>183,711</b>	<b>4,340,066</b>
<b>30 September 2018</b>	<b>578,597</b>	<b>18,776</b>	<b>398,141</b>	<b>3,001,072</b>	<b>511,819</b>	<b>4,508,405</b>

The Company	Licenses and patents	Software	Other assets	Total
<b>Cost</b>				
<b>31 December 2017</b>	<b>74,451</b>	<b>656,526</b>	<b>386,621</b>	<b>1,117,598</b>
Additions	10,844	2,720	338,748	<b>352,312</b>
Disposals	(11,740)	(55,809)	(1,808)	<b>(69,357)</b>
Transfers	-	-	-	-
<b>30 September 2018</b>	<b>79,351</b>	<b>659,246</b>	<b>709,269</b>	<b>1,447,866</b>
<b>Accumulated amortization</b>				
<b>31 December 2017</b>	<b>58,445</b>	<b>617,202</b>	<b>203,399</b>	<b>879,046</b>
Amortization	8,073	28,547	10,151	<b>46,771</b>
Disposals	(11,739)	(55,806)	(1,808)	<b>(69,353)</b>
Transfers	-	-	-	-
<b>30 September 2018</b>	<b>54,779</b>	<b>589,943</b>	<b>211,742</b>	<b>856,464</b>
<b>Carrying amount</b>				
<b>31 December 2017</b>	<b>16,006</b>	<b>39,324</b>	<b>183,222</b>	<b>238,552</b>
<b>30 September 2018</b>	<b>18,776</b>	<b>13,494</b>	<b>511,819</b>	<b>544,089</b>

### 15,10, Investments into subsidiaries

	The Company	
	30,09,2018	31,12,2017
Grigeo Baltwood UAB	4,655,466	4,655,466
Grigeo investicijų valdymas UAB	3,806,743	3,806,743
Grigeo Packaging UAB	2,896	2,896
Grigiškių energija UAB	2,896	2,896
<b>Total investments in subsidiaries</b>	<b>8,468,001</b>	<b>8,468,001</b>

### 15,11, Account receivables

	The Group		The Company	
	30,09,2018	31,12,2017	30,09,2018	31,12,2017
Trades receivable	16,747,956	14,433,469	11,897,910	10,234,888
Other receivable	917,503	546,441	415,968	283,132
	<b>17,665,459</b>	<b>14,979,910</b>	<b>12,313,878</b>	<b>10,518,020</b>
Less: allowance for doubtful amounts receivable	(99,162)	(143,613)	(84,562)	(129,015)
<b>Total amounts receivable within one year:</b>	<b>17,566,297</b>	<b>14,836,297</b>	<b>12,229,316</b>	<b>10,389,005</b>

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

The movement for 2018 in the allowance for doubtful amounts receivable consisted of the following, EUR:

	The Group		The Company	
	30,09,2018	31,12,2017	30,09,2018	31,12,2017
<b>On the 1<sup>st</sup> of January</b>	<b>143,613</b>	<b>209,027</b>	<b>129,015</b>	<b>57,266</b>
Change for the year	-	(65,414)	-	71,749
Reversed during the year	2	-	-	-
Receivables written off as uncollectible	(44,453)	-	(44,453)	-
Rate of exchange influence	-	-	-	-
<b>At the end of the period</b>	<b>99,162</b>	<b>143,613</b>	<b>84,562</b>	<b>129,015</b>

### 15,12, Cash and cash equivalents

	The Group		The Company	
	30,09,2018	31,12,2017	30,09,2018	31,12,2017
Cash at bank	3,962,916	538,684	1,259	2,143
Cash on hand	35	21	-	-
<b>Total</b>	<b>3,962,951</b>	<b>538,705</b>	<b>1,259</b>	<b>2,143</b>

### 15,13, Inventories

	The Group		The Company	
	30,09,2018	31,12,2017	30,09,2018	31,12,2017
Materials	3,833,458	4,266,506	1,617,540	1,685,376
Work in progress	1,137,361	1,237,088	718,673	684,569
Finished goods	4,366,847	4,097,471	2,787,442	2,223,794
Goods in transit	-	205,357	-	156,598
Prepayments	202,831	420,947	18,030	20,822
	<b>9,540,497</b>	<b>10,227,369</b>	<b>5,141,685</b>	<b>4,771,159</b>
Less: write-down to net realizable value	(237,806)	(262,258)	(234,056)	(258,508)
<b>Total</b>	<b>9,302,691</b>	<b>9,965,111</b>	<b>4,907,629</b>	<b>4,512,651</b>

