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ARCTIC PAPER S.A. CAPITAL GROUP
Consolidated quarterly report
for the third quarter of the year 2015

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the report of the above-mentioned Company.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.



ARCTIC PAPER

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Introduction

Information on report

The hereby Consolidated Quarterly Report for the third quarter of 2015 was prepared in accordance with the Minister of Finance Regulation of 19th February 2009 concerning current and periodical information submitted by issuers of securities and terms and conditions of classifying as equivalent information required by the law of a non-member state (Journal of Laws of 2009 no. 33, item 259, as amended) and the part of condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), in particular in accordance with International Accounting Standard no 34 and IFRS approved by the EU. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International

Financial Reporting Interpretations Committee ("IFRIC"). Condensed consolidated financial statements do not comprise all information and disclosures required in the annual consolidated financial statements which are subject to obligatory audit and therefore they should be read in conjunction with the consolidated financial statements of the Group for the year ended 31st December 2014.

Certain selected information contained in this report comes from the Arctic Paper Group management accounting system and statistics systems.

The hereby consolidated quarterly report presents data in PLN, and all figures, unless otherwise indicated, are given in thousand PLN.

Definitions and abbreviations

Insofar as the context does not require otherwise, the following definitions and abbreviations are used in the whole document:

Abbreviations applied to business entities, institutions, authorities and documents of the Company

Arctic Paper, Company, Issuer, Parent Company, AP	Arctic Paper Spółka Akcyjna seated in Poznań, Poland
Capital Group, Group, Arctic Paper Group, AP Group	Capital Group comprised of Arctic Paper Spółka Akcyjna and its subsidiaries as well as joint enterprises
Arctic Paper Kostrzyn, AP Kostrzyn, APK	Arctic Paper Kostrzyn Spółka Akcyjna seated in Kostrzyn nad Odrą, Poland
Arctic Paper Munkedals, AP Munkedals, APM	Arctic Paper Munkedals AB seated in Munkedal Municipality, Västra Götaland County, Sweden
Arctic Paper Mochenwangen, AP Mochenwangen, APMW	Arctic Paper Mochenwangen GmbH seated in Mochenwangen, Germany
Arctic Paper Grycksbo, AP Grycksbo, APG Paper Mills	Arctic Paper Grycksbo AB seated in Kungsvagen, Grycksbo, Sweden Arctic Paper Kostrzyn, Arctic Paper Munkedals, Arctic Paper Mochenwangen, Arctic Paper Grycksbo
Arctic Paper Investment AB, API AB	Arctic Paper Investment AB seated in Göteborg, Sweden
Arctic Paper Investment GmbH, API GmbH	Arctic Paper Investment GmbH seated in Wolpertswende, Germany
Arctic Paper Verwaltungs	Arctic Paper Verwaltungs GmbH seated in Wolpertswende, Germany
Arctic Paper Immobilienverwaltungs	Arctic Paper Immobilienverwaltungs GmbH & Co. KG seated in Wolpertswende, Germany

Kostrzyn Group	Arctic Paper Kostrzyn Spółka Akcyjna seated in Kostrzyn nad Odrą and EC Kostrzyn Sp. z o.o. seated in Kostrzyn nad Odrą
Mochenwangen Group	Arctic Paper Investment GmbH, Arctic Paper Mochenwangen GmbH, Arctic Paper Verwaltungs GmbH, Arctic Paper Immobilienverwaltungs GmbH & Co.KG
Grycksbo Group	From 8th August 2014: Arctic Paper Grycksbo AB, before: Arctic Paper Grycksbo AB and Grycksbo Paper Holding AB,
Distribution Companies	Arctic Paper Sverige AB, Arctic Paper Danmark A/S and Arctic Paper Norge AS
Sales Offices	Arctic Paper Papierhandels GmbH seated in Vienna (Austria); Arctic Paper Benelux SA seated in Oud-Haverlee (Belgium); Arctic Paper Danmark A/S seated in Greve (Denmark); Arctic Paper France SA seated in Paris (France); Arctic Paper Deutschland GmbH seated in Hamburg (Germany); Arctic Paper Ireland Ltd seated in Dublin (Ireland); Arctic Paper Italia Srl seated in Milan (Italy); Arctic Paper Baltic States SIA seated in Riga (Latvia); Arctic Paper Norge AS seated in Kolbotn (Norway); Arctic Paper Polska Sp. z o.o. seated in Warsaw (Poland); Arctic Paper España SL seated in Barcelona (Spain); Arctic Paper Sverige AB seated in Munkedal (Sweden); Arctic Paper Schweiz AG seated in Zurich (Switzerland); Arctic Paper UK Ltd seated in Caterham (UK); Arctic Paper East Sp. z o.o. seated in Kostrzyn nad Odrą (Poland).
Arctic Paper Finance AB	Arctic Paper Finance AB seated in Göteborg, Sweden
Rottneros, Rottneros AB	Rottneros AB seated in municipality of Sunne, Sweden
Rottneros Group, Rottneros AB Group	Rottneros AB seated in municipality of Sunne, Sweden; Rottneros Bruk AB seated in municipality of Sunne, Sweden; Utansjo Bruk AB seated in Harnösand Sweden, Vallviks Bruk AB seated in municipality of Söderhamn, Sweden; Rottneros Packaging AB seated in Stockholm, Sweden; SIA Rottneros Baltic seated in Ventspils, Latvia
Pulp mills	Rottneros Bruk AB seated in municipality of Sunne, Sweden; Vallviks Bruk AB seated in municipality of Söderhamn, Sweden
Rottneros Purchasing Office	SIA Rottneros Baltic seated in Latvia
Kalltorp	Kalltorp Kraft Handelsbolaget seated in Trollhattan, Sweden
Nemus Holding AB	Nemus Holding AB seated in Göteborg, Sweden
Thomas Onstad	Major shareholder of the Issuer who holds, directly and indirectly, more than 50% of Arctic Paper S.A. shares; a member of the Issuer's Supervisory Board
Management Board, Issuer's Management Board, Company's Management Board, Group's Management Board	Management Board of Arctic Paper S.A.
Supervisory Board, Issuer's Supervisory Board, Company's Supervisory Board, Group's Supervisory Board, SB	Supervisory Board of Arctic Paper S.A.
SM, Shareholders Meeting, Issuer's Shareholders Meeting, Company's Shareholders Meeting	Shareholders Meeting of Arctic Paper S.A.
ESM, Extraordinary Shareholders Meeting, Issuer's Extraordinary Shareholders Meeting, Company's Extraordinary	Extraordinary Shareholders Meeting of Arctic Paper S.A.

Shareholders Meeting

Articles of Association, Issuer's Articles of Association, Company's Articles of Association	Articles of Association of Arctic Paper S.A.
SEZ	Kostryńsko-Słubicka Special Economic Zone
Court of Registration	District Court Poznań-Nowe Miasto i Wilda in Poznań
Warsaw Stock Exchange, WSE	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
KDPW, Depository	Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna seated in Warsaw
KNF	Komisja Nadzoru Finansowego (Financial Supervision Authority)
SFSA	Swedish Financial Supervisory Authority
NASDAQ in Stockholm, Nasdaq	Stock Exchange in Stockholm, Sweden
CEPI	Confederation of European Paper Industries
EURO-GRAPH	The European Association of Graphic Paper Producers
Eurostat	European Statistical Office
GUS	Polish Central Statistical Office
NBSK	Northern Bleached Softwood Kraft
BHKP	Bleached Hardwood Kraft Pulp

Definitions of selected terms and financial indicators and abbreviations of currencies

Sales profit margin	Ratio of sales profit (loss) to sales income
EBIT	Profit on operating activity (Earnings Before Interest and Taxes)
EBIT profitability, operating profitability, operating profit margin	Ratio of operating profit (loss) to sales income
EBITDA	Operating profit plus depreciation and amortization and impairment charges (Earnings Before Interest, Taxes, Depreciation and Amortization)
EBITDA profitability, EBITDA margin	Ratio of operating profit plus depreciation and amortization and impairment charges to sales income
Gross profit margin	Ratio of gross profit (loss) to sales income
Sales profitability ratio, net profit margin	Ratio of net profit (loss) to sales income
Return on equity, ROE	Ratio of net profit (loss) to equity
Return on assets, ROA	Ratio of net profit (loss) to total assets
EPS	Earnings Per Share, ratio of net profit to the number of shares
BVPS	Book Value Per Share, ratio of book value of equity to the number of shares
Debt-to-equity ratio	Ratio of total liabilities to equity
Equity-to-non-current assets ratio	Ratio of equity to non-current assets
Interest-bearing debt-to-equity ratio	Ratio of interest-bearing debt and other financial liabilities to equity
Net debt-to-EBITDA ratio	Ratio of interest-bearing debt minus cash to EBITDA
Solidity ratio	Ratio of equity (calculated in compliance with Swedish Gaap accounting principles) to value of assets
Interest coverage	Ratio of interest value (less of financial lease interest) to EBITDA (calculated in

	compliance with Swedish Gaap accounting principles)
EBITDA-to-interest coverage ratio	Ratio of EBITDA to interest cost
Current ratio	Ratio of current assets to current liabilities
Quick ratio	Ratio of current assets minus inventory and short-term prepayments and deferred costs to current liabilities
Acid test ratio	Ratio of total cash assets and other cash assets to current liabilities
Days inventory outstanding, DSI, DIO	Days Sales of Inventory or Days Inventory Outstanding, ratio of inventory to cost of sales multiplied by the number of days in the period
Days sales outstanding, DSO	Days Sales Outstanding, ratio of trade receivables to sales income multiplied by the number of days in the period
Days payable outstanding, DPO	Days Payable Outstanding, ratio of trade payables to cost of sales multiplied by the number of days in the period
Operating cycle	DSI + DSO
Cash conversion cycle	Operating cycle – DPO
FY	Financial year
1Q	1st quarter of the financial year
2Q	2nd quarter of the financial year
3Q	3rd quarter of the financial year
4Q	4th quarter of the financial year
1H	First half of the financial year
2H	Second half of the financial year
YTD	Year-to-date
Like-for-like, LFL	Analogous, with respect to operating result – in the meaning of this report excluding the effect of the purchase of Arctic Paper Grycksbo in March 2010
p.p.	Percentage point – difference between two amounts of one item given in percentage
PLN, zł, złoty	Monetary unit of the Republic of Poland
gr	grosz – 1/100 of one zloty (the monetary unit of the Republic of Poland)
Euro, EUR	Monetary unit of the European Union
GBP	Pound sterling – monetary unit of the Great Britain
SEK	Swedish Krona - Monetary unit of the Kingdom of Sweden
USD	United States dollar, the currency being legal tender in the United States of America
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
GDP	Gross Domestic Product
Other definitions and abbreviations	
Series A Shares	50,000 Arctic Paper S.A. Series A Shares with a par value of 1 PLN each
Series B Shares	44,253,500 Arctic Paper S.A. Series B Shares with a par value of 1 PLN each

