

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr 3 / 2013

quarter / year

(prepared in accordance with Par. 82.2 and Par. 83.3 of the Regulation of the Minister of Finance dated February 19th 2009 - Dz.U. No. 33, item 259)

for issuers conducting manufacturing, construction, trade or services business

for the 3rd quarter of the financial year 2013, covering the period from January 1st to September 30th 2013,

including condensed consolidated financial statements prepared in accordance with the IFRS

currency: PLN

and condensed non-consolidated financial statements prepared in accordance with the IFRS

currency: PLN

Date of filing: November 14th 2013

Pfleiderer Grajewo Spółka Akcyjna

(full name)

GRAJEWO

(abbreviated name)

19-203

(postal code)

Wiórowa

(street)

0-86 272 96 00

(telephone number)

grajewo@pfleiderer.pl

(e-mail)

719-10-00-479

(NIP – Tax Identification Number)

wood products

(sector according to the Warsaw Stock Exchange's classification)

Grajewo

(registered office)

1

(number)

0-86 272 39 83

(fax number)

www.pfleiderer.pl

(web site)

4500933817(REGON – Industry Registration Number)

FINANCIAL HIGHLIGHTS	PLN '000		EUR '000	
	3 quarter cumulative / 2013 Jan 1-Sep 30 2013	3 quarter cumulative / 2012 Jan 1-Sep 30 2012	3 quarter cumulative / 2013 Jan 1-Sep 30 2013	3 quarter cumulative / 2012 Jan 1-Sep 30 2012
	Condensed consolidated financial statements data			
I. Sales revenue	1 075 798	1 052 391	254 741	250 877
II. Operating profit/(loss)	69 264	48 760	16 401	11 624
III. Profit/(loss) before tax	48 491	8 454	11 482	2 015
IV. Net profit	137 365	24 326	32 527	5 799
V. Net profit attributable to equity holders of the parent	127 603	32 011	30 215	7 631
VI. Net cash provided by (used in) operating activities	-45 468	136 892	-10 766	32 633
VII. Net cash provided by (used in) investing activities	652 094	-25 048	154 411	-5 971
VIII. Net cash provided by (used in) financing activities	-516 659	-98 281	-122 341	-23 429
IX. Total net cash flow	89 967	13 563	21 304	3 233
X. Total assets	1 194 336	1 807 032	283 266	439 261
XI. Liabilities	447 982	1 221 867	106 250	297 017
XII. Non-current liabilities	157 995	225 978	37 472	54 932
XIII. Current liabilities	289 987	995 889	68 778	242 085
XIV. Equity	746 354	585 165	177 016	142 244
XV. Share capital	16 376	16 376	3 884	3 981
XVI. Weighted average number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XVII. Weighted average diluted number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XVIII. Earnings per ordinary share (PLN/EUR)	2,57	0,65	0,61	0,15
XIX. Diluted earnings per ordinary share (PLN/EUR)	2,57	0,65	0,61	0,15
XX. Book value per share (PLN/EUR)	15,04	11,79	3,57	2,87
XXI. Diluted book value per share (PLN/EUR)	15,04	11,79	3,57	2,87
XXII. Declared or paid dividend per share (PLN/EUR)	0,00	0,00	0,00	0,00
Condensed financial statements data				
XXIII. Sales revenue	489 476	532 590	115 904	126 963
XXIV. Operating profit/(loss)	23 856	27 432	5 649	6 539
XXV. Profit/(loss) before tax	108 307	13 089	25 646	3 120
XXVI. Net profit/(loss)	74 205	14 735	17 571	3 513
XXVII. Net cash provided by (used in) operating activities	-54 801	23 204	-12 976	5 532
XXVIII. Net cash provided by (used in) investing activities	685 123	63 881	162 232	15 228
XXIX. Net cash provided by (used in) financing activities	-566 465	-85 929	-134 135	-20 484
XXX. Total net cash flow	63 857	1 156	15 121	276
XXXI. Total assets	936 590	1 427 663	222 136	347 042
XXXII. Liabilities	324 616	890 637	76 991	216 500
XXXIII. Non-current liabilities	5 412	30 863	1 284	7 502
XXXIV. Current liabilities	319 204	859 774	75 707	208 998
XXXV. Equity	611 974	537 026	145 145	130 543
XXXVI. Share capital	16 376	16 376	3 884	3 981
XXXVII. Weighted average number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XXXVIII. Weighted average diluted number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XXIX. Earnings per ordinary share (PLN/EUR)	1,50	0,30	0,35	0,07
XL. Diluted earnings per ordinary share (PLN/EUR)	1,50	0,30	0,35	0,07
XLI. Book value per share (PLN/EUR)	12,33	10,82	2,92	2,63
XLII. Diluted book value per share (PLN/EUR)	12,33	10,82	2,92	2,63
XLIII. Declared or paid dividend per share (PLN/EUR)	0,00	0,00	0,00	0,00

data in lines : X-XV, XXXI-XXXVI are presented accordingly:
column.1 - for 31.09.2013
column.2 - for 31.12.2012
column.3 - for 31.09.2013
column.4 - for 31.12.2012

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Consolidated Quarterly Report QSr 3/2013

Pursuant to the Regulation of the Polish Council of Ministers on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. No. 33, item 259),

the Management Board of the Parent, Pfleiderer Grajewo S.A. of Grajewo,

hereby releases the quarterly report for Q3 2013.

Q3 2013 CONSOLIDATED REPORT: CEO'S MESSAGE

There were a number of important events and developments at the Pfleiderer Grajewo Group in the first three quarters of 2013. The Group's Management Board closed the sale of its Russian assets, and the proceeds were put toward repaying its excessive debt, bringing down interest expense and enhancing the Group's liquidity position. It also earmarked a portion of the proceeds for financing future capex projects in Poland.

The profitability of the Group's continuing operations in Poland improved at all levels on the previous year.

The value of furniture sold in Q3 2013 was up 8.5% year on year, with the increase chiefly driven by strong growth in exports, while domestic demand remained stable. Revenues generated in 9M 2013 by the Polish companies remained relatively flat, year on year. The Group was able to maintain its sales volumes while changing its product range. Product prices throughout 2013 were somewhat reduced. Wood prices (our key commodity) trailed the decline in prices of other essential raw materials, and the Q3 2013 prices of adhesive resins were also driven down, by lower prices on paper, electricity, and components used in resin production. The falling materials prices, as well as cost-saving measures implemented by the Company, all helped offset negative pricing effects and improved the profitability of trading income.

The Group's Polish production plants saw average capacity utilisation of over 87%, with the annualised rate expected to be 3 pp higher for the whole year. With the exception of one week of scheduled shutdown, the main production lines were operating at full capacity throughout Q3 2013.

The Group is implementing capital expenditure programme funded mainly from equity, as part of which projects worth some PLN 80m are to be completed by the year's end.

Additionally, the Group repaid its syndicated loan and arranged new facilities for a total of PLN 300m to fund day-to-day operations and planned capex. Free cash of PLN 107m, available at the end of Q3, will be applied to partial repayment of the special-purpose facility used by Pfleiderer MDF Sp. z o.o., a subsidiary.

Finally, with the market recovering, and given the seasonality of demand and the expected effects of capital expenditure incurred to date, the Management Board believes that further improvement of both operating and net profit is a realistic goal.

Kind regards,

Wojciech Gątkiewicz
President of the Management Board

II. GENERAL INFORMATION

1. General Information on Pfleiderer Grajewo S.A. (the Parent)

Pfleiderer Grajewo S.A., the parent entity of the Pfleiderer Grajewo Group (the Parent), is a publicly traded joint-stock company registered in Poland.

The Parent, under its former name of Zakłady Płyt Wiórowych S.A. of Grajewo, was originally registered on July 1st 1994 by the District Court, Commercial Court of Łomża, in Section B of the Commercial Register under entry No. 270. On May 9th 2001, it was registered by the District Court of Białystok, XII Commercial Division of the National Court Register, under entry No. KRS 0000011422.

The Parent's registered office is located at ul. Wiórowa 1, Grajewo, Poland.

On September 18th 2002, the Parent's Management Board received a decision of the District Court of Białystok to enter the Parent's new name in the National Court Register. Accordingly, on September 18th 2002, the Parent's name was changed from Zakłady Płyt Wiórowych S.A. to Pfleiderer Grajewo S.A.

In accordance with the Polish Classification of Business Activities, the Parent's business is registered under No. 1621 Z.

2. Composition of the Management Board and the Supervisory Board of the Parent and changes in the reporting period

As at the end of the reporting period, the composition of the Parent's Management Board was as follows:

- | | |
|------------------------|-----------------------------------|
| 1. Wojciech Gątkiewicz | President of the Management Board |
| 2. Rafał Karcz | Member |
| 3. Dariusz Tomaszewski | Member |

On June 26th 2013, Mr Radosław Wierzbicki resigned from the position of Member of the Management Board – Chief Operating Officer of the Pfleiderer Grajewo S.A. At the same time, Mr Radosław Wierzbicki resigned from the position of Member of the Management Board of Pfleiderer Prospan S.A. and Member of the Management Board of Pfleiderer MDF Sp. z o.o., subsidiaries of Pfleiderer Grajewo S.A.