On the 30th of September 2018, the Group's and the Company's inventories with carrying amount of 4,116 thousand Euros and 1,158 thousand Euros respectively are pledged as a security for the loan granted by the bank (31 December 2017 – the Group's and the Company's inventories were pledged respectively 4,803 thousand Euros and 1,158 thousand Euros),

### 15,14, Share capital and legal reserve

On the 30th of September 2018 share capital consisted of 65,700,000 ordinary shares at a par value of EUR 0,29 each, All shares were fully paid,

On the 30th of September 2018 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	31,370,427	47,7
Lithuanian individuals	29,614,625	45,1
Foreign legal entities	3,277,770	5,0
Foreign individuals	1,437,178	2,2
<b>Total</b>	<b>65,700,000</b>	<b>100,0</b>

On the 30th of September 2018 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	60,985,052	92,8
Estonia	2,544,171	3,9
United States	1,224,578	1,9
Other countries	946,199	1,4
<b>Total</b>	<b>65,700,000</b>	<b>100,0</b>

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,

The Company has contributed 10 per cent of the statutory capital to legal reserve,

### 15,15, Non-current and current borrowings

	The Group		The Company	
	30,09,2018	31,12,2017	30,09,2018	31,12,2017
The loans and mortgages are repayable as follows:				
Within one year	6,520,039	17,019,165	4,581,075	9,465,260
In the second year	9,917,226	9,674,257	4,784,954	4,541,985
In the third to fifth years inclusive	11,612,637	8,680,023	5,817,092	2,884,478
	<b>28,049,902</b>	<b>35,373,445</b>	<b>15,183,121</b>	<b>16,891,723</b>
Less: amount due for settlement within one year	(6,520,039)	(17,019,165)	(4,581,075)	(9,465,260)
<b>Amount due for settlement after one year</b>	<b>21,529,863</b>	<b>18,354,280</b>	<b>10,602,046</b>	<b>7,426,463</b>

### 15,16, Trade and other payables

	The Group		The Company	
	30,09,2018	31,12,2017	30,09,2018	31,12,2017
Trade payables	16,509,094	16,430,016	12,479,664	10,116,572
Taxes, salaries and social insurance payable	2,767,505	2,050,348	1,546,560	1,043,163
Advances received	203,007	599,082	107,196	47,916
Other payables	1,578,800	791,959	433,065	269,787
<b>Total</b>	<b>21,058,406</b>	<b>19,871,405</b>	<b>14,566,485</b>	<b>11,477,438</b>

### 15,17, Other operating income

	The Group		The Company	
	01,01,2018-30,09,2018	01,01,2017-30,09,2017	01,01,2018-30,09,2018	01,01,2017-30,09,2017
Income from disposal of emission rights	643,650	-	491,300	-
Rent income	4,622	21,346	-	15,608
Gain from disposal of fixed assets	190,917	304,293	174,960	175,071
Scrap metal recognition	42,671	48,900	12,349	16,044
Insurance compensation	60,913	45,031	15,507	9,477
Other income	63,204	145,261	275,587	365,480
<b>Total</b>	<b>1,005,978</b>	<b>564,831</b>	<b>969,703</b>	<b>581,680</b>

### 15,18, Other operating expenses

	The Group		The Company	
	01,01,2018-30,09,2018	01,01,2017-30,09,2017	01,01,2018-30,09,2018	01,01,2017-30,09,2017
Rent expenses	-	-	-	714
Insurance expenses	153,840	19,966	12,023	5,136
Other expenses	141,879	180,932	164,682	327,604
<b>Total</b>	<b>295,719</b>	<b>200,898</b>	<b>176,705</b>	<b>333,454</b>

### 15,19, Off balance articles

Emission rights movement for the six months of 2018

	Amount, pcs,	
	The Group	The Company
<b>31 December 2017</b>	<b>(6,065)</b>	<b>(7,245)</b>
Emission rights allocated	68,418	45,539
Purchase of emission rights	-	-
Emission rights used	(14,642)	(4,793)
Sale of emission rights	(40,000)	(29,000)
<b>30 September 2018</b>	<b>7,711</b>	<b>4,501</b>

### 15,20, Court and arbitration proceedings

Over the nine months of 2018 the Group and the Company were not involved in court or arbitration proceedings which would have a material impact on the financial position of Grigeo AB,