Series C Shares	8,100,000 Arctic Paper S.A. Series C Shares with a par value of 1 PLN each
Series E Shares	3,000,000 Arctic Paper S.A. Series E Shares with a par value of 1 PLN each
Series F Shares	13,884,283 Arctic Paper S.A. Series F shares with a par value of 1 PLN each
Shares, Issuer's Shares	Series A, Series B, Series C, Series E, and Series F Shares jointly

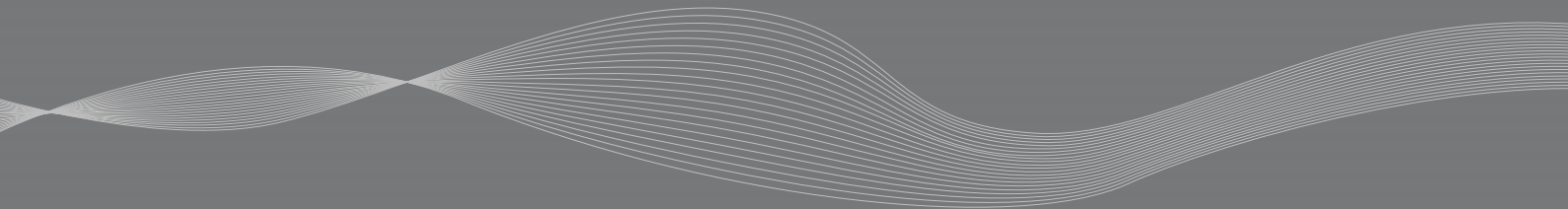
Forward looking statements

The information contained in the hereby report which does not relate to historical facts relates to forward looking statements. Such statements may, in particular, concern the Group's strategy, business development, market projections, planned investment outlays, and future revenues. Such statements may be identified by the use of expressions pertaining to the future such as, e.g., "believe", "think", "expect", "may", "will", "should", "is expected", "is assumed", and any negations and grammatical forms of these expressions or similar terms. The statements contained in the hereby report concerning matters which are not historical facts should be treated only as projections subject to risk and uncertainty. Forward-looking statements are inevitably based on certain estimates and assumptions which, although our management finds them rational, are naturally subject to known and unknown risks and

uncertainties and other factors that could cause the actual results to differ materially from the historical results or the projections. For this reason, we cannot assure that any of the events provided for in the forward-looking statements will occur or, if they occurred, about their impact on the Group's operating activity or financial situation. When evaluating the information presented in this report, one should not rely on such forward-looking statements, which are stated only on the date they are expressed. Insofar as the legal regulations do not contain detailed requirements in this respect, the Group shall not be obliged to update or verify those forward-looking statements in order to provide for new developments or circumstances. Furthermore, the Group is not obliged to verify or to confirm the analysts' expectations or estimates, except for those required by law.



Management's Board report on the operations of
Arctic Paper S.A. Capital Group
to the report for the third quarter of the year 2015



Arctic Paper Group profile

General information

The Arctic Paper Group is the second-largest European producer of bulky book paper in terms of production volume, offering the largest product assortment in this segment, and one of Europe's leading producers of fine graphic paper. The Group produces numerous types of uncoated and coated wood-free paper, as well as wood-containing uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. In connection with acquisition of Rottneros Group in December 2012, our assortment was broadened with production of pulp. As on the day of publishing of this report, the Arctic Paper Group employs app. 1,800 people in four paper mills, two pulp mills, fifteen companies dealing in paper distribution and sales, and a company dealing in timber procurement for pulp production. The Group's paper mills are located in Poland, Sweden and Germany and have total production capacity of more than

800,000 metric tons of paper per year. The pulp mills are located in Sweden and have total production capacity of 400,000 tons per year. The Group has three Distribution Companies which handle sales, distribution and marketing of products offered by the Group in Scandinavia and twelve Sales Offices providing access to all European markets, including Central and Eastern Europe. The Group's consolidated sales revenue for three quarters of 2015 totaled PLN 2,190 million.

Arctic Paper S.A. is a holding company established in April 2008. The Parent Company is entered in the register of entrepreneurs of the National Court Register maintained by the District Court in Poznań – Nowe Miasto i Wilda, 8th Commercial Department of the National Court Register, under KRS number 0000306944. The Parent Company holds statistical number REGON 080262255.

Group Profile

The principal business of Arctic Paper Group is paper production and sales.

The Group's additional business, partly subordinate to paper production, covers:

- Production and sales of pulp,
- Generation of electricity,
- Transmission of electricity,
- Distribution of electricity,
- Production of heat,
- Distribution of heat,
- Logistic services,
- Distribution of paper.

Our production units

As on 30th September 2015, as well as on the day of publishing of the hereby report, the Group has owned the following paper mills:

- the paper mill in Kostrzyn nad Odrą (Poland) has the production capacity of about 275,000 metric tons per year and mainly produces uncoated wood-free paper for general printing use such as printing books, brochures

and forms, and for producing envelopes and other paper products;

- the paper mill in Munkedal (Sweden) has the production capacity of about 160,000 metric tons per year and mainly produces fine uncoated wood-free paper used primarily for printing books and high-quality brochures;
- the paper mill in Mochenwangen (Germany) has the production capacity of about 115,000 metric tons per

year and mainly produces uncoated wood-containing paper used primarily for printing books and flyers;

- paper mill in Grycksbo (Sweden) has the production capacity of about 265,000 metric tons per year and produces coated wood-free paper used for printing maps, books, magazines, posters and printing of advertising materials.

As on 31st March 2015, as well as on the day of publishing of the hereby report, the Group has owned the following pulp mills:

- the pulp mill in Rottneros (Sweden) has the annual production capacity of app. 150,000 tons and mainly produces two types of fibrous mechanical pulp: groundwood and CTMP;
- the pulp mill in Vallvik (Sweden) has the annual production capacity of app. 250,000 tons and produces two types of long-fiber sulphate pulp: fully bleached sulphate pulp and unbleached sulphate pulp. The most

of Vallvik pulp mill production is known as NBSK pulp. The unbleached sulphate pulp produced by the mill is characteristic of high levels of purity. The high quality of this pulp, which has been achieved over the years, made Vallvik the global leader in deliveries of this type of pulp, which is used, among other, in production of power transformers and cable industry.

Our products

The assortment of products of Arctic Paper Group includes:

Uncoated wood-free paper, in particular:

- high-white offset paper produced and distributed primarily under the brand name Amber, one of the most versatile types of paper that can be used for many different purposes;
- wood-free bulky book paper produced under the brand name Munken, used primarily for book publishing;
- high quality graphic paper, used for printing various advertising and marketing materials, produced under the brand name Munken;

Coated wood-free paper, in particular:

- coated wood-free paper produced under the brand names G-Print and Arctic, used primarily for printing books, magazines, catalogs, maps and direct mail.

Uncoated wood-containing paper, in particular:

- wood-containing bulky book paper produced and distributed under the brand name Pamo, primarily used for printing paperbacks;
- wood-containing offset paper produced and distributed under the brand name L-Print, primarily used for printing low-budget advertising brochures and telephone directories.

Sulphate pulp:

- fully bleached sulphate pulp and unbleached sulphate pulp which is used mainly for production of printing and writing papers, cardboard, toilet paper and white packaging paper.

Fibrous mechanical pulp:

- chemithermomechanical pulp and groundwood which are used mainly for production of printing and writing papers.

Capital Group structure

Arctic Paper Capital Group comprises Arctic Paper S.A., as the Parent Company, and its subsidiaries, as well as joint arrangements. Since 23rd October 2009, Arctic Paper S.A. has been listed on the primary market of Warsaw Stock Exchange and since 20th December 2012 in NASDAQ stock exchange in Stockholm. The Group carries out business through its Paper Mills and Pulp Mills together with a company

producing packaging as well as Distribution Companies, Sales Offices and a Purchasing Office.

Detailed information about the organization of Arctic Paper S.A. Capital Group with indication of the entities under consolidation can be found in latter section of the hereby quarterly report, in note 2 to the condensed consolidated financial statements.

Changes in the capital structure of the Arctic Paper Group

In the third quarter of 2015, no changes in capital structure of Arctic Paper Group occurred.

Shareholding structure

Nemus Holding AB, a company under Swedish law (and which is indirectly held by Mr Thomas Onstad), is the majority shareholder of Arctic Paper S.A., holding as on 30th September 2015 40,006,449 shares of the Company, which constitute 57.74% of its share capital and representing 57.749% of total number of votes in the Shareholders Meeting. Thus Nemus Holding AB is the parent entity of the Issuer.

Moreover, Mr. Thomas Onstad, an indirect shareholder of Nemus Holding AB, directly holds 5,848,658 Shares constituting 8.44% of total number of the Company's shares.

On 8th July 2015, the Company received information concerning sales of 1,350,000 shares of the Company, constituting 1.95% of total number of the Company's Shares, performed by Nemus Holding AB to a third party indirectly held by Mr Thomas Onstad.