Composition of the Supervisory Board as at September 30th 2013:

- | | |
|-----------------------|-----------------------------------|
| 1. Michael Wolff | Chairman of the Supervisory Board |
| 2. Gerd Hammerschmidt | Member |
| 3. Jochen Schapka | Member |
| 4. Richard Mayer | Member |
| 5. Jan Woźniak | Member |

On February 12th 2013, Mr Hans-Kurt von Werder resigned from the position of Member of the Parent's Supervisory Board, effective from February 26th 2013.

In accordance with a resolution of the Extraordinary General Meeting, on February 26th 2013, Mr Richard Mayer was appointed Member of the Parent's Supervisory Board.

3. Periods covered by the consolidated financial statements and comparative data

The financial statements of Pfleiderer Grajewo S.A. (the Parent), Pfleiderer Prospan S.A., Silekol Sp. z o.o., Pfleiderer MDF Sp. z o.o., Jura Polska Sp. z o.o. and Unifloor Sp. z o.o. (subsidiaries) were consolidated using the full method. Financial information for the comparative period of Q3 2012 comprises separate financial statements of Pfleiderer Grajewo S.A. prepared in accordance with the IFRS, and separate financial statements of Pfleiderer Prospan S.A., Pfleiderer OOO, Pfleiderer MDF OOO, Silekol Sp. z o.o., Pfleiderer MDF Sp. z o.o., Jura Polska Sp. z o.o. and Unifloor Sp. z o.o.

III. CHANGES IN ACCOUNTING POLICIES**1. Applied accounting policies****(a) Statement of compliance**

The Group's financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

The Group has not used the option of early application of the new Standards and Interpretations which have already been published and endorsed by the European Union but which are to come into force in the periods beginning after January 1st 2013.

The financial statements were prepared on the assumption that the Parent would continue as a going concern in the foreseeable future. As at the date of publication of the financial statements, no facts or circumstances were identified that would indicate any threat to the Group continuing as a going concern.

The Group's financial statements for Q3 2013 and comparative data were prepared in accordance with the accounting policies presented in the most recent annual financial statements of the Group and give a true, fair and clear view of the Group's assets, financial standing and financial performance.

(b) Basis for preparation of the financial statements

The companies comprising the Group, namely Pfleiderer Grajewo S.A., Pfleiderer Prospan S.A., Pfleiderer MDF Sp. z o.o. and Silekol Sp. z o.o., maintain their accounting records in compliance with the International Financial Reporting Standards (IFRS). As concerns Jura Polska Sp. z o.o. and Unifloor Sp. z o.o., their accounting records are kept in accordance with the policies and common practice applied by Polish companies; their data was also restated for the purpose of consolidation. The consolidated financial statements, prepared on the basis of the accounting records of the Group companies, reflect adjustments made to present consolidated financial standing, results and cash flows of the Group in accordance with the International Financial Reporting Standards, which include standards and interpretations approved by the International Accounting Standards Board and the Standing Interpretations Committee.

The consolidated financial statements of the Group and the separate financial statements of the Parent prepared as at September 30th 2013 have not been audited.

The separate financial statements of the Parent as at September 30th 2013 were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

IV. FINANCIAL HIGHLIGHTS

1. Group's consolidated revenue and its changes

The table below presents a comparison of the Q3 2013 and Q3 2012 data.

Items of the statement of comprehensive income for the reporting period	Q3 2013/period from July 1st to September 30th 2013		Q3 2012/period from July 1st to September 30th 2012	
	(PLN '000)	(%)	(PLN '000)	(%)
Continuing operations				
	/A/	/B/	/C/	/D/
Revenue	380,085	100.0%	361,569	100.0%
Cost of sales	(310,573)	(81.7%)	(307,590)	(85.1%)
Gross profit	69,512	18.3%	53,979	14.9%
Other income	4,024	1.1%	695	0.2%
Distribution costs	(23,502)	(6.2%)	(22,931)	(6.3%)
Administrative expenses	(13,925)	(3.7%)	(16,040)	(4.4%)
Other expenses	(3,672)	(1.0%)	(932)	(0.3%)
Operating profit	32,437	8.5%	14,771	4.1%
Finance income	1,365	0.4%	7,652	2.1%
Finance costs	(6,426)	(1.7%)	(18,511)	(5.1%)
<i>Net finance income/(costs)</i>	<i>(5,061)</i>	<i>(1.3%)</i>	<i>(10,858)</i>	<i>(3.0%)</i>
Profit before tax	27,376	7.2%	3,913	1.1%
Income tax expense	(4,676)	(1.2%)	(1,953)	(0.5%)
Net profit on continuing operations	22,700	6.0%	1,960	0.5%
Net profit on discontinued operations	(1,599)	(0.4%)	9,479	0.0%
Net profit for reporting period	21,101	5.6%	11,439	0.5%
Net profit attributable to non-controlling interests	3,618	1.0%	(2,706)	(0.7%)
Net profit attributable to owners of the parent	17,483	4.6%	14,145	3.9%
EBITDA	42,844	11.4%	25,636	7.1%

*) Q3 2012 restated

Discussion of the statement of comprehensive income

Revenue from continuing operations posted by the Group in Q3 2013 grew by 5% year on year. Higher sales were reported by all the Group companies.

In Q3 2013, sales margin was up by 3.4 pp year on year, and amounted nearly to PLN 70m. This improvement followed from consistent sales efforts and cost discipline. In the analysed period, the prices of key raw materials fell quarter on quarter, which helped increase sales volumes while keeping production costs broadly flat.

Operating profit grew PLN 17.7m year on year. This major improvement is attributable to stronger sales and lower administrative expenses recorded in the quarters under review.

The Group recorded a PLN 5.8m drop in net finance costs in the analysed period, which was chiefly owing to a significant reduction in debt.

Net profit on the Group's continuing operations in Q3 2013 was positive and PLN 20.7m higher compared with Q3 2012. The positive result is attributable to lower operating costs and lower net finance costs posted for the quarter.

2. Net cash position

As at September 30th 2013, the Group's net bank debt and other debt instruments totalled PLN 113,107 thousand, having decreased by PLN 1,353 thousand in Q3 2013, mainly owing to net profit earned in the period. Net bank debt excluding other debt instruments totalled PLN 104,110 thousand as at September 30th 2013.

3. Equity

As at the end of Q3 2013, the Group's equity was PLN 746,354 thousand, up by PLN 23,330 thousand quarter on quarter, mainly on the back of net profit posted for the period.

4. Sale of shares or assets

In Q3 2013, the Pfleiderer Grajewo Group reported a profit on disposal of non-current assets of PLN 31 thousand.

5. Factors and events which may affect the Group's future performance

The Management Board believes that further annual improvement in operating and net results is a realistic goal in the coming quarters, achievable through the reduction of financing costs. Going forwards, the Group's efforts will be geared towards developing new products and market segments, tailoring its product range to market expectations, lowering costs and enhancing product quality.

V. THE GROUP'S SALES

1. Domestic and export sales

The long-term sales strategy of the Pfleiderer Grajewo Group is based on the three key distribution channels:

- direct sales to the furniture industry,
- sales to Pfleiderer Partner (the PP Network) wholesalers,
- export sales.

The Group's sales data comprises the sales of Pfleiderer Grajewo S.A., Pfleiderer Prospan S.A., and Pfleiderer MDF Sp. z o.o.

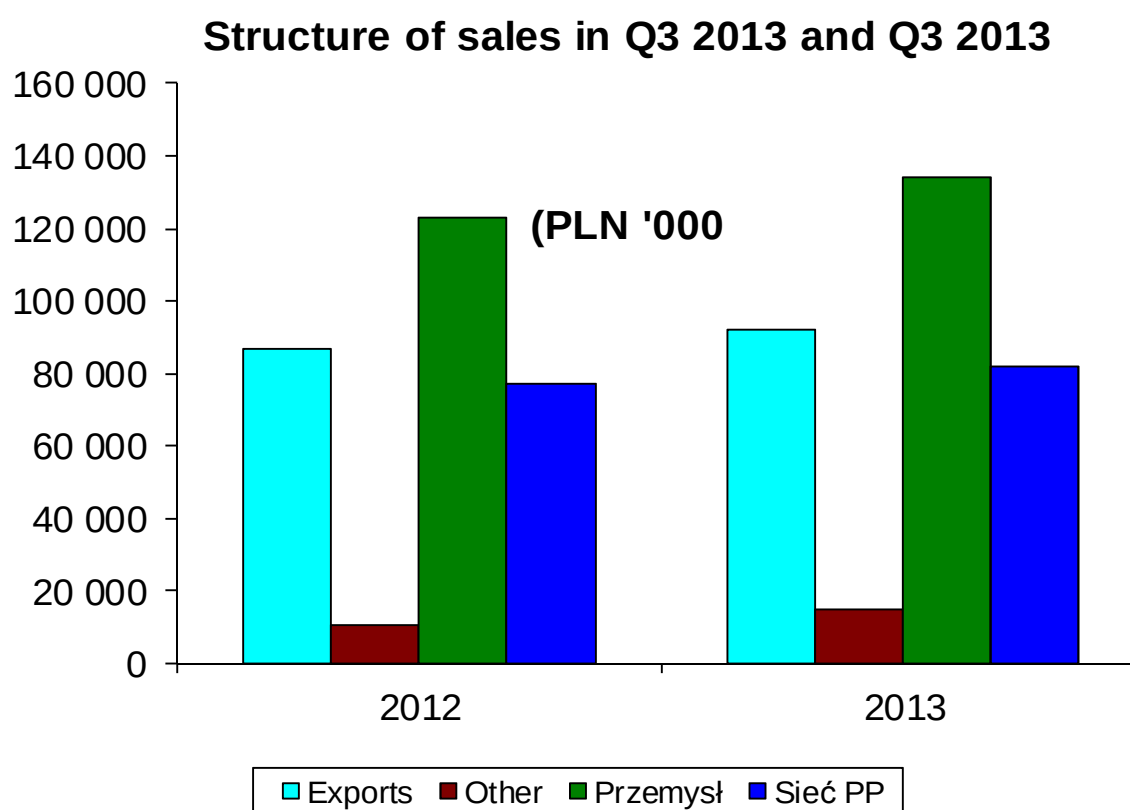


Figure: Sales structure in Q3 2013 and Q3 2012 (PLN '000).