Shareholders who hold, directly or indirectly, at least 5% of the total number of votes at the Shareholder Meeting

Shareholder	as at 13.11.2015				as at 28.08.2015			
	Number of shares	Share capital [%]	Number of votes	Of total number of votes [%]	Number of shares	Share capital [%]	Number of votes	Of total number of votes [%]
Thomas Onstad	47 205 107	68,13%	47 205 107	68,13%	47 205 107	68,13%	47 205 107	68,13%
- indirectly via	41 356 449	59,69%	41 356 449	59,69%	41 356 449	59,69%	41 356 449	59,69%
Nemus Holding AB	40 006 449	57,74%	40 006 449	57,74%	40 006 449	57,74%	40 006 449	57,74%
other subsidiary	1 350 000	1,95%	1 350 000	1,95%	1 350 000	1,95%	1 350 000	1,95%
- directly	5 848 658	8,44%	5 848 658	8,44%	5 848 658	8,44%	5 848 658	8,44%
Others	22 082 676	31,87%	22 082 676	31,87%	22 082 676	31,87%	22 082 676	31,87%
Total	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%
Own shares	-	0,00%	-	0,00%	-	0,00%	-	0,00%
Total	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%

Data in the above table is given as on the date of publishing of the hereby report and as on the date of publishing of the report for the first half of 2015. Data presented in the above table as on 13th November 2015 prevailed also as on 30th September 2015.

Summary of consolidated financial results

Consolidated income statement

Selected items of the consolidated income statement

PLN thousands	3Q	2Q	3Q	YTD	YTD	Change %	Change %	Change %
	2015	2015	2014	2015	2014	3Q2015/ 2Q2015	3Q2015/ 3Q2014	YTD2015/ YTD2014
Revenues	730 700	688 249	728 242	2 190 052	2 164 304	6,2	0,3	1,2
<i>including:</i>								
Sales of paper	546 755	507 238	546 825	1 632 726	1 626 714	7,8	(0,0)	0,4
Sales of pulp	183 945	181 011	181 417	557 326	537 589	1,6	1,4	3,7
Gross profit/ (loss) on sales	111 566	80 220	131 092	323 725	328 314	39,1	(14,9)	(1,4)
Gross profit on sales margin %	15,27	11,66	18,00	14,78	15,17	3,6 p.p.	(2,7) p.p.	(0,4) p.p.
Sales costs	(58 839)	(59 833)	(66 090)	(201 386)	(200 847)	(1,7)	(11,0)	0,3
Administrative expenses	(15 693)	(14 418)	(13 989)	(45 985)	(47 038)	8,8	12,2	(2,2)
Other operating income	15 119	13 922	14 053	56 525	43 069	8,6	7,6	31,2
Other operating cost	(9 115)	(8 026)	(5 958)	(27 016)	(18 135)	13,6	53,0	49,0
EBIT	43 038	11 865	59 107	105 862	105 364	262,7	(27,2)	0,5
EBIT margin %	5,89	1,72	8,12	4,83	4,87	4,2 p.p.	(2,2) p.p.	(0,0) p.p.
EBITDA	70 463	38 899	87 191	187 361	189 753	81,1	(19,2)	(1,3)
EBITDA margin %	9,64	5,65	11,97	8,56	8,77	4,0 p.p.	(2,3) p.p.	(0,2) p.p.
Financial income	(1 076)	1 988	(192)	1 021	805	(154,1)	459,6	26,8
Financial cost	(10 685)	(982)	(10 837)	(25 103)	(26 781)	988,3	(1,4)	(6,3)
EBT	31 277	12 872	48 078	81 780	79 387	143,0	(34,9)	3,0
Corporate income tax	(8 556)	12 328	(8 084)	(7 169)	(15 216)	(169,4)	5,8	(52,9)
Net profit/ (loss) from continuing operations	22 721	25 200	39 993	74 611	64 171	(9,8)	(43,2)	16,3
Net profit margin from continuing operations %	3,11	3,66	5,49	3,41	2,96	(0,6) p.p.	(2,4) p.p.	0,4 p.p.
Discontinued operations								
Net profit/ (loss) from discontinued operations	(9 795)	(12 102)	(5 612)	(35 741)	(7 406)	(19,1)	74,6	382,6
Net profit margin from discontinuing operations %	(1,34)	(1,76)	(0,77)	(1,63)	(0,34)	0,4 p.p.	(0,6) p.p.	(1,3) p.p.
Net profit/ (loss)	12 926	13 098	34 382	38 870	56 765	(1,3)	(62,4)	(31,5)
Net profit margin %	1,77	1,90	4,72	1,77	2,62	(0,1) p.p.	(3,0) p.p.	(0,8) p.p.

Commentary of the President of the Management Board Wolfgang Lübbert to the results of the third quarter of 2015

In the 3rd quarter of 2015 the financial results generated by the Arctic Paper Group from continued operations* were influenced by unchanged market challenges. EBITDA was PLN 70.5m (down 19.2% compared to Q3 2014), operating profit was slightly over PLN 43m (27.2% less than in Q3 2014), and net profit from continued operations was over PLN 22.7m

(down 43.2% from the same period of 2014). Sales revenues were PLN 730.7m, that is at a similar level year-on-year.

The 3rd quarter results on EBITDA and operating profit level were significantly above those achieved in Q2 2015: EBITDA grew by 81.1% and operating profit by 262,7%, while revenues increased by 6.2% quarter-on-quarter. The

cumulative year-to-date net result from continued operations was by 16.3% higher than achieved in the first three quarters of 2014. EBITDA was down 1.3% and operating profit slightly increased (by 0.5%) year on year. Revenues were by 1.2% higher in comparison to the first three quarters of last year.

All the above figures include the contribution of Rottneros AB (the majority of Rottneros AB was acquired by Arctic Paper Group in 2013), which posted very good financial results for both Q3 2015 and the first 9 months of 2015.

The Arctic Paper Group, excluding Rottneros, generated sales revenues of about PLN 541.9m in Q3 2015, which is 1.3% more than in Q3 2014. EBITDA was slightly over PLN 28m (a decline of 50.1% compared to the same period of 2014) and operating profit was almost PLN 8.9m (a 74.8% decrease year-on-year). Nevertheless, also in this case the Q3 2015 EBITDA and EBIT are much better than those of Q2 2015, when EBITDA was only PLN 151,000 and the company had an operating loss of over PLN 19.1m.

The Group's results in the paper segment were adversely affected by an increase in PLN pulp purchasing costs by 18.5% year-on-year (and 2.1% compared to Q2 2015). This

Revenue

In the third quarter of 2015 consolidated sales revenue amounted to PLN 730,700 thousand (paper sales: PLN 546,755 thousand, pulp sales: PLN 183,945 thousand) compared to PLN 728,242 thousand (paper sales: PLN 546,825 thousand, pulp sales: PLN 181,417 thousand) in the same period of the previous year, which represents an increase by PLN 2,458 thousand (paper sales decrease of PLN 70 thousand and pulp sales increase of PLN 2,528 thousand) and accordingly by 0.3% (paper sales decrease of 0.0% and pulp sales increase of 1.4%).

In the first nine months of 2015 sales revenues amounted to PLN 2,190,052 thousand (paper sales: PLN 1,632,726 thousand, pulp sales: PLN 557,326 thousand) compared to PLN 2,164,304 thousand (paper sales: PLN 1,626,714 thousand, pulp sales: PLN 537,589 thousand) achieved in the analogous period of the previous year, which means an increase of revenue by PLN 25,748 thousand (paper sales increase of PLN 6,011 thousand and pulp sales increase of

situation remains unchanged and is caused mainly by the unfavourable euro to US dollar exchange rates, which were down by 16.1% compared to Q3 2014 (although slightly up, by 0.7%, compared to Q2 2015).

At the end of Q3 2015, the Arctic Paper Group kept a PLN 12.9m provision (out of PLN 15.3m created in Q1) motivated by the anticipated non-payment of trade receivables to Arctic Paper's mills by PaperlinX UK companies, which were placed in voluntary administration.

In September 2015, the average prices of high-quality graphic paper in Europe were 5.3% higher for uncoated wood-free paper and 1.7% higher for coated wood-free paper (year-on-year). As compared to June 2015, these prices were up 2.6% for uncoated wood-free paper and 2.5% for coated wood-free paper (all data based on RISI).

The Group paper sales revenue in Q3 2015 was up 2.1% year-on-year and 9.1% in comparison to Q2 of this year. Sales revenue per tonne rose by 4.9% and 3.8% respectively.

Total Arctic Paper Group production volume in Q3 2015 was 189,000 tonnes, which is up 10.4% in comparison to Q2 2015 and down 4.1% compared to Q3 2014..

PLN 19,737 thousand) and respectively 1.2% (paper sales 0.4% and pulp sales 3.7%).

Paper sales volume in the third quarter of 2015 amounted to 167 thousand tons compared to 172 thousand tons in the same period of the previous year. The change represents a decrease of 5 thousand tons and respectively 2.9%. Pulp sales volume in the third quarter of 2015 amounted to 87 thousand tons compared to 90 thousand tons in the previous year. This change represents a decrease of 3 thousand tons and respectively 3.3%.

Paper sales volume in the first three quarters of 2015 amounted to 507 thousand tons compared to 512 thousand tons in the analogous period of the previous year, which means a decrease of 5 thousand tons and respectively 1.0%. Pulp sales volume in the first three quarters of 2015 amounted to 259 thousand tons compared to 257 thousand tons in the

same period of the previous year. The change represents an

increase of 2 thousand tons and respectively 0.8%.

Profit on sales, selling and administrative expenses

Profit on sales in the third quarter of 2015 amounted to PLN 111,566 thousand and was 14.9% lower compared to the same period of the previous year. Sales profit margin in the current quarter stood at 15.3% compared to 18.0% (-2.7 p.p.) in the same period of the previous year. The main reason for the decrease of sales profit margin in the third quarter of 2015 compared to the corresponding period of the previous year was higher variable production costs, mainly of materials for paper production (particularly pulp).