In the Polish market, direct sales to large and medium-sized furniture manufacturers and the Pfleiderer Partner network continued to represent the most important distribution channels. In Q3 2013, sales to large furniture manufacturers and to the Pfleiderer Partner network advanced year on year by approximately 10% and 7%, respectively. Sales to other domestic customers grew by 38%, mainly on increased sales of the MFP construction board. Export sales increased by 7% in the reporting period.

In Q3 2013, the shares of individual distribution channels in total revenue were as follows:

Share of distribution channels in total sales in Q3 2013

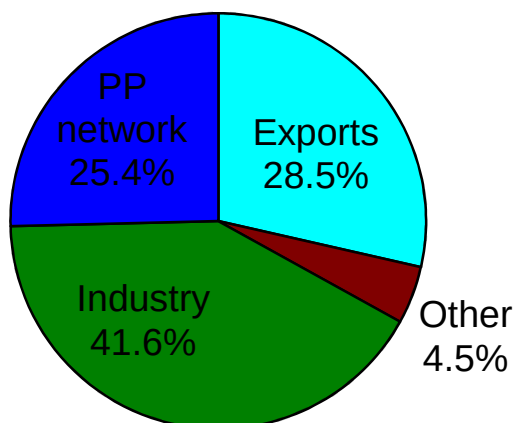


Figure: Distribution channels in Q3 2013 (%)

In Q3 2013, the share of direct sales to large and medium-sized furniture manufacturers grew from 41.1% to 41.6%, and the share of other distribution channels increased from 3.5% to 4.5% on a year-on-year basis. The share of exports fell from 29% to 28.5%, and the share of sales to the Pfleiderer Partner network dropped from 26.4% to 25.4%.

2. Seasonality of operations

Chipboard sales are subject to seasonal changes, in particular related to the seasonal nature of the furniture and construction markets. Sales fall in the second quarter and peak in the second half of a year.

VI. Q3 2013 RESULTS

1. Composition of the Pfleiderer Grajewo Group

a. Structure of the Pfleiderer Grajewo Group

Pfleiderer Grajewo S.A. in the period January 1st – September 30th 2013 was the parent of the following companies:

Subsidiaries

- 1 Pfleiderer Prospan S.A., Wieruszów
- 2 Silekol Sp. z o.o., Kędzierzyn-Koźle,
- 3 Pfleiderer MDF Sp. z o.o., Grajewo
- 4 Jura Polska Sp. z o.o., Grajewo
- 5 Unifloor Sp. z o.o., Wieruszów
- 6 Pfleiderer OOO, Novgorod (Russia) - subsidiary to 23.01.2013
- 7 Pfleiderer MDF OOO, Novgorod (Rosja) - subsidiary to 23.01.2013
- 8 Grajewo OOO, Novgorod (new founded company)
- 9 Pfleiderer Services Sp. z o.o., Grajewo

Jointly-controlled entities

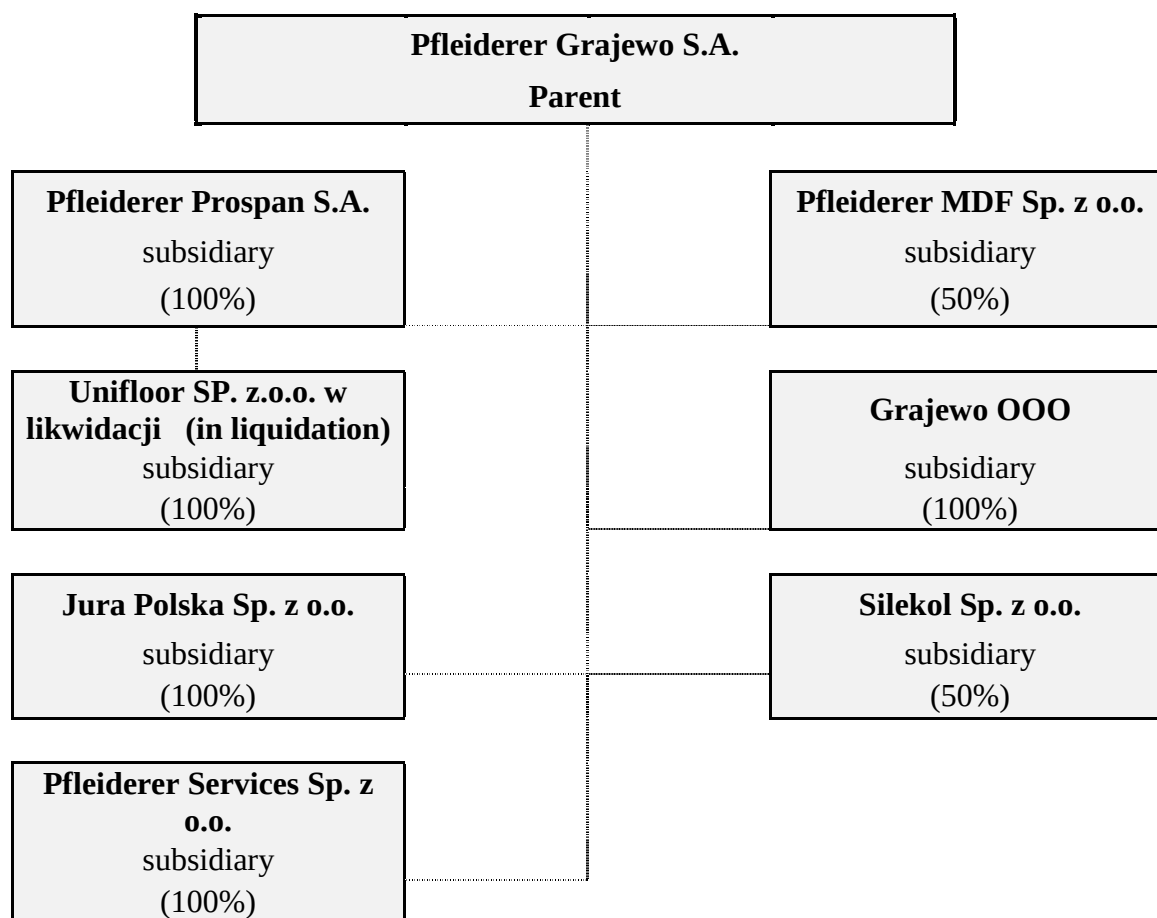
- 10 Blitz 11-446 GmbH, Neumarkt

Associates

- 11 Pfleiderer MDF OOO Novgorod (Rosja) - associate from 23.01.2013

- (5) indirectly through Pfleiderer Prospan S.A.
- (6) sale of the shares on January 23rd 2013
- (7) (11) sale of the assets and loss of control on January 23rd 2013
- (8) purchase of shares on April 26th 2013

Structure of the Group as at September 30th 2013



These interim condensed consolidated financial statements of the Pfleiderer Grajewo Group comprise the financial data of Pfleiderer Grajewo S.A., the Parent, and of its subsidiaries: Pfleiderer Prospan S.A., Silekol Sp. z o.o., Pfleiderer MDF Sp. z o.o., Jura Polska Sp. z o.o., and Unifloor Sp. z o.o. (in liquidation).

The Parent, Pfleiderer Grajewo S.A., holds 50% of the shares and votes in subsidiaries Pfleiderer MDF Sp. z o.o. and Silekol Sp. z o.o., but it continues to exercise control over these entities as it has the power to govern their financial and operating policies through the right to appoint and remove from office a majority of the management board members of the entities.

As a result of the agreements of January 23rd 2013, the Pfleiderer Grajewo Group lost control over its subsidiary Pfleiderer MDF OOO. The loss of control was due to the loss of the right to appoint the majority of board members. As of January 23rd 2013, MDF OOO is an associate of the Pfleiderer Grajewo Group.

b. Changes in the Pfleiderer Grajewo Group's structure in the reporting period

On April 16th 2013, Pfleiderer Grajewo S.A. (the Parent) acquired 100% of shares in Grajewo OOO from BI_EL-SI of Russia. The shares were acquired for EUR 2 thousand (PLN 8 thousand)

On January 23rd 2013, Pfleiderer Grajewo S.A. (the Parent), as the seller, and Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., as the buyers, entered into an agreement on sale of a 100% interest in Pfleiderer OOO of Russia, as well as of assets of Pfleiderer MDF OOO of Russia (a subsidiary) and the jointly-controlled entity Blitz 11-446 GmbH of Germany. At the same time, under the agreements, the Pfleiderer Grajewo Group lost control over Pfleiderer MDF OOO.

c. Group's business

The Pfleiderer Grajewo Group is an arm of the international Pfleiderer Group and its Business Centre for Eastern Europe, which builds upon extensive experience on the market for wood-based products. The Group, boasting strong positions on the markets of Central and Eastern Europe, is growing rapidly, entering new markets, targeting new segments and refining and adding new products to its portfolio.