Profit on sales in three quarters of 2015 amounted to PLN 323,725 thousand and was 1.4% lower compared to the same period of the previous year. Sales profit margin in the current quarter stood at 14.8% compared to 15.2% (-0.4 p.p.) in the same period of the previous year. The main reasons for the decrease of sales profit and sales profit margin in this period of 2015 compared to the corresponding period of the previous year was higher variable production costs, mainly pulp cost due to high prices of this material and appreciation of USD towards EUR. This effect was partially compensated with better results of pulp sales recorded by Rottneros Group mostly due to relatively high prices of pulp and depreciation of SEK towards USD.

Other operating income and cost

Other operating income in the third quarter of 2015 amounted to PLN 15,119 thousand, which means an increase compared to the same period of the previous year (by PLN 1,066 thousand).

Other operating income in three quarters of 2015 amounted to PLN 56,525 thousand, which means an increase compared to the same period of the previous year (by PLN 13,455 thousand).

Other operating income consist mainly of income from heat and electricity sales as well as income from sales of other materials and CO₂ emission rights. The increase of other operating income in the current period resulted mainly from sales of CO₂ emission rights and other materials.

In the third quarter of 2015, selling expenses amounted to PLN 58,839 thousand, which represents a decrease by 11.0% compared to the costs incurred in the third quarter of 2014.

In three quarters of 2015, selling expenses amounted to PLN 201,386 thousand, which represents an increase by 0.3% compared to the costs incurred in the analogous period of 2014. In the analysis of selling expenses for three quarters of 2015 one should consider increased allowances for trade receivables, particularly the receivables from PaperlinX group companies.

In the third quarter of 2015, administrative expenses amounted to PLN 15,693 thousand compared to PLN 13,989 thousand in the analogous period of 2014 (increase by 12.2%).

In three quarters of 2015, administrative expenses amounted to PLN 45,985 thousand compared to PLN 47,038 thousand in the analogous period of 2014, which represents a decrease by 2.2%. The main reason of the decrease was lower cost related to consulting services rendered to the Group by third parties.

In the third quarter of 2015, other operating cost amounted to PLN 9,115 thousand compared to PLN 5,958 thousand in the third quarter of 2014.

In three quarters of 2015, other operating cost amounted to PLN 27,016 thousand, which represents an increase compared to the analogous period of 2014 (by PLN 8,882 thousand).

Other operating cost comprises mainly cost of electricity and heat sales as well as cost of other materials sold. Higher other operating cost in three quarters of 2015 were influenced mainly by cost of sales of other materials.

Financial income and financial cost

In nine months of 2015 financial income amounted to PLN 1,021 thousand, while in the corresponding period of 2014 it amounted to PLN 805 thousand. Negative amount of financial income in the third quarters of 2015 and 2014 results from net presentation of exchange differences, ie. as the excess of positive exchange differences over negative exchange differences (financial income) or the excess of negative exchange differences over positive exchange differences (financial cost).

Financial cost in the third quarter of 2015 amounted to PLN 10,685 thousand compared to PLN 10,837 thousand incurred in the third quarter of 2014.

Income tax

Income tax in the third quarter of 2015 amounted to PLN -8,556 thousand, while in the analogous period of 2014 it amounted to PLN -8,084 thousand.

Current income tax in the analyzed period of 2015 amounted to PLN -1,042 thousand while the deferred part amounted to PLN -7,514 thousand. In the third quarter of the previous year it was respectively PLN -10,403 thousand and PLN 2,319 thousand.

Net profit/ (loss) from discontinued operations

Net profit/loss from discontinued operations comprises results of AP Mochenwangen and the companies established for the purpose of its acquisition. Since the Management Board of Arctic Paper S.A. performs an active search of a buyer for this Paper Mill, its operations have been deemed discontinued and,

Profitability analysis

Operating result for continuing operations in the third quarter of 2015 amounted to PLN 43,038 thousand compared to PLN 59,107 thousand in the analogous period of the previous year. These changes mean there was a decrease of operating profit margin from +8.1% in the third quarter of 2014 to +5.9% in the third quarter of the current year.

Operating result for continuing operations in three quarters of 2015 amounted to PLN 105,862 thousand compared to PLN

Financial cost in three quarters of 2015 amounted to PLN 25,103 thousand, compared to PLN 26,781 thousand in three quarters of 2014. Lower financial cost in three quarters of 2015 resulted primarily from lower cost in interest partially compensated with the aforementioned excess of positive exchange differences over negative exchange differences as recorded in this period.

Income tax in three quarters of 2015 amounted to PLN -7,169 thousand, while in the analogous period of 2014 it amounted to PLN -15,216 thousand.

Current income tax in the analyzed three quarters amounted to PLN -2,034 thousand while the deferred part amounted to PLN -5,135 thousand. In the analogous period of the previous year it was respectively PLN -10,576 thousand and PLN -4,640 thousand.

according to IFRS requirements, a change of presentation has been performed in the consolidated income statement of each presented period.

105,364 thousand in the analogous period of the previous year. These changes mean there was a slight decrease of operating profit margin from +4.87 in three quarters of 2014 to +4.83 in three quarters of the current year.

EBITDA for the third quarter of 2015 amounted to PLN 70,463 thousand, while in the same period of 2014 it amounted to PLN 87,191 thousand. In the reporting period EBITDA margin

amounted to 9.6% compared to 12.0% in the analogous period of 2014.

EBITDA for three quarters of 2015 amounted to PLN 187,361 thousand, while in the same period of 2014 it amounted to PLN 189,753 thousand. In the reporting period EBITDA margin amounted to 8.6% compared to 8.8% in the analogous period of 2014.

Net profit in the current quarter of 2015 amounted to PLN 12,926 thousand compared to net profit of PLN 34,382 thousand in the third quarter of 2014.

Net profit in three quarters of 2015 amounted to PLN 38,870 thousand compared to net profit of PLN 56,765 thousand in the third quarter of 2014.

Profitability analysis

<i>PLN thousand</i>	3Q 2015	2Q 2015	3Q 2014	YTD 2015	YTD 2014	Change % 3Q2015/ 2Q2015	Change % 3Q2015/ 3Q2014	Change % YTD2015/ YTD2014
Gross profit/ (loss) on sales	111 566	80 220	131 092	323 725	328 314	39,1	(14,9)	(1,4)
<i>sales revenue %</i>	15,27	11,66	18,00	14,78	15,17	3,6 p.p.	(2,7) p.p.	(0,4) p.p.
EBITDA	70 463	38 899	87 191	187 361	189 753	81,1	(19,2)	(1,3)
<i>sales revenue %</i>	9,64	5,65	11,97	8,56	8,77	4,0 p.p.	(2,3) p.p.	(0,2) p.p.
EBIT	43 038	11 865	59 107	105 862	105 364	262,7	(27,2)	0,5
<i>sales revenue %</i>	5,89	1,72	8,12	4,83	4,87	4,2 p.p.	(2,2) p.p.	(0,0) p.p.
Net profit/ (loss) from continuing operations	22 721	25 200	39 993	74 611	64 171	(9,8)	(43,2)	16,3
<i>Net profit margin from continuing operations</i>	3,11	3,66	5,49	3,41	2,96	(0,6) p.p.	(2,4) p.p.	0,4 p.p.
Net profit/ (loss) from discontinued operations	(9 795)	(12 102)	(5 612)	(35 741)	(7 406)	(19,1)	74,6	382,6
<i>Net profit margin from discontinued operations</i>	(1,34)	(1,76)	(0,77)	(1,63)	(0,34)	0,4 p.p.	(0,6) p.p.	(1,3) p.p.
Net profit/ (loss)	12 926	13 098	34 382	38 870	56 765	(1,3)	(62,4)	(31,5)
<i>Net profit margin %</i>	1,77	1,90	4,72	1,77	2,62	(0,1) p.p.	(3,0) p.p.	(0,8) p.p.
ROE - Return on equity (%)	1,7	1,8	4,8	5,2	7,9	(0,0) p.p.	(3,0) p.p.	(2,6) p.p.
ROA - Return on assets (%)	0,7	0,7	1,9	2,1	3,2	0,0 p.p.	(1,2) p.p.	(1,1) p.p.

In the third quarter of 2015, return on equity amounted to 1.7% (5.2% in three quarters of 2015), while in the third quarter of 2014 it amounted to 4.8% (7.9% in three quarters of 2014).

In the same period, return on assets dropped from 1.9% (3.2% in three quarters of 2014) to 0.7% (2.1% in three quarters of 2015).

Report on financial situation

Selected items of the consolidated balance sheet

PLN thousands	30/09/2015	31/12/2014	30/09/2014	Change	Change
				30/09/2015	30/09/2015
				-31/12/2014	-30/09/2014
Non-current assets	812 329	843 745	848 441	(31 416)	(36 112)
Inventory	334 724	376 486	358 809	(41 762)	(24 085)
Receivables	389 403	345 964	403 065	43 439	(13 662)
<i>including trade and other receivables</i>	<i>377 702</i>	<i>339 440</i>	<i>389 970</i>	<i>38 262</i>	<i>(12 268)</i>
Other current assets	12 509	38 184	18 241	(25 675)	(5 732)
Cash and equivalents	196 012	158 412	137 908	37 600	58 104
Assets associated with discontinued operations	63 481	-	-	63 481	63 481
Total assets	1 808 457	1 762 790	1 766 464	45 667	41 993
Equity	741 916	725 071	719 740	16 845	22 175
Short-term liabilities	626 604	590 567	658 648	36 037	(32 044)
<i>including:</i>					
<i>trade liabilities and other</i>	<i>356 969</i>	<i>364 992</i>	<i>429 506</i>	<i>(8 023)</i>	<i>(72 538)</i>
<i>interest-bearing liabilities</i>	<i>168 595</i>	<i>120 566</i>	<i>145 621</i>	<i>48 029</i>	<i>22 974</i>
<i>other liabilities</i>	<i>101 040</i>	<i>105 009</i>	<i>83 521</i>	<i>(3 969)</i>	<i>17 519</i>
Long-term liabilities	391 462	447 152	388 076	(55 691)	3 386
<i>including:</i>					
<i>interest-bearing liabilities</i>	<i>270 863</i>	<i>306 380</i>	<i>257 924</i>	<i>(35 517)</i>	<i>12 939</i>
<i>other liabilities</i>	<i>120 599</i>	<i>140 772</i>	<i>130 152</i>	<i>(20 174)</i>	<i>(9 553)</i>
Liabilities directly associated with discontinued operations	48 476	-	-	48 476	48 476
Total equity and liabilities	1 808 457	1 762 790	1 766 464	45 667	41 993

As on 30th September 2015, total assets amounted to PLN 1,808,457 thousand compared to PLN 1,762,790 thousand as at the end of 2014, which means an increase of PLN 45,667 thousand.