The mission of the Pfleiderer Grajewo Group is to establish long-term relations with direct customers and end users of its products. In business terms, the Group strives to win and retain customers' full confidence by developing a fully professional approach at all levels of cooperation.

The Group operates manufacturing plants with diverse profiles.

The list of companies included in the Group 'Pfleiderer Grajewo' S.A. and their business profile**The business of Pfleiderer Grajewo S.A., the Parent, consists in:**

- Manufacture of wood and wood-based panels and their refinement,
- impregnation of paper
- trade at home and abroad

Pfleiderer Prospan S.A. – a joint-stock company entered in the commercial register maintained by the District Court of Kalisz under No. RHB 1754 on September 23rd 1997 as Zakłady Płyt Wiórowych Prospan S.A. On September 17th 2001, the company was registered with the District Court of Łódź-Śródmieście in Łódź, 20th Division of the National Court Register, under entry No. KRS: 0000042082.

Industry Identification Number (REGON): 250744416
Tax Identification Number (NIP): 619-17-42-967
Registered office: ul. Bolesławecka 10, 98-400 Wieruszów, Poland

Business profile of Pfleiderer Prospan S.A.

- manufacture of melamine-faced and raw chipboards and other wood and wood-based products,
- paper finishing,
- trade at home and abroad,
- generation and distribution of heat.

Silekol Sp. z o.o. – entered in the National Court Register by the District Court of Opole, 8th Commercial Division of the National Court Register of Opole, under No. KRS 0000225788 on January 6th 2005.

Industry Identification Number (REGON): 160003017
Tax Identification Number (NIP): 749-19-69-061
Registered office: ul. Mostowa 30 K, 47-220 Kędzierzyn-Koźle, Poland

Business profile of Silekol Sp. z o.o.

Silekol Sp. z o.o. is a subsidiary which ensures uninterrupted supplies of adhesives used in the production of chipboards to the Parent and the other subsidiaries.

- manufacture of dyes and pigments,
- manufacture of other organic and inorganic chemicals,
- manufacture of paints and varnishes,
- manufacture of glues and gelatines.

Pfleiderer MDF Sp. z o.o. – entered in the National Court Register by the District Court of Białystok, 12th Commercial Division of the National Court Register in Białystok, under No. KRS 174810, on October 9th 2003.

Industry Identification Number (REGON): 330994545
Tax Identification Number (NIP): 719-13-99-317
Registered office: ul. Wiórowa 1, 19-203 Grajewo, Poland

Business profile of Pfleiderer MDF Sp. z o.o.

- sale and intermediation in the sale of raw and melamine-faced chipboards, films and foils,
- veneering of chipboards,
- manufacture of melamine-faced and raw chipboards and other wood-based materials.

Jura Polska Sp. z o.o. – entered in the National Court Register by the District Court of Katowice, Commercial Division of the National Court Register, under No. KRS 149282, on November 24th 1999.

Industry Identification Number (REGON): 276746151
Tax Identification Number (NIP): 629-215-85-14
Registered office: ul. Wiórowa 1, 19-203 Grajewo, Poland

Business profile of Jura Polska Sp. z o.o.

- transport,
- road transport of goods with specialised vehicles,
- road transport of goods with universal vehicles,
- lease of trucks,
- wholesale of building materials and sanitary fixtures and fittings

Unifloor Sp. z o.o. w likwidacji (in liquidation) – entered in the National Court Register by the District Court of Białystok, Commercial Division of the National Court Register, under No. KRS 0000237233, on June 29th 2005.

Industry Identification Number (REGON): 200021250
Tax Identification Number (NIP): 719-149-38-49
Registered office: ul. Bolesławiecka 10, 98-400 Wieruszów, Poland

Unifloor Sp. z o.o. is currently in liquidation.

Pfleiderer Services Sp. z o.o. – entered in the National Court Register by the District Court of Białystok, 12th Commercial Division of the National Court Register in Białystok, under No. KRS 0000247423, on December 20th 2005.

Industry Identification Number (REGON): 200052769
Tax Identification Number (NIP): 719-15-03-973
Registered office: ul. Wiórowa 1, 19-203 Grajewo, Poland

The company has suspended its operations.

Grajewo OOO – a limited liability company incorporated under the laws of the Russian Federation, registered on August 12th 2009 by Interregional Inspection No. 9 of the Ministry of Duties and Taxes of the Russian Federation for the Novgorod District.

Uniform Registration Number: 1095321004130
Tax Identification Number: 5321135070
Registered office: 21 Studenicheskaya street 43 Veliky Novgorod, Russia

Business profile of Grajewo OOO

- trading activities in the territory of Russia

Jointly-controlled entities and associates of the Pfleiderer Grajewo Group

Blitz 11-446 GmbH – entered in the Commercial Register by the Court in Nuremberg, under No. HRB 28 166.

HRB Registry Number: 28 166
Tax Identification Number: 201/116/21366
Registered office: Ingolstädter Strasse 51, Neumarkt, Germany

Business profile of Blitz 11-446 GmbH

- exports, in particular to Russia and Eastern Europe,
- provision of investment-related services,

Pfleiderer MDF OOO – a limited liability company incorporated under the laws of the Russian Federation, registered on September 11th 2007 by Interregional Inspection No. 3 of the Ministry of Duties and Taxes of the Russian Federation for the Novgorod District.

Uniform Registration Number: 1075321005396
Tax Identification Number: 5310014147
Registered office: 106 Tsentralnaya St, Novgorod Region 173502, Russia

Business profile of Pfleiderer MDF OOO

- sales of impregnates and accessories

2. Consolidated financial results

Consolidated statement of financial position as at September 30th 2013 (PLN '000)

		Total Sep 30 2013	Total Jun 30 2013	Total Dec 31 2012	Total Sep 30 2012
Assets					
Property, plant and equipment		596,017	597,237	583,660	1,093,433
Intangible assets		1,668	1,879	2,218	2,512
Goodwill		107,829	107,829	107,829	107,829
Investments in related entities		126	126	117	117
Other non-current financial assets		7,010	210	10	10
Investment property		4,300	4,300	4,300	4,300
Deferred tax asset		30,244	36,201	12,184	16,583
Prepayments for property, plant and equipment		2,612	1,016	5,426	206,146
Government grants receivable		11,288	12,197	14,443	26,790
Non-current assets		761,094	760,995	730,187	1,457,720
Inventories		151,470	159,586	174,803	236,984
Income tax receivable		7,984	2,275	261	413
Trade and other receivables	1	164,465	159,540	70,356	173,459
Cash flow hedges		744	0	0	0
Cash and cash equivalents		107,485	116,180	17,518	33,149
Other financial assets – loans to associates		1,094	17,234	0	0
Assets held for sale or distribution	3	0	0	813,907	0
Current assets		433,242	454,815	1,076,845	444,005
Total assets		1,194,336	1,215,810	1,807,032	1,901,725
Equity					
Share capital		16,376	16,376	16,376	16,376
Share premium		289,806	289,806	289,806	289,806
Statutory reserve funds		207,809	207,809	195,806	195,806
Revaluation reserve		619	619	619	619
Cash flow hedges		744	0	0	0
Exchange differences on translating foreign operations		0	0	(14,292)	(9,023)
Exchange differences on net investments in subsidiaries		0	(1,490)	(3,829)	(1,948)
Retained earnings/(deficit)		158,506	144,459	42,906	25,102
Equity (attributable to owners of the parent)		673,860	657,579	527,392	516,738
Non-controlling interests		72,494	65,445	57,773	63,491
Total equity		746,354	723,024	585,165	580,229
Liabilities					
Borrowings and other debt instruments		114,320	128,777	182,650	772,661
Employee benefit obligations		7,111	7,111	7,111	6,584
Provisions		767	767	739	650
Deferred tax liabilities		9,347	8,694	8,245	13,185
Deferred income from government assistance		26,450	26,656	27,233	39,870
Non-current liabilities		157,995	172,005	225,978	832,950
Borrowings and other debt instruments		106,272	101,863	528,448	201,741
Finance lease liabilities		0	0	0	28
Income tax payable		1,597	326	1,136	92
Trade and other payables	2	159,651	194,637	197,112	266,346
Employee benefit obligations		21,319	22,807	18,736	18,463
Liabilities related to assets held for sale	3	0	0	249,309	0
Deferred income from government assistance		1,148	1,148	1,148	1,876
Current liabilities		289,987	320,781	995,889	488,546
Total liabilities		447,982	492,786	1,221,867	1,321,496
Total equity and liabilities		1,194,336	1,215,810	1,807,032	1,901,725

Off-balance-sheet items

As at September 30th 2013, the Pfleiderer Grajewo Group did not recognise any contingent liabilities under guarantees and sureties issued.

Discussion of changes in key items of the statement of financial position

A decrease in property, plant and equipment was primarily a result of recognised depreciation charges, which were partly offset by capital expenditure.

As at the end of Q3 2013, no changes were recorded in goodwill. The decrease in intangible assets was due to their periodic amortisation.

Receivables under prepayments for tangible assets rose by PLN 1.6m on H1 2013, mainly in connection with the purchase of a dust production line.

There was a PLN 1m decrease in the amount of government assistance receivable, resulting from the revaluation of the total estimated value of the assistance calculated on the basis of budgeted financial data relating to future years.

As at the end of Q3 2013, inventories were PLN 151.5m, i.e. they remained relatively flat on the end of H1 2013.