Non-current assets

As at the end of September 2015 non-current assets amounted to PLN 812,329 thousand and represented 44.9% of total assets compared to PLN 843,745 thousand and 47.9% as at the end of 2014. The carrying value of non-

current assets decreased in three quarters of 2015, mainly due to depreciation and amortization allowances partially compensated with expenditures on property, plant and equipment.

Current assets

Current assets reached the level of PLN 932,647 thousand as at the end of September 2015 compared to PLN 919,045 thousand as at the end of December 2014. Within current assets inventories decreased by PLN 41,762 thousand, receivables increased by PLN 43,439 thousand, other current assets decreased by PLN 25,675 thousand, and cash and

cash equivalents increased by PLN 37,600 thousand. Current assets represented 51.6% of total assets as at the end of September 2015 (52.1% as at the end of 2014) and included inventories 18.5% (21.3% as at the end of 2014), receivables 21.5% (19.6% as at the end of 2014), other current assets

0.7% (2.2% as at the end of 2014) and cash and cash

equivalents 10.8% (9.0% as at the end of 2014).

Assets related to discontinued operations

Assets related to discontinued operations comprise assets of Mochenwangen Group, excluding the assets from other companies of Arctic Paper Group. As on 30th September 2015, the amount of PLN 63,481 thousand included

inventories (PLN 43,639 thousand), trade receivables and other receivables (PLN 17,433 thousand), cash and cash equivalents (PLN 966 thousand) and other financial and non-financial assets (PLN 1,442 thousand).

Equity

Equity amounted to PLN 741,916 thousand as at the end of the third quarter of 2015 compared to PLN 725,071 thousand as at the end of 2014. Equity represented 41.0% of total equity

and liabilities as at the end of September 2015 compared to 41.1% of total equity and liabilities as at the end of December 2014.

Short-term liabilities

As at the end of September 2015 short-term liabilities amounted to PLN 626,604 thousand (34.6% of total equity and liabilities) compared to PLN 590,567 thousand (33.5% of total equity and liabilities) as at the end of 2014. In three

quarters of 2015, an increase of short-term liabilities occurred by PLN 36,037 thousand. This increase resulted from the increase of overdraft debts as well as on the grounds of factoring agreements.

Long-term liabilities

As at the end of September 2015 long-term liabilities amounted to PLN 391,462 thousand (21.6% of total equity and liabilities) compared to PLN 447,152 thousand (25.4% of total equity and liabilities) as at the end of 2014. In the analyzed period, a decrease of long-term liabilities occurred by

PLN 55,691 thousand, mainly due to debt repayment under bank loan agreements and decrease of provisions, which were transferred (in the portion concerning discontinued operations) to a liability item directly related to discontinued operations.

Liabilities directly connected with discontinued operations

Liabilities directly connected with discontinued operations comprise liabilities of Mochenwangen Group excluding liabilities to other Arctic Paper Group companies. As on 30th September 2015, the amount of PLN 48,476 thousand

included provisions (PLN 17,974 thousand), trade liabilities and other liabilities (PLN 26,471 thousand) as well as other financial and non-financial liabilities (PLN 4,031 thousand).

Debt analysis

Debt analysis

	3Q 2015	2Q 2015	3Q 2014	Change % 3Q2015/ 2Q2015	Change % 3Q2015/ 3Q2014
Debt-to-equity ratio (%)	143,8	148,6	145,4	(4,8) p.p.	(1,7) p.p.
Equity-to-non-current assets ratio (%)	91,3	89,2	84,8	2,2 p.p.	6,5 p.p.
Interest-bearing debt-to-equity ratio (%)	59,2	60,6	56,1	(1,3) p.p.	3,2 p.p.
Net borrowings-to-EBITDA (times)	0,97x	0,98x	1,35x	(0,01)	(0,37)
EBITDA-to-interest (times)	11,2x	11,4x	7,3x	(0,2)	4,0

The above ratios for the third quarter of 2015 are compliant with proper ratios presented in the Management Board report on the operations of Arctic Paper Group in consolidated report respectively for the third quarter of 2014. These ratios do not include the effect of elimination of discontinued operations in consolidated income statement, therefore they do not directly result from the data included in the hereby report.

As at the end of September 2015 debt to equity ratio amounted to 143.8% and was lower by 4.8 p.p. compared to the end of June 2015 and lower by 1.7 p.p. compared to the end of September 2014.

Equity to non-current assets amounted to 91.3% as at the end of the third quarter of 2015 and was higher by 2.2 p.p. than as at the end of June 2015 and higher by 6.5 p.p. than as at the end of September 2014.

Interest bearing debt to equity ratio amounted to 59.2% as at the end of the third quarter of 2015 and was lower by 1.3 p.p. compared to the end of June 2015 and higher by 3.2 p.p. compared to the level of this factor calculated at the end of September 2014.

Net borrowings to EBITDA calculated for the last 12 months ended 30th September 2015 amounted to 0.97x compared to 0.98x as for the analogous period ended 30th June 2015 and 1.35x for the twelve months' period ended 30th September 2014.

EBITDA to interest coverage ratio amounted to 11.2 for the twelve months ended 30th September 2015, 11.4x for the twelve months' period ended 30th June 2015 and 7.3x for the twelve months' period ended 30th September 2014.

Liquidity analysis

Liquidity ratios

	3Q 2015	2Q 2015	3Q 2014	Change % 3Q2015/ 2Q2015	Change % 3Q2015/ 3Q2014
Current liquidity ratio	1,5x	1,4x	1,4x	0,0	0,1
Quick liquidity ratio	0,9x	0,9x	0,8x	0,1	0,1
Acid test ratio (cash liquidity)	0,3x	0,3x	0,2x	0,0	0,1
Inventory turnover DSI (days)	48,7	54,2	49,5	(5,5)	(0,8)
Receivables turnover DSO (days)	46,5	47,7	44,7	(1,2)	1,8
Liabilities turnover DPO (days)	51,8	54,8	59,1	(3,0)	(7,3)
Operating cycle (days)	95,2	101,9	94,2	(6,7)	1,0
Cash conversion cycle (days)	43,4	47,0	35,1	(3,6)	8,3

The above ratios for the third quarter of 2015 are compliant with proper ratios presented in the Management Board report on the operations of Arctic Paper Group in consolidated report respectively for the third quarter of 2014. These ratios do not include the effect of elimination of discontinued operations in consolidated income statement, therefore they do not directly result from the data included in the hereby report.

At the end of September 2015 current liquidity ratio amounted to 1.5x and was higher than the level of this ratio as at the end of June 2015 (1.4x) and as at the end of September 2014 (1.4x).

Quick liquidity ratio increased from 0.8x as at the end of September 2014 to 0.9x as at the end of September 2015 (as at the end of June 2015: 0.9x).

Acid test ratio amounted to 0.3x as at the end of September 2015 (0.3x as at the end of June 2015 and 0.2x as at the end of September 2014).

Cash conversion cycle in the third quarter of 2015 (43.4 days) shortened compared to the second quarter of 2015 (by 3.6 days) and lengthened compared to the third quarter of 2014 (by 8.3 days).

Consolidated cash flow statement

Selected items of the consolidated cash flow statement

PLN thousand	3Q	2Q	3Q	YTD	YTD	Change %	Change %	Change %
	2015	2015	2014	2015	2014	3Q'15/ 2Q'15	3Q'15/ 3Q'14	YTD'15/ YTD'14
Cash flow from operations	55 236	17 912	117 661	111 126	178 983	208,4	(53,1)	(37,9)
<i>including:</i>								
<i>EBT</i>	21 486	527	42 393	45 805	70 353	3 980,0	(49,3)	(34,9)
<i>Amortization, depreciation and impairment</i>	28 051	29 205	28 844	88 460	86 510	(3,9)	(2,7)	2,3
<i>Δ in working capital</i>	944	(12 113)	47 936	(27 684)	4 935	(107,8)	(98,0)	(660,9)
<i>Other corrections</i>	4 755	293	(1 512)	4 546	17 184	1 523,0	(414,6)	(73,5)
Cash flow investing activities	(22 749)	(10 511)	(5 550)	(46 098)	(38 267)	116,4	309,9	20,5
Cash flow financing activities	(20 489)	12 983	(69 137)	(26 601)	(119 901)	(257,8)	(70,4)	(77,8)
Total Cash Flow	11 998	20 383	42 974	38 427	20 814	(41,1)	(72,1)	84,6

Cash flows from operating activities

In the third quarter of 2015, net cash flows from operating activities amounted to PLN +55,236 thousand compared to PLN +111,661 thousand in the corresponding period of 2014. Positive cash flows in this period were mostly due to EBITDA achieved in the period.

In three quarters of 2015, cash flows from operating activities amounted to PLN +111,126 thousand compared to PLN +178,983 thousand in the corresponding period of 2014. Positive cash flows from January to September 2015 were mostly due to EBITDA.

Cash flows from investing activities

In the third quarter of 2015, cash flows from investing activities amounted to PLN -22,749 thousand compared to PLN -5,550 thousand in the corresponding period of 2014. Lower net investing expenditures in the third quarter of 2014 were mainly related to sales of investment real estates, the inflow of which balanced expenditures on property, plant and equipment.

activities in the current period were mainly due to expenditures on property, plant and equipment partially balanced with inflow of cash from a deposit created in 2014 for a period over three months. Moreover, as mentioned above, inflows from sales of investment real estates caused the decrease of net expenditures in three quarters of 2014.