As at September 30th 2013, trade and other receivables rose by PLN 4.9m over the end of H1 2013, mainly as a result of higher trade receivables (up by PLN 11.3m) and lower prepayments and accrued income (down by PLN 6.4m).

The Group's equity as at September 30th 2013 totalled PLN 746.4m, which was PLN 23.3m more than as at the end of H1 2013. The higher equity is attributable mainly to net profit recorded in the reporting period.

As at September 30th 2013, liabilities were down PLN 44.8m compared with the end of H1 2013, mainly reflecting a decrease in trade payables (down PLN 14.8m), a reduction in the Group's debt (down PLN 18.9m), and a decrease in liabilities under factoring agreements (down PLN 18.8m).

**Consolidated statement of comprehensive income for the period January 1st–September 30th 2013
(PLN '000)**

		Total Jan 1– Sep 30 2013	Total*) Jan 1– Sep 30 2012
Continuing operations	Note		
Revenue		1,075,798	1,052,391
Cost of sales		(891,877)	(891,436)
Gross profit		183,921	160,955
Other income		15,096	3,768
Distribution costs		(68,705)	(68,367)
Administrative expenses		(49,138)	(44,595)
Other expenses		(11,910)	(3,001)
Operating profit		69,264	48,760
Finance income		4,358	24,125
Finance costs		(25,131)	(64,431)
Net finance costs	4	(20,773)	(40,306)
Profit before tax		48,491	8,454
Income tax expense		(10,668)	(4,193)
Net profit on continuing operations		37,823	4,261
Discontinued operations			
Net profit on discontinued operations	3	99,542	20,065
Net profit for reporting period		137,365	24,326
Attributable to non-controlling interests		9,762	(7,685)
Attributable to owners of the parent		127,603	32,011
EBITDA		101,641	81,256
Other income			
Exchange differences on translating foreign operations		14,247	(4,447)
Exchange differences on net investments in subsidiaries		3,829	(6,130)
Effective portion of loss on fair-value measurement of hedging instruments, including corporate income tax		744	0
Other income		18,820	(10,577)
Comprehensive income for the period		156,183	13,749
Comprehensive income for the period attributable to:			
Owners of the parent		146,467	21,697
Non-controlling interests		9,716	(7,948)
Comprehensive income for the period		156,183	13,749
Basic earnings per share (PLN)		2.57	0.66
Diluted earnings per share (PLN)		2.57	0.65

*) restated (for reconciliation see Note 3)

Consolidated statement of changes in equity for the period January 1st–September 30th 2013 (PLN ‘000)

	Share capital	Share premium	Statutory reserve funds	Revaluation reserve	Exchange differences on translating foreign operations	Exchange differences on net investments in subsidiaries	Cash flow hedges	Retained earnings/(deficit)	Total	Non- controlling interests	Total
As at Jan 1 2013	16,376	289,806	195,806	619	(14,292)	(3,829)	0	42,906	527,392	57,773	585,165
Comprehensive income for the period											
Net profit	0	0	0	0	0	0	0	127,603	127,603	9,762	137,365
Other comprehensive income											
Exchange differences on translating foreign operations	0	0	0	0	14,292	0	0	0	14,292	(45)	14,247
Exchange differences on net investments in subsidiaries	0	0	0	0	0	3,829	0	0	3,829	0	3,829
Exchange differences on valuation of forward contracts	0	0	0	0	0	0	744	0	744		744
Total other comprehensive income	0	0	0	0	14,292	3,829	744	0	18,865	(45)	18,820
Total comprehensive income for the period	0	0	0	0	14,292	3,829	744	127,603	146,468	9,717	156,185
Transactions with owners recognised in equity											
Loss of control over subsidiary Pfleiderer MDF OOO	0	0	0	0	0	0	0	0	0	5,004	5,004
Transfer of part of 2012 net profit to statutory reserve funds	0	0	12,003	0	0	0	0	(12,003)	0	0	0
Transactions with owners recognised in equity	0	0	12,003	0	0	0	0	(12,003)	0	5,004	5,004
As at September 30th 2013	16,376	289,806	207,809	619	0	0	744	158,506	673,860	72,494	746,354

Consolidated statement of changes in equity for the period January 1st–December 31st 2012 (PLN ‘000)

	Share capital	Share premium	Statutory reserve funds	Revaluation reserve	Exchange differences on translating foreign operations	Exchange differences on net investments in subsidiaries	Retained earnings/ (deficit)	Total	Non-controlling interests	Total
As at Jan 1 2012	16,376	289,806	155,005	619	(4,839)	4,182	33,892	495,041	71,440	566,481
Comprehensive income for the period										
Net profit/loss	0	0	0	0	0	0	56,140	56,140	(7,205)	48,935
Other comprehensive income										
Exchange differences on translating foreign operations	0	0	0	0	(9,607)	0	0	(9,607)	(291)	(9,898)
Exchange differences on net investments in subsidiaries	0	0	0	0	0	(8,011)	0	(8,011)	0	(8,011)
Total other comprehensive income	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(9,607)</i>	<i>(8,011)</i>	<i>0</i>	<i>(17,618)</i>	<i>(291)</i>	<i>(17,909)</i>
Total comprehensive income for the period	0	0	0	0	(9,607)	(8,011)	56,140	38,522	(7,496)	31,026
Transactions with owners recognised in equity										
Transfer of part of 2011 net profit to statutory reserve funds	0	0	40,801	0	0	0	(40,801)	0	0	0
Transactions with owners recognised in equity	0	0	40,801	0	0	0	(40,801)	0	0	0
As at Dec 31 2012	16,376	289,806	195,806	619	(14,446)	(3,829)	49,231	533,563	63,944	597,507

Consolidated statement of changes in equity for the period January 1st–September 30th 2012 (PLN ‘000)

	Share capital	Share premium	Statutory reserve funds	Revaluation reserve	Exchange differences on translating foreign operations	Exchange differences on net investments in subsidiaries	Cash flow hedges	Retained earnings/ (deficit)	Total	Non-controlling interests	Total
As at Jan 1 2012	16,376	289,806	155,005	619	(4,839)	4,182	(0)	33,892	495,041	71,440	566,481
Comprehensive income for the period											
Net profit/loss	0	0	0	0	0	0	0	32,011	32,011	(7,686)	24,325
Other comprehensive income											
Exchange differences on translating foreign operations	0	0	0	0	(4,184)	0	0	0	(4,184)	(263)	(4,447)
Exchange differences on net investments in subsidiaries	0	0	0	0	0	(6,130)	0	0	(6,130)	0	(6,130)
Total other comprehensive income	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(4,184)</i>	<i>(6,130)</i>	<i>0</i>	<i>0</i>	<i>(10,314)</i>	<i>(263)</i>	<i>(10,577)</i>
Total comprehensive income for the period	0	0	0	0	(4,184)	(6,130)	0	32,011	21,697	(7,949)	13,748
Transactions with owners recognised in equity											
Transfer of part of 2011 net profit to statutory reserve funds	0	0	40,801	0	0	0	0	(40,801)	0	0	0
Transactions with owners recognised in equity	0	0	40,801	0	0	0	0	(40,801)	0	0	0
As at September 30th 2012	16,376	289,806	195,806	619	(9,023)	(1,948)	0	25,102	516,738	63,491	580,229

Consolidated statement of cash flows for the period January 1st–September 30th 2013 (PLN ‘000)

	Note	Jan 1– Sep 30 2013	Jan 1– Sep 30 2012
Cash flows from operating activities			
Net profit/loss		137,365	24325
Adjustments		(119,929)	123,295
Depreciation and amortisation		31,466	58,384
Foreign exchange gains		(4,683)	(2,584)
Interest for the period		23,016	68,989
Profit/loss on investing activities		114	(105)
Income tax disclosed in profit or loss of the period		11,409	9,181
Deferred income tax recognised in equity		0	(1,438)
Change in trade and other receivables		(64,906)	(15,970)
Change in inventories		13,865	4,846
Change in trade and other payables		(31,279)	7,836
Change in employee benefit obligations		375	(2,655)
Change in provisions		28	16
Amortisation of government assistance		89	(239)
Result on forward contracts		1,202	851
Change in exchange differences from consolidation		0	(3,993)
Net profit on discontinued operations	3	(100,860)	176
Other adjustments		234	0
Cash flows from operating activities		17,435	147,620
Interest received/paid		1,099	488
Income tax paid		(64,002)	(11,216)
Net cash from operating activities		(45,468)	136,892
Cash flows from investing activities			
Disposal of non-current assets		60	377
Disposal of assets held for sale less cash associated with the assets	3	697,387	0
Purchase of property, plant and equipment and intangible assets		(37,346)	(25,425)
Loan advanced to a others entities		(8,205)	0
Repayment of loans to other entities		207	0
Acquisition of subsidiary		(9)	0
Net cash from investing activities		652,094	(25,048)
Cash flows from financing activities			
Repayment of borrowings and other debt instruments		(512,895)	(67,252)
Increase in borrowings and other debt instruments		20,621	26,719
Interest paid		(24,385)	(57,748)
Net cash from financing activities		(516,659)	(98,281)
Change in cash		89,967	13,563
Cash at beginning of the period		17,518	19,586
Cash at end of the period		107,485	33,149

VII. CAPITAL EXPENDITURE

In Q3 2013, the Pfleiderer Grajewo Group incurred capital expenditure of PLN 9m.