In three quarters of 2015 cash flows amounted to PLN -46,098 thousand compared to PLN -38,267 thousand in three quarters of 2014. Negative cash flows from investing

Cash flows from financing activities

Cash flows from financing activities in the third quarter of 2015 amounted to PLN -20,489 thousand compared to PLN -69,137 thousand in the corresponding period of 2014. Negative cash flows from financing activities in the third quarter

of 2015 related mainly to repayment of indebtedness on the grounds of overdrafts and bank loans, as well as payments of interest.

Cash flows from financing activities in three quarters of 2015 amounted to PLN -26,601 thousand compared to PLN -119,901 thousand in the corresponding period of 2014. Negative cash flows from financing activities in 2015 are related mainly to repayment of indebtedness on the grounds of

bank loans together with interest, as well as payment of dividend to noncontrolling interests, partially compensated with increase of indebtedness under overdrafts and on the grounds of factoring agreements.

Summary of standalone financial results

Standalone income statement

Selected items of the standalone income statement

	3Q	2Q	3Q	YTD	YTD	Change %	Change %	Change %
PLN thousands	2015	2015	2014	2015	2014	3Q2015/ 2Q2015	3Q2015/ 3Q2014	YTD2015/ YTD2014
Revenues:	10 514	59 474	5 184	80 647	25 347	(82)	103	218
<i>including:</i>								
Sales of services	8 308	11 487	4 935	30 245	24 437	(28)	68	24
Loans interest	274	203	250	687	770	35	10	(11)
Income from dividends	1 931	47 784	0	49 715	140	(96)	-	35 533
Gross profit on sales	8 758	57 349	2 782	74 474	18 199	(85)	215	309
Sales revenue %	83,30	96,43	53,67	92,35	71,80	(13,1) p.p.	29,6 p.p.	20,5 p.p.
Selling expenses	(988)	(987)	(805)	(2 895)	(2 657)	0	23	9
Administrative expenses	(8 462)	(9 003)	(5 857)	(25 593)	(17 207)	(6)	44	49
Other operating income	51	113	12	296	203	(55)	333	46
Other operating cost	(4 804)	(14 082)	(2 102)	(27 290)	(7 165)	(66)	129	281
EBIT	(5 446)	33 390	(5 970)	18 991	(8 628)	(116)	(9)	(320)
Sales revenue %	(51,80)	56,14	(115,16)	23,55	(34,04)	(107,9) p.p.	63,4 p.p.	57,6 p.p.
EBITDA	22 605	33 451	(5 184)	107 451	(6 197)	(32)	(536)	(1 834)
Sales revenue %	215,01	56,24	(100,00)	133,24	(24,45)	158,8 p.p.	315,0 p.p.	157,7 p.p.
Financial income	(543)	(141)	223	96	673	285	(343)	(86)
Financial cost	(1 443)	(983)	(307)	(3 407)	(1 691)	47	369	102
EBT	(7 432)	32 266	(6 055)	15 681	(9 645)	(123)	23	(263)
Corporate income tax	-	-	-	-	-	-	-	-
Net profit/(loss)	(7 432)	32 266	(6 055)	15 681	(9 645)	(123)	23	(263)
Sales revenue %	(70,69)	54,25	(116,79)	19,44	(38,05)	(124,9) p.p.	46,1 p.p.	57,5 p.p.

Revenue, profit on sales

The main statutory activity of the Company is holding activity consisting in managing of entities belonging to the controlled Capital Group. Operating activity of Arctic Paper Group is conducted through Paper Mills and Pulp Mills, Distribution Companies and Sales Offices.

Sales revenue for the third quarter of 2015 amounted to PLN 10,514 thousand and comprised services rendered for entities belonging to the Group (PLN 8,308 thousand), interest on loans (PLN 274 thousand) and dividends (PLN 1,931 thousand). In the same period of the previous year, standalone

sales revenue amounted to PLN 5,184 thousand and comprised services rendered to the Group entities (PLN 4,935 thousand) and interest on loans (PLN 250 thousand).

Sales revenue for three quarters of 2015 amounted to PLN 80,647 thousand and comprised services rendered for entities belonging to the Group (PLN 30,245 thousand), interest on loans (PLN 687 thousand) and dividends (PLN 49,715 thousand).

In three quarters of 2014, standalone sales revenue amounted to PLN 25,347 thousand and comprised services rendered to

the Group entities (PLN 24,437 thousand), interest on loans (PLN 770 thousand) and dividends (PLN 140 thousand).

The increase of sales revenue in three quarters of 2015 compared to the analogous period of 2014 results primarily from the increase of revenue related to agency services for procurement and sale of pulp, as well as the increase of dividends received.

Selling expenses

In the third quarter of 2015, the Company recognized PLN 988 thousand of selling expenses (PLN 805 thousand in the third quarter of 2014). In three quarters of 2015, the Company recognized PLN 2,895 thousand of selling expenses (PLN 2,657 thousand in three quarters of 2014).

Administrative expenses

In the third quarter of 2015, administrative expenses amounted to PLN 8,462 thousand and were higher compared to the analogous period of the previous year (by PLN 2,605 thousand). Administrative expenses in three quarters of 2015 amounted to PLN 25,593 thousand compared to PLN 17,207 thousand in the analogous period of 2014.

Administrative expenses of the company include costs of the administration of the Company operation, costs of services provided to companies in the Group and all costs incurred by

Other operating income and cost

Other operating income amounted to PLN 51 thousand in the third quarter of 2015, which represents an increase by PLN 39 thousand compared to analogous period of 2014. Other operating cost totaled PLN 4,804 thousand in the third quarter of 2015 (PLN 2,102 thousand in the analogous period of 2014).

In three quarters of 2015 other operating income and cost amounted respectively to PLN +296 thousand and PLN

Financial income and cost

In the third quarter of 2015, financial income amounted to PLN -543 thousand and was lower compared to financial income achieved in the third quarter of 2014 by PLN 766 thousand. Negative amount of financial income in the third quarter of

Cost of interest on loans taken from Group companies has been presented as operating cost and decreased profit on sales.

Profit on sales in the third quarter of 2015 amounted PLN 8,758 thousand (PLN 2,782 thousand in the third quarter of 2014) and PLN 74,474 thousand in three quarters of 2015 (PLN 18,199 thousand in three quarters of 2014).

Selling expenses are fully related to cost of pulp procurement agency services.

the Company for the purpose of holding company activities. Among them, a significant group of costs can be distinguished that applies only to statutory activities and includes, among others: costs of tax, legal and accounting services, as well as the costs of the Supervisory Board and the Management Board.

-27,290 thousand, and in the corresponding period of 2014 respectively to PLN +203 thousand and PLN -7,165 thousand.

High other operating cost in three quarters of 2015 resulted mainly from impairment of loans granted to Arctic Paper Mochenwangen GmbH, impairment of shares in Arctic Paper Investment GmbH, impairment of shares in Arctic Paper Norge AS, and impairment of trade receivables of Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH.

2015 results from net presentation of exchange differences, ie. as the excess of positive exchange differences over negative exchange differences (financial income) or the excess of

negative exchange differences over positive exchange differences (financial cost)..

Financial cost in the third quarter of 2015 amounted to PLN 1,443 thousand. In the analogous period of 2014 financial cost amounted to PLN 307 thousand.

In three quarters of 2015 financial income and cost amounted respectively to PLN +96 thousand and PLN -3,407 thousand,

while in the corresponding period of 2014 it amounted respectively to PLN +673 thousand and PLN -1,691 thousand.

Financial cost in three quarters of 2015 related primarily to interest on the loan from Arctic Paper Finance AB (PLN 1,891 thousand) and the loan from Mr Thomas Onstad (PLN 1,060 thousand).

Statement of financial position

Selected items of the standalone balance sheet

PLN thousand	30/09/2015	31/12/2014	30/09/2014	Change	Change
				30/09/2015	30/09/2014
Non-current assets	828 042	830 055	829 581	(2 013)	(1 538)
Receivables	72 676	45 487	52 247	27 189	20 429
Other current assets	28 193	42 485	21 090	(14 292)	7 103
Cash and equivalents	14 079	18 607	10 778	(4 528)	3 301
Total assets	942 991	936 635	913 696	6 356	29 295
Equity	680 621	664 893	680 318	15 728	303
Short-term liabilities	66 066	44 632	56 011	21 434	10 055
Long-term liabilities	196 304	227 109	177 366	(30 806)	18 937
Total equity and liabilities	942 991	936 635	913 696	6 356	29 295

As on 30th September 2015 total assets amounted to PLN 942,991 thousand compared to PLN 936,635 thousand as at the end of 2014.

Non-current assets

As at the end of September 2015 non-current assets represented nearly 87.8% of total assets which means this share decreased slightly (by 2.0 p.p.) compared to the end of 2014. The main item of non-current assets is shares in subsidiaries. Total value of this item as at the end of the third quarter of 2015 was PLN 824,042 thousand compared to PLN

827,190 thousand at the end of 2014. The change of the value of shares in subsidiaries resulted mainly from the allowance of shares in Arctic Paper Norge AS (PLN 3,194 thousand) and the increase of Company's shares in Arctic Paper Finance AB (PLN 45 thousand).

Current assets

Current assets as at the end of September 2015 amounted to PLN 114,948 thousand compared to PLN 106,579 thousand as at the end of 2014. Current assets increased in three quarters of 2015, particularly in trade receivables. As at the end of the third quarter of 2015, current assets represented

12.2% of total assets compared to 9.2% as at the end of the previous year.

Within current assets receivables increased by PLN 27,189 thousand, other current assets decreased by PLN 14,292 thousand, while cash and cash equivalents decreased by PLN

4,528 thousand. As at the end of the third quarter of 2015, current assets constituted 12.2% of total equity and liabilities, compared to 11.4 as at the end of the previous year.

The material increase of trade receivables results primarily from the fact that since January 2015 a logistics center has started

operations within the Group's structure, therefore transportation services rendered to Group companies are invoiced to the Company and then re-invoiced to the mills. Because of the significant amount of transportation services it is reflected both in trade receivables and trade liabilities of the Company.

Equity

Equity amounted to PLN 680,621 thousand as at the end of the third quarter of 2015 compared to PLN 664,893 thousand as at the end of 2014. Equity amounted to 72.2% of total equity and liabilities as at the end of September 2015, while as

at the end of 2014 it amounted to 71.0% of total equity and liabilities. The increase of equity is mainly due to net profit in three quarters of 2015.

Short-term liabilities

As at the end of September 2015 short-term liabilities amounted to PLN 66,066 thousand (7.0% of total equity and liabilities) compared to PLN 44,632 thousand as at the end of 2014 (4.8% of total equity and liabilities).

The increase of short-term liabilities in the analyzed period was mostly related to increase of liabilities on the grounds of transportation services.

Long-term liabilities

Long-term liabilities as at the end of September 2015 amounted to PLN 196,304 thousand (20.8% of total equity

and liabilities) compared to PLN 227,109 thousand (24.2% of total equity and liabilities) as at the end of 2014.

Cash flows

Selected items of the standalone cash flow statement

PLN thousand	3Q	2Q	YTD	YTD	Change %	Change %
	2015	2015	2015	2014	3Q'15/ 2Q'15	YTD'15/ YTD'14
Cash flow from operations	(10 083)	(6 980)	(22 864)	2 761	44,5	(928,2)
including:						
EBT	(7 432)	32 266	15 680	(9 645)	(123,0)	(262,6)
Amortization, depreciation and impairment of non-current assets	783	4 586	5 433	2 430	(82,9)	123,6
Δ in working capital	(2 363)	(4 723)	(5 686)	7 958	(50,0)	(171,4)
Interest and dividend (net)	362	(273)	1 060	933	(232,6)	13,6
Other corrections	(1 433)	(38 836)	(39 352)	1 084	(96,3)	(3 729,8)
Cash flow investing activities	(579)	20 152	19 400	(3)	(102,9)	(613 066,0)
Cash flow financing activities	(361)	(293)	(1 064)	(998)	23,1	6,6
Total Cash Flow	(11 023)	12 879	(4 527)	1 760	(185,6)	(357,1)

Cash flows statement presents a decrease in cash and cash equivalents in the third quarter of 2015 by PLN 4,527 thousand which includes:

- negative cash flows from operating activities in the amount of PLN -22,864 thousand,
- positive cash flows from investing activities in the amount of PLN +19,400 thousand,
- negative cash flows from financing activities in the amount of PLN -1,064 thousand.

Cash flows from operating activities

In the third quarter of 2015, net cash flows from operating activities amounted to PLN -22,864 thousand compared to PLN +2,761 thousand in the corresponding period of 2014. Negative cash flows from operating activities in three quarters

of 2015 were particularly influenced by repayment of the loan granted to the Company by Arctic Paper Kostrzyn S.A. (compensated with dividend in June 2015).

Cash flows from investing activities

In nine months of 2015, cash flows from investing activities amounted to PLN +19,400 thousand compared to PLN -3 thousand in the analogous period of the previous year.

Release of a short-term deposit has the greatest influence on positive cash flows from investing activities in the analyzed period of the current year.

Cash flows from financing activities

Cash flows from financing activities in 2015 amounted to PLN -1,064 thousand compared to PLN -998 thousand in 2014.

Cash flows from financing activities in 2015 were influenced by repayment of interest.

Relevant information and factors influencing financial results and evaluation of financial standing

Key factors affecting the performance results

The Group's operating activity has been historically and will be influenced by the following key factors:

- macroeconomic and other economic factors;
- paper prices;
- prices of pulp for Paper Mills, timber for Pulp Mills and energy prices;
- currency exchange rates fluctuations.

Macroeconomic and other economic factors

We believe that a number of macro-economic and other economic factors have a material impact on the demand for high-quality paper, and they may also influence the demand for the Group products and our operating results. Those factors include:

- GDP growth;
- net income – as a measure of income and prosperity of the population;
- production capacities – oversupply lingering in the segment of fine papers and decline of margins on paper sales;
- paper consumption;
- technological development.

Paper prices

Paper prices undergo cyclic changes and fluctuations, depend on global changes in demand and overall macroeconomic and other economic factors, as those indicated above. Prices of paper are also influenced by a number of factors connected with the supply, primarily changes in production capacities at the worldwide and European level.

Costs of raw materials, energy and transportation

The main elements of the Group's operating expenses are costs of raw materials, energy and transportation. The costs of raw materials include mainly the costs of pulp for Paper Mills, timber for Paper and Pulp Mills and chemical agents used for

paper and pulp production. Our energy costs, historically, include mostly costs of electricity, natural gas, coal and fuel oil. Costs of transportation include the costs of transportation services rendered to the Group mainly by external service providers.

Taking into account the share of these costs in total operating expenses of the Group and the limited possibility of controlling these costs by the Companies, their fluctuations may have a significant impact on Group's profitability.

Part of pulp supplies to our Paper Mills is realized from Pulp Mills of Rottneros. The rest of pulp produced in Pulp Mills is sold to external customers.

Currency exchange fluctuations

Our operating results are significantly influenced by currency exchange rates fluctuations. In particular, our revenues and costs are expressed in different foreign currencies and are not matched, therefore, the appreciation of currencies in which we incur costs towards currencies in which we generate revenues, will have an adverse effect on our results. We sell our products in all EURO zone countries, the Nordic countries, Poland and UK; therefore, our revenues are to a great extent expressed in EUR, GBP, SEK and PLN, while the revenues of Pulp Mills are primarily dependent on USD. The Group's operating expenses are primarily expressed in USD (pulp costs for Paper Mills), EUR (costs related to pulp for Paper Mills, energy, transportation, chemicals and a majority of costs related to the operations of the Mochenwangen paper mill), PLN (the majority of other costs incurred by the mill in Kostrzyn nad Odra) and

SEK (the majority of other costs incurred by the Munkedal and Grycksbo mills as well as Rottneros and Vallvik pulp mills).

Exchange rates also have an important influence on results reported in our financial statements because of changes in

exchange rates of currencies in which we generate revenues and incur costs, and the currency in which we report our financial results (PLN).

Unusual events and factors

In the third quarter of 2015 there were no unusual events or factors.

Impact of changes in Arctic Paper Group's structure on the financial result

In the third quarter of 2015 there were no relevant changes in Arctic Paper Group's structure that would have material influence on the financial result achieved.

Other material information

Negotiations with Swedish banks

On 11th March 2014, Arctic Paper S.A. and its subsidiary, Arctic Paper Grycksbo AB, finalized the next stage of negotiations with banks which finance the Issuer's group entities. As a result of the negotiations, Svenska Handelsbanken AB set new levels of solidity ratio and interest coverage ratio for the existing loan agreement.

As on 30th June 2015 and as on 30th September 2015, Arctic Paper Grycksbo AG did not reach the agreed coverage ration but it received a waiver from the bank from keeping this ratio until 31st December 2015.

Restructuring of a client of the Group

In connection with the fact that the Management Board received the information of commencement of restructuring in companies of PaperlinX Limited group, having performed an analysis of the liabilities of these entities towards Arctic Paper Group, on 8th April 2015 the Management Board decided to create a provision on receivables from PaperlinX UK in the amount of PLN 15.3 million (EUR 3.7 million).

Restructuring concerns companies of PaperlinX Limited group, among others: Howard Smith Paper Group Ltd, The Paper Company, Robert Horne Group Ltd, Reel Paper, Webco Trading, and Conversion Company Ltd, all seated in the United Kingdom (jointly hereinafter "PaperlinX UK") – the companies which are customers of the Issuer's subsidiaries: Arctic Paper Kostrzyn, Grycksbo, Munkedals, and Mochenwangen ("Arctic

Paper mills"). Restructuring means the management has been entrusted to an external administrator, whose task is to ensure the continuation of the company's operations and prepare an arrangement with the creditors.

Creation of the provision is dictated by the expected lack of payment of the trade receivables from PaperlinX UK companies as listed above to Arctic Paper mills. Total amount of receivables resulting from cooperation of aforementioned entities is app. EUR 3.7 million. Creation of the provision will occur retroactively on 31st March 2015.

As on 30th September 2015, the Company verified the actual level of receivables from the companies subjected to restructuring and as a result the provision for this purpose eventually amounts to EUR 3 million.

Centralization of logistic services

In connection with ongoing restructuring in Arctic Paper Group, in the beginning of 2015 a centralized logistics department started its operations within the structures of Arctic paper S.A. The logistics department provides transportation planning and coordination services to paper mills in Kostrzyn, Grycksbo, Munkedals, and Mochenwangen.

Profitability improvement program for Arctic Paper Group for the years 2015/2016

On 28 July 2015, the Management Board of Arctic Paper S.A. made public the schedule of profitability improvement program

("Program") for Arctic Paper S.A. Capital Group ("Group"), aimed at reduction of cost of operations by app. PLN 50 million annually.

The adopted Program is going to be realized until no sooner than June 2016.

According to the assumptions of the Program, main actions shall be: creation of common services centers for Group companies, introduction of individual programs for profitability improvement in mills and revision of cost of services rendered by external parties.

As the result of the Program conducted, the Management Board expects improved profitability of the Group's operations

and improved effectiveness of all operational support functions.

Simultaneously, Arctic Paper has begun to actively search for a buyer of Arctic Paper Mochenwangen mill, and in the meantime it evaluates the possibility of undertaking actions towards further reduction of losses generated by this mill, including gradual cease of production.

Factors influencing Arctic Paper Group development

Information on market tendencies

Supplies of fine papers

Supplies of fine papers to the European market in the third quarter of 2015 were slightly lower compared to the analogous period of 2014 by app. 0.1%. Supplies in the segment of uncoated wood-free paper (UWF) were higher by 3.5%, while those in the segment of coated wood-free paper (CWF) were lower by 4%.