VIII. SUPPLEMENTARY INFORMATION

1. Material agreements

In Q3 2013, the Pfleiderer Grajewo Group did not execute any material agreements.

2. Impairment losses and reversal of impairment losses on inventories revalued to net recoverable amount

In the statement of financial position, inventories are recognised net of impairment losses. In Q3 2013, the Group reversed impairment losses on inventories in the amount of PLN 285 thousand. Impairment losses are recognised under other expenses of operating activities, while their reversal is shown under other income.

3. Impairment losses and reversal of impairment losses on financial assets, property, plant and equipment, intangible assets and other assets

In Q3 2013, the Group did not recognise any impairment losses on property, plant and equipment. In Q3 2013, the Group recognised impairment losses on receivables of PLN 593 thousand.

4. Provisions

As at the end of Q3 2013, the Group maintained a provision for employee benefit obligations of PLN 7,356 thousand. The amount of the provision remained flat compared with H1 2013. It is the only provision held by the Group under IAS.

5. Deferred tax assets and liabilities

In Q3 2013, deferred tax asset dropped by PLN 5.9m and deferred tax liability rose by PLN 0.7m compared with H1 2013. In the reporting period, there were no major changes in impairment losses with a potentially material bearing on the Group's financial performance.

6. Material purchase and sale transactions in property, plant and equipment

In Q3 2013, the Group purchased property, plant and equipment for PLN 1.5m, which chiefly included expenditure on group 5 tangible assets (purchase of a dust production line).

7. Material liabilities under purchase of property, plant and equipment

As at the end of Q3 2013, the Group carried liabilities under purchase of property, plant and equipment of PLN 2.9m.

8. Guarantees and sureties

As at September 30th 2013, the only contingent liabilities carried by Group companies were sureties granted in respect of obligations incurred by other Group companies. No sureties or guarantees were issued in respect of obligations incurred by entities outside the Group.

The existing sureties were issued by three subsidiaries Pfleiderer Grajewo S.A., Pfleiderer Prospan S.A. and Silekol Sp. z o.o., and covered exclusively the obligations of other Group companies under contracted bank borrowings.

Pfleiderer Grajewo S.A. (the Parent) had six outstanding sureties for an aggregate amount of up to PLN 65,699 thousand. As at September 30th 2013, the underlying debt secured by the sureties was PLN 4,699 thousand.

Pfleiderer Prospan S.A., a subsidiary, had seven outstanding sureties for an aggregate amount of up to PLN 268,000 thousand, of which the highest-value sureties were:

- two sureties for an aggregate amount of up to PLN 115,000 thousand in respect of bank loans advanced to Pfleiderer Grajewo S.A. by Bank Millennium S.A. of June 26th 2013,
- two sureties for an aggregate amount of up to PLN 115,000 thousand in respect of bank loans advanced to Pfleiderer Grajewo S.A. by Alior Bank S.A. of June 26th 2013.

As at September 30th 2013, the amount of underlying debt secured by the sureties was PLN 0 thousand.

Sielkol Sp. z o.o., a subsidiary, had seven outstanding sureties for an aggregate amount of up to PLN 268,000 thousand, of which the highest-value sureties were:

- two sureties for an aggregate amount of up to PLN 115,000 thousand in respect of bank loans advanced to Pfleiderer Grajewo S.A. by Bank Millennium S.A. of June 26th 2013,
- two sureties for an aggregate amount of up to PLN 115,000 thousand in respect of bank loans advanced to Pfleiderer Grajewo S.A. by Alior Bank S.A. of June 26th 2013.

As at September 30th 2013, the amount of underlying debt secured by the sureties was PLN 0 thousand.

The other Group subsidiaries did not issue any guarantees or sureties.

9. Changes in contingent assets and liabilities

In Q3 2013, there were no material changes in the amount of sureties issued by Group companies.

10. Issue, redemption and repayment of equity and non-equity securities

In Q3 2013, Pfleiderer Grajewo S.A. carried out seven issues of commercial paper in the form of short-term notes with a view to optimising the Group's management of financial liquidity. The notes were issued pursuant to a commercial paper programme agreement executed with Bank PEKAO S.A. on July 22nd 2003 and in accordance with the Polish Bonds Act of June 29th 1995 as złoty-denominated, unsecured, zero-coupon bearer securities in book-entry form. The notes are redeemed at their par value. The notes were acquired by Pfleiderer Prospan S.A., a subsidiary.

11. Defaults under bank borrowings and other debt instruments with respect to which no remedial action was taken by the end of the reporting period

As at September 30th 2013, no such events occurred.

12. Discontinued operations and disposal groups

On October 19th 2012, the Parent, Pfleiderer Grajewo S.A. as the seller, and Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., as the buyers, entered into a conditional agreement on sale of a 100% interest in Pfleiderer OOO of Russia, as well as of assets of Pfleiderer MDF OOO of Russia (a subsidiary) and the jointly-controlled entity Blitz 11-446 GmbH of Germany. The final sale agreement was signed on January 23rd 2013. For details, see Note 3 in Section 26.

13. Dividend paid

In Q3 2013, no decisions were made concerning dividend payment.

14. Performance forecast

Given the fast-changing market environment, Pfleiderer Grajewo S.A. did not publish any financial forecasts for 2013.

15. Material events subsequent to September 30th 2013

After September 30th 2013, Pfleiderer Grajewo S.A. carried out one issue of commercial paper in the form of short-term notes with a view to optimising the Group's financial liquidity management. The notes were issued pursuant to the commercial paper programme agreement executed with Bank PEKAO S.A. on July 22nd 2003 and in accordance with the Polish Bonds Act of June 29th 1995 as złoty-denominated, unsecured, zero-coupon bearer securities in book-entry form. The notes are redeemed at their par value. The notes were acquired by Pfleiderer Prospan S.A., a subsidiary.

16. Changes in the Group's structure

In Q3 2013, there were no changes in the Group's structure.

17. Transactions with owners and related parties

In Q3 2013, Pfleiderer Grajewo S.A. (the Parent) carried out seven issues of short-term notes, all of which were acquired by Pfleiderer Prospan S.A. (a subsidiary).

18. Change in the number of shares or options held by the management and supervisory staff

As at the publication date of this report, the number of Pfleiderer Grajewo (the Parent) shares held by the Management Board members was as follows:

- Wojciech Gątkiewicz, President of the Management Board, held 5,400 shares in Pfleiderer Grajewo S.A.;
- Rafał Karcz, member of the Management Board, held 3,472 shares in Pfleiderer Grajewo S.A.;
- Dariusz Tomaszewski, member of the Management Board, held 4,108 shares in Pfleiderer Grajewo S.A.;

In Q3 2013, a Supervisory Board Member sold 10,000 shares in Pfleiderer Grajewo S.A. (the Parent). As at the report release date, members of the Pfleiderer Grajewo Supervisory Board did not hold any shares in the Parent.

19. Shareholder structure as at the report release date

Shareholder structure November 14th 2013	Number of shares	Ownership interest	Number of votes at GM	% of votes at GM
Pfleiderer Service GmbH	32,308,176	65.11%	32,308,176	65.11%
Aviva OFE Aviva BZ WBK	4,928,816	9.93%	4,928,816	9.93%
ING OFE	2,639,144	5.32%	2,639,144	5.32%
Other shareholders	9,747,864	19.64%	9,747,864	19.64%
TOTAL	49,624,000	100.00%	49,624,000	100.00%

The information on the number of Company shares held by Aviva OFE (former Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK) is sourced from the most recent notification of shareholding change, received by the Parent on July 9th 2007.

The information on the number of Company shares held by ING OFE is sourced from the most recent notification of shareholding change, received by the Parent on June 5th 2009.

The number of shares held by the main shareholder, Pfleiderer Service GmbH, did not change in Q3 2013.

20. Court proceedings

On April 2nd 2012, Pfleiderer Grajewo S.A. (the Parent) and Pfleiderer Prospan S.A. (a subsidiary) received a decision of the President of the Office of Competition and Consumer Protection, dated March 30th 2012, concerning the instigation of anti-trust proceedings on suspicion that Kronospan Szczecinek Sp. z o.o., Kronospan Mielec Sp. z o.o., Kronopol Sp. z o.o., Pfleiderer Grajewo S.A. and Pfleiderer Prospan S.A. acted in collusion to frustrate competition on the domestic chipboard and fibreboard markets.

During the proceedings, Pfleiderer Grajewo S.A. and Pfleiderer Prospan S.A. provided additional information required by the Office. At present, the Parent's Management Board is not able to assess the risk based on the information available to it or determine the estimated closing date of the proceedings.

Other than the proceedings referred to above, there are no court, arbitration or administrative proceedings pending with respect to any liabilities or claims of the Group companies, whose value would represent 10% or more of the Parent's equity.

21. Material settlements under court proceedings

As at September 30th 2013, the Group did not carry any material settlements under court proceedings. In Q3 2013, there were no circumstances which would substantiate the recognition of any provisions for costs of court proceedings.

22. Correction of errors of past periods

By the end of Q3 2013, the Group had not corrected any errors of past periods.

23. Other material information

All pledges and mortgages created for the benefit of the banks were registered by the competent courts in Q3 2013, to be used as security for liabilities under credit facility agreements executed by the Parent and its subsidiaries, Pfleiderer Prospan S.A. and Silekol Sp. z o.o., with:

- Bank Zachodni WBK S.A. – for a total amount of PLN 60,000,000, dated June 26th 2013,
- Bank Ochrony Środowiska S.A. – for a total amount of PLN 40,000,000, dated June 27th 2013,
- Alior Bank S.A. – for a total amount of PLN 100,000,000, dated June 26th 2013,
- Bank Millennium S.A. – for a total amount of PLN 100,000,000, dated June 26th 2013.

The execution of the credit facility agreements was reported by the Company in Current Report No. 31/2013 of June 27th 2013.

24. Financial Instruments

The Group manages all types of financial risk described below, which may have a significant effect on its operations in the future. In its risk management process, the Group focuses on the following risk types:

- credit risk,
- market risk, including interest rate risk and currency risk,
- liquidity risk.

The objective behind credit risk management is to reduce the Group's losses which could follow from customers' insolvency. This risk is mitigated with the use of receivables insurance and factoring services.

The purpose of market risk management is to control and maintain the Group's exposure to market risk within assumed parameters. The objective of currency risk management is to minimise losses arising out of unfavourable changes in foreign exchange rates. The Group monitors its currency position with a view to protecting cash flows. To manage its currency risk, it first relies on natural hedging and where necessary uses forward and swap contracts.

As at September 30th 2013, Pfleiderer Grajewo S.A. was a party to 12 EUR/PLN currency forward contracts to sell a total of EUR 11,000 thousand by the end of December 2013. As at September 30th 2013, the valuation of the contracts was positive at PLN 744 thousand.

As at September 30th 2013, Silekol Sp. z.o.o., a subsidiary, realised nine EUR/PLN swaps for EUR 3,190 thousand, and generated a gain of PLN 248 thousand. As at September 30th 2013, the subsidiary had swap contracts open.

The other Group companies were not counterparties in any derivative contracts as at September 30th 2013.

In Q3 2013, the Group did not hedge its interest rate risk or risk of fluctuations in raw material prices.

The objective of financial liquidity management is to protect the Group against insolvency. This objective is pursued through regular projection of debt levels in a five-year horizon, and arrangement of appropriate financing.

25. Business segments

The Group has identified two geographical segments of operations, based on asset storage location and asset operation location. Following sale of the assets located in Russia, Poland is now the Group's geographical segment.

In Q3 2013, the Group's sales grew by 5% year on year, with export sales accounting for approximately 28.5% of the Group's total sales. The Group's key export destinations include Russia, Germany, Lithuania, Belarus, Kazakhstan and Sweden.

26. Notes to the consolidated statement of financial position

Note 1 – Trade and other receivables (PLN '000)

	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
Trade receivables	67,108	61,632	43,090	124,457
Receivables from related entities	39,713	33,889	7,596	20,787
Current prepayments and accrued income	13,234	19,637	10,380	10,730
Current VAT receivables	9,677	9,884	7,660	6,524
Other receivables	34,733	34,498	1,630	10,961
Total	164,465	159,540	70,356	173,459

Note 2 – Trade and other payables (PLN '000)

	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
Trade payables	108,634	121,521	158,378	184,269
Liabilities to related entities	4,528	6,536	3,416	18,958
VAT liabilities	1,418	0	106	15,766
Liabilities under factoring agreements	28,201	47,04	17,418	3,731
Liabilities under investment supplies	2,87	4,108	9,051	1,952
Prepaid deliveries	1,307	1,338	1,484	2,248
Other liabilities	12,693	14,094	7,259	39,422
Total	159,651	194,637	197,112	266,346

Note 3 – Discontinued operations and disposal groups

On October 19th 2012, the Parent, Pfleiderer Grajewo S.A., as the seller, and Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., as the buyers, entered into a conditional agreement on sale of a 100% interest in Pfleiderer OOO of Russia, as well as of assets of Pfleiderer MDF OOO of Russia (a subsidiary) and the jointly-controlled entity Blitz 11-446 GmbH of Germany. The final sale agreement was signed on January 23rd 2013.

	Jan 23 2013
Property, plant and equipment and prepayments	(691,840)
Inventories	(46,724)
Trade and other receivables	(69,284)
Cash and cash equivalents	(5,376)
	(813,224)
Deferred tax liabilities	1,654
Borrowings and other debt instruments	200,755
Trade and other payables	67,080
Transaction costs, risk provisions and other	(44,148)
Net assets on discontinued operations	(587,883)
Cash proceeds from disposal of assets (a)	685,235
Proceeds from disposal of assets in a blocked account (non-cash as at Sep 30 2013) (b)	37,530
Cash from discontinued operations (c)	(5,376)
Net cash flows (a)+(c)	679,859
Proceeds (a)+(b)	722,765

Cash flows from discontinued operations

	Jan 1– Sep 30 2013	Jan 1– Sep 30 2012
Net cash flows from operating activities	(4,380)	91 643
Net cash flows from investing activities	697,387	(34 671)
Net cash flows from financing activities	0	(49 414)
Net cash flows for the period	693,007	7 558

Profit/loss on discontinued operations

	Jan 1– Sep 30 2013	Jul 1– Sep 30 2013	Jan 1– Sep 30 2012	Jul 1– Sep 30 2012
Revenue	21,783	0	258 814	87 186
Costs	(19,363)	0	(209 085)	(67 807)
Operating profit/loss	2,420	0	49 729	19 379
Profit/loss from financing activities	(2,998)	0	(24 676)	(5 289)
Pre-tax profit	(578)	0	25 053	14 090
Tax	(740)	0	(4 988)	(4 610)
Net profit from discontinued operations	(1,318)	0	20 065	9 480
Profit on disposal of discontinued operations	132,236	(1 599)	0	0
Current tax payable on profit on disposal of discontinued operations	(31,376)	0	0	0
Profit/loss on discontinued operations	99,542	(1 599)	20 065	9 480

The PLN (1,599) thousand change in Q3 2013 was related to the valuation of a foreign currency escrow account.

Net result from discontinued operations in the amount of PLN 99,542 thousand is due in full to shareholders of the parent company. From the net profit from continuing operations of PLN 37,823 thousand, shareholders of the parent account for the amount of PLN 28,061 thousand.

As at March 31st 2012, the Group did not recognise any discontinued operations or operations held for sale in the statement of comprehensive income. The comparative data in the statement of comprehensive income is restated so as to present discontinued operations separately from continuing operations.

Reconciliation of restated comparative data for the consolidated statement of comprehensive income for the period January 1st–September 30th 2012

Items of the statement of comprehensive income for the reporting period	Total		
	Jan 1–	Jan 1–	Jan 1–
	Sep 30 2012	Sep 30 2012	Sep 30 2012
	PLN '000	Continuing operations	Discontinued operations
	A=B+C	B	C
Revenue	1,310,287	1,052,391	257,896
Cost of sales	(1,058,631)	(891,436)	(167,195)
Gross profit	251,656	160,955	90,701
Other income	4,686	3,768	918
Distribution costs	(79,322)	(68,367)	(10,955)
Administrative expenses	(67,030)	(44,595)	(22,435)
Other expenses	(11,501)	(3,001)	(8,500)
Operating profit	98,489	48,760	49,729
Finance income	8,669	24,125	(15,037)
Finance costs	(73,651)	(64,431)	(9,639)
Net finance costs	(64,982)	(40,306)	(24,676)
Profit before tax	33,507	8,454	25,053
Income tax expense	(9,181)	(4,193)	(4,988)
Net profit	24,326	4,261	20,065
Attributable to non-controlling interests	(7,685)	-	-
Attributable to owners of the parent	32,011	-	-

27. Notes to the consolidated statement of comprehensive income (PLN '000) – Note 4
Note 4 – Finance income and costs

	Jan 1– Sep 30 2013	Jan 1– Sep 30 2012*)
Finance income		
Interest income	1,250	24,125
Net foreign exchange gains	1,906	0
Income from realised derivatives	1,202	0
	4,358	24,125
Finance costs		
Interest expense	(24,267)	(62,526)
Foreign exchange loss	0	(530)
Loss on realised derivatives	0	(858)
Other finance costs	(864)	(517)
	(25,131)	(64,431)
Net finance income / costs	(20,773)	(40,306)
Exchange differences (including on realised derivatives)	3,108	(1,338)
Realised	681	1,214
Unrealised	2,427	(2,552)

*) 2012 restated

28. Currency translation of financial data

Data of the subsidiaries Pfleiderer OOO and MDF OOO, which were covered by the transaction executed on January 23rd 2013, were translated at the exchange rate prevailing on January 31st 2013.

Date	RUB	PLN
Jan 31 2013	RUB 1	0.1027

Selected financial information presented in these financial statements were translated into the euro in the following manner:

- items of the statement of financial position were translated at the closing exchange rate quoted by the NBP for the reporting date;
- items of the statement of comprehensive income were translated at the exchange rate computed as the arithmetic mean of monthly exchange rates quoted in Q3 2013.

Date	EUR	PLN
Jan 31 2013	EUR 1	4.1870
Feb 28 2013	EUR 1	4.1570
Mar 29 2013	EUR 1	4.1774
Apr 30 2013	EUR 1	4.1429
May 31 2013	EUR 1	4.2902
Jun 28 2013	EUR 1	4.3292
Jul 31 2013	EUR 2	4.2427
Aug 31 2013	EUR 3	4.2654
Sep 30 2013	EUR 4	4.2163
EUR exchange rate at the end of Q3 2013		4.2163
Arithmetic mean for Q3 2013		4.2231

**Condensed separate financial statements of Pfleiderer Grajewo S.A., the Parent, prepared
in accordance with IFRS**

Separate statement of financial position as at September 30th 2013 (PLN '000)

	Total	Total	Total	Total
Note	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
Assets				
Property, plant and equipment	100,909	100,837	103,056	102,555
Intangible assets	1,702	1,910	2,244	1,842
Investments in related entities	562,335	562,343	562,334	808,913
Other non-current financial assets	10	10	10	10
Deferred tax asset	16,185	22,692	0	0
Non-current loans advanced to subsidiaries	458	449	430	352,901
Non-current receivables – prepayments for tangible assets	1,661	545	472	1,105
Non-current assets	683,268	688,786	668,546	1,267,326
Inventories	65,540	63,214	63,537	70,944
Income tax receivable	7,911	2,201	0	0
Trade and other receivables	113,551	112,854	75,146	145,943
Cash and cash equivalents	65,576	50,925	1,719	2,536
Loans advanced to subsidiaries	0	0	6,832	0
Loans advanced to associates	0	16,234	0	0
Cash flow hedges	744	0	0	0
Assets held for sale or distribution	0	0	611,883	0
Current assets	253,322	245,428	759,117	219,423
Total assets	936,590	934,214	1,427,663	1,486,749
Equity				
Share capital	16,376	16,376	16,376	16,376
Share premium	289,806	289,806	289,806	289,806
Statutory reserve funds	207,762	207,762	195,759	195,759
Cash flow hedges	744	(1,490)	0	0
Retained earnings/(deficit)	97,286	94,251	35,085	37,817
Total equity	611,974	606,705	537,026	539,758
Liabilities				
Borrowings and other debt instruments	0	0	24,467	446,986
Employee benefit obligations	5,412	5,412	5,412	4,895
Deferred tax liabilities	0	0	984	4,946
Non-current liabilities	5,412	5,412	30,863	456,827
Borrowings and other debt instruments	0	38	457,254	108,613
Income tax payable	0	0	0	0
Liabilities to related entities under debt securities	226,813	209,812	292,005	265,698
Trade and other payables	78,577	95,502	100,368	106,780
Liabilities under forward contracts	0	1,490	0	0
Employee benefit obligations	13,814	15,255	10,147	9,073
Current liabilities	319,204	322,097	859,774	490,164
Total liabilities	324,616	327,509	890,637	946,991
Total equity and liabilities	936,590	934,214	1,427,663	1,486,749

	Sep 30 2013 end of Q3 2013 (PLN '000)	Jun 30 2013 end of Q2 2013 (PLN '000)	Dec 31 2012 end of Q4 2012 (PLN '000)	Sep 30 2012 end of Q3 2012 (PLN '000)
OFF-BALANCE-SHEET ITEMS				
Contingent liabilities	4,699	4,830	48,880	67,229
To other entities, including:	4,699	4,830	48,880	67,229
- guarantees and sureties issued	4,699	4,830	48,880	67,229
Total off-balance-sheet items	4,699	4,830	48,880	67,229

**Separate statement of comprehensive income for the period January 1st–September 30th 2013
(PLN '000)**

	Total Jan 1– Sep 30 2013	Total Jan 1– Sep 30 2012
Continuing operations		
Revenue	489,476	532,590
Cost of sales	(423,246)	(463,517)
Gross profit	66,230	69,073
Other income	10,618	445
Distribution costs	(22,420)	(20,962)
Administrative expenses	(21,220)	(20,132)
Other expenses	(9,352)	(992)
Operating profit	23,856	27,432
Finance income	13,342	55,412
Finance costs	(18,286)	(69,755)
Net finance income/(costs)	(4,944)	(14,343)
Profit before tax on continuing operations	18,912	13,089
Profit on discontinued operations	89,395	0
Income tax expense	(34,102)	1,646
Net profit for reporting period	74,205	14,735
Other comprehensive income		
	0	0
Effective portion of fair-value measurement of hedging instruments, including corporate income tax		
Total comprehensive income for the period	74,205	14,735
Basic earnings per share (PLN)	1.50	0.30
Diluted earnings per share (PLN)	1.50	0.30

Separate statement of changes in equity for the period March 1st–September 30th 2012 (PLN '000)

	Share capital	Share premium	Statutory reserve funds	Cash flow hedges	Retained earnings/(deficit)	Total
As at Jan 1 2012	16,376	289,806	154,958	0	63,883	525,023
Comprehensive income for the period						
Net profit	0	0	0		14,735	14,735
Comprehensive income for the period	0	0	0	0	14,735	14,735
Transactions with owners recognised in equity						
Transfer of part of 2011 net profit to statutory reserve funds	0	0	40,801	0	(40,801)	0
Transactions with owners recognised in equity	0	0	40,801	0	(40,801)	0
As at September 30th 2012	16,376	289,806	195,759	0	37,817	539,758

Separate statement of changes in equity for the period January 1st – December 31st 2012 (PLN '000)

	Share capital	Share premium	Statutory reserve funds	Cash flow hedges	Retained earnings/(deficit)	Total
As at Jan 1 2012	16,376	289,806	154,958	0	63,883	525,023
Comprehensive income for the period						
Net profit	0	0	0		12,003	12,003
Comprehensive income for the period	0	0	0	0	12,003	12,003
Transactions with owners recognised in equity						
Transfer of part of 2011 net profit to statutory reserve funds	0	0	40,801	0	(40,801)	0
Transactions with owners recognised in equity	0	0	40,801	0	(40,801)	0
As at Dec 31 2012	16,376	289,806	195,759	0	35,085	537,026

Separate statement of changes in equity for the period January 1st–September 30th 2013 (PLN '000)

	Share capital	Share premium	Statutory reserve funds	Cash flow hedges	Retained earnings/(deficit)	Total
As at Jan 1 2013	16,376	289,806	195,759	213	35,085	537,239
Comprehensive income for the period						
Net profit	0	0	0		74,204	74,204
Valuation of forward contracts				531		
Comprehensive income for the period	0	0	0	531	74,204	74,735
Transactions with owners recognised in equity						
Transfer of part of 2012 net profit to statutory reserve funds	0	0	12,003	0	(12,003)	0
Transactions with owners recognised in equity	0	0	12,003	0	(12,003)	0
As at September 30th 2013	16,376	289,806	207,762	744	97,286	611,974

Separate statement of cash flows for the period January 1st–September 30th 2013 (PLN ‘000), including comparative data

	Jan 1– Sep 30 2013	Jan 1– Sep 30 2012
Cash flows from operating activities		
Net profit/loss	74,204	14,735
Adjustments	(70,209)	8,434
Depreciation and amortisation	9,260	10,302
Foreign exchange gains/losses	(4,175)	8,761
Dividend and interest for the period	5,386	216
Gain/loss on sale of shares	(89,573)	0
Gain/loss on disposal of intangible assets and property, plant and equipment	120	12
Deferred tax assets/liabilities	34,102	(1,646)
Change in trade and other receivables	(8,224)	(25,217)
Change in inventories	(3,627)	8,499
Change in trade and other payables	(16,243)	7,001
Change in employee benefit obligations	1,460	(521)
Result on forward contracts	955	851
Other adjustments	352	176
Cash flows from operating activities	3,955	23,169
Interest received	478	125
Interest paid	(92)	(90)
Income tax paid	(59,182)	0
Net cash from operating activities	(54,801)	23,204
Cash flows from investing activities		
Disposal of property, plant and equipment	54	259
Interest received	24	0
Acquisition of intangible assets and property, plant and equipment	(8,723)	(7,365)
Dividends and share in profits	9,991	29,104
Acquisition of subsidiary	(9)	0
Disposal of subsidiary	687,733	41,883
Repayment of loans advanced	4,514	0
Loans advanced	(8,461)	0
Net cash from investing activities	685,123	63,881
Cash flows from financing activities		
Repayment of borrowings and other debt instruments	(486,084)	(30,000)
Increase in borrowings and other debt instruments	2,726	20,678
Redemption of debt securities	(712,011)	(1,529,227)
Issue of debt securities	646,125	1,499,300
Interest paid	(17,221)	(46,680)
Cash flows from financing activities	(566,465)	(85,929)
Change in cash	63,857	1,156
Cash at beginning of the period	1,719	1,380
Cash at end of the period	65,576	2,536

Supplementary information to the condensed separate financial statements of Pfleiderer Grajewo S.A., the Parent

1. Notes to the separate statement of financial position

Note 1 – Trade and other receivables (PLN '000)

	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
Trade receivables other than from related entities	24,838	27,232	14,443	27,606
Trade and other receivables from related entities	40,606	23,877	46,335	33,987
Current prepayments and accrued income	5,903	10,667	8,744	7,038
Current VAT receivables	9,994	7,661	4,134	4,169
Other receivables	32,210	43,417	1,490	73,143
Total	113,551	112,854	75,146	145,943

Other receivables include mainly receivables under the sale of shares in the subsidiary Pfleiderer OOO, totalling PLN 30,351 thousand.

Note 2 – Trade and other payables (PLN '000)

	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
Trade payables	35,961	38,767	63,504	62,903
Liabilities to related entities	21,651	23,233	19,928	28,598
Liabilities under factoring agreements	15,257	27,618	9,480	8,968
Liabilities under investment supplies	1,054	1,870	3,463	1,325
Other liabilities	4,654	4,014	3,994	4,986
Total	78,577	95,502	100,369	106,780

Other liabilities include primarily accrued expenses and other provisions.