Compared to the second quarter of 2015, the supplies of fine papers were lower by app. 2.4%. In the analyzed period, supplies in the segment of uncoated wood-free paper (UWF) were 6.5% lower, while those in the segment of coated wood-free paper (CWF) were 2.8% higher.

Supplies of fine papers to the European market in nine months of 2015 were 1.5% lower compared to the analogous period of 2014. Supplies in the segment of uncoated wood-free paper (UWF) were higher by 0.4%, while those in the segment of coated wood-free paper (CWF) were lower by 3.7%.

In 3Q 2015 Arctic Paper Group paper sales volume was 5.0% higher than in 2Q 2015 and 2.7% lower than in the corresponding period of 2014.

Data source: EuroGraph, RISI, Arctic Paper analysis

Paper prices

In the third quarter of 2015, fine papers prices in Europe increased by 5.3% in UWF segment, while decreased in CWF segment by 0.3%, compared to prices at the end of the fourth quarter of 2014.

Between July and September 2015, UWF and CWF prices declared by producers for the selected products and markets of Germany, France, Spain, Italy and United Kingdom, expressed in EUR and GBP recorded very similar increases, respectively by 2.6% and 2.5%.

At the end of the quarter, average UWF prices increased by app. 5.3% and CWF prices increased by 1.7%, compared to the end of the corresponding period of the previous year.

Prices invoiced by Arctic Paper in EUR of comparable products in the segment of uncoated wood-free paper

increased from June to September 2015 by from 4%, while in the segment of coated wood-free paper decreased by 1.6%.

Source: For market data - RISI, price changes for chosen markets in Germany, France, Spain, Italy and United Kingdom in local currencies for graphic papers similar to product portfolio of the Arctic Paper Group. Prices are expressed excluding specific rebates for individual clients and they include neither additions nor price reductions in relation to publicly available price lists. Estimated prices for particular month reflect orders made in that month, whereas their deliveries may take place in the future. Because of that, RISI price estimations for a particular month do not reflect real prices by which deliveries are realized but only express ordering prices. For Arctic Paper products the average invoiced sales prices for all served markets in EUR.

Pulp prices

At the end of the third quarter of 2015, pulp prices reached a level of USD 839 per ton for NBSK and USD 810 per ton for BHKP. The average pulp price in 3Q 2015 was lower by 9.0% for NBSK while higher by 10.3% for BHKP, compared to the corresponding period of the previous year. In the third quarter of 2015, average pulp price was lower by 1.1% for NBSK and higher by 2.9% for BHKP, compared to the second quarter of 2015.

The average cost of pulp per ton as calculated for AP Group, expressed in PLN, in 3Q 2015 increased by 3.26% compared to 2Q 2015 and increased by 21.7% compared to 3Q 2014.

Currency exchange rates

The EUR/PLN exchange rate at the end of the third quarter of 2015 amounted to 4.2386 and was higher by 1.1% than at the end of the second quarter of 2015 and higher by 1.5% than at the end of the third quarter of 2014. The average exchange rate in the third quarter of 2015 was higher than in the second quarter of 2015 by 2.4% and amounted to 4.1888, compared to 4.0889. The average exchange rate in the third quarter of 2015, compared to the corresponding period of the previous year, was 0.3% higher.

EUR/SEK exchange rate as at the end of September 2015 amounted to 9.3878 compared to 9.2023 as at the end of the first half of 2015 and 9.1769 as at the end of the third quarter of 2014, which means appreciation of EUR towards SEK by respectively 2% and 2.3%.

For this pairing, the average rate in the third quarter of 2015 was 1.2% higher compared to the second quarter of 2015. The average exchange rate in the third quarter of 2015 was 2.4% higher than in the corresponding period of 2014.

These changes translate to depreciation of SEK towards EUR in the third quarter of 2015, which has a favourable effect on financial results of the Group, mostly in connection with sales revenue generated by Swedish mills, which are dependent on prices in EUR.

At the end of the third quarter of 2015, USD/PLN rate was very similar to the end of the second quarter of 2015 and amounted to 3.7754 (up by 0.3%). In the third quarter of 2015, the average USD/PLN exchange rate amounted to 3.7653

The share of pulp costs in cost of paper sales in the third quarter of 2015 amounted to 55% and was higher compared to the level recorded in 3Q 2014 (49%).

Arctic Paper Group uses the pulp in the production process according to the following structure: BHKP 65%, NBSK 18% and other 17%.

Source: www.foex.fi, Arctic Paper analysis

compared to 3.7022 in the second quarter of 2015, which means a depreciation of PLN towards USD by 1.7%.

At the end of the third quarter of 2015, USD/SEK rate amounted to 8.3619 and was 1.2% higher than at the end of the second quarter of 2015. The average exchange rate in the third quarter of 2015 amounted to 8.4764 which means an increase by 0.7% compared to the second quarter of 2015.

Changes of USD/PLN and USD/SEK exchange rates caused an increase of the price for a ton of pulp, expressed in PLN and SEK, which strengthened the negative effect of BHKP pulp prices increase compared to prices in the second quarter of 2015.

At the end of September 2015, EUR/USD rate amounted to 1.1227 compared to 1.1142 at the end of the second quarter of 2015 and to 1.2663 at the end of September 2014. As far as percentage is concerned, it means appreciation of EUR towards USD by 0.8% and depreciation of this currency by 11.3%. The average rate for this pairing in the third quarter of 2015 amounted to 1.1126 compared to 1.1048 in the second quarter of 2015 (+0.7%).

Further depreciation of SEK towards EUR had a positive impact on financial results of the Group, mainly due to increase of sales revenue generated in EUR and expressed in SEK. Appreciating USD towards PLN and SEK caused higher costs of the main material in Swedish mills and the paper mill in Kostrzyn.

Factors influencing the financial results in the perspective of the next quarter

Material factors, which have an impact on the financial results in the perspective of the next quarter, include:

- Demand for fine papers in Europe have an influence on our financial results. Decline of demand for fine papers in Europe (level of orders realized) will unfavorably influence levels of orders to our Paper Mills and, as a result, will have an adverse impact on financial results of the Group.
- The levels of fine papers prices. In particular, the ability to raise the prices of Arctic Paper products in local currencies, in reference to changes of supplies/demand in Europe and in connection with exchange rates fluctuations, will have a material influence on the financial results. Paper prices are going to be of particular importance for paper mills of Grycksbo and Mochenwangen, which, in connection with market changes, experience the greatest adverse impact of changes of sales volume, prices, as well as, in case of AP Grycksbo, of exchange rates fluctuations.
- Prices fluctuations of raw materials, including pulp for Paper Mills and electricity for all operational entities. In particular, financial results of Paper Mills may be adversely influenced by increasing pulp prices, particularly BHKP. On the other hand, increasing NBSK prices should positively influence financial results of Pulp Mills. Fluctuations of electricity prices in Sweden may also have a material impact on the results achieved by the Group. In future, such market changes may translate to changes of sales profitability in paper mills of AP Munkedals and AP Grycksbo as well as in pulp mills of Rottneros and Vallvik.
- Currency rates; in particular, appreciation of PLN and SEK in relation to EUR and GBP, appreciation of PLN in relation to SEK, and depreciation of PLN and SEK in relation to USD, may have an adverse effect on the financial results. However, our Pulp Mills may benefit from appreciation of USD in relation to SEK.

Risk factors

In the third quarter of 2015, there were no material changes regarding risk factors, which have been described in details in the report for the first half of 2015.

Supplementary information

Management Board position on the possibility to achieve the projected financial results published earlier

The Management Board of Arctic Paper S.A. has not published projections of financial results for 2015.

Changes in Issuer's shareholding or rights to shares of persons managing and supervising Arctic Paper S.A.

Statement of changes to the holdings of the Company's shares and rights thereto by managing and supervising personnel

Managing and supervising personnel	Number of shares or rights thereto as at 13/11/2015	Number of shares or rights thereto as at 28/08/2015	Change
Management Board			
Wolfgang Lübbert	-	-	-
Jacek Łoś	-	-	-
Per Skoglund	-	-	-
Małgorzata Majewska-Śliwa	-	-	-
Michał Sawka	-	-	-
Supervisory Board			
Rolf Olof Grundberg	12 000	12 000	-
Rune Roger Ingvárrsson	-	-	-
Thomas Onstad	5 848 658	5 848 658	-
Roger Mattsson	-	-	-
Dariusz Witkowski	-	-	-
Mariusz Grendowicz	-	-	-

Information on guarantees

As on 30th September 2015, the Group reported:

- a pledge on movables of Arctic Paper Munkedals AB resulting from a factoring contract with Svenska Handelsbanken AB amounting to SEK 160,000 thousand;
- a pledge on movables of Arctic Paper Grycksbo AB resulting from a factoring contract with Svenska Handelsbanken AB amounting to SEK 85,000 thousand;
- a pledge on real estate of Arctic Paper Grycksbo AB resulting from a factoring contract with Svenska Handelsbanken AB amounting to SEK 20,000 thousand;
- a pledge on shares of Arctic Paper Grycksbo AB resulting from a factoring contract with Svenska Handelsbanken AB amounting to SEK 120,042 thousand;
- a pledge on movables of Arctic Paper Grycksbo AB resulting from an agreement with FPG in favor of mutual

life insurance company PRI in the amount of SEK 50,000 thousand;

- a contingent liability on the grounds of a guarantee for FPG in favor of mutual life insurance company FRI in the amount of SEK 1,469 thousand in Arctic Paper Grycksbo AB and of SEK 747 thousand in Arctic Paper Munkedals AB;
- a pledge on real estate of Arctic Paper Munkedals AB resulting from an agreement with FPG in favor of mutual life insurance company PRI in the amount of SEK 50,000 thousand;
- a limit of liabilities under factoring contract in Arctic Paper Munkedals set to SEK 141,698 thousand;
- a contingent liability of Arctic Paper Munkedals AB on the grounds of a guarantee for Kalltorp Kraft HB liabilities in the amount of SEK 3,265 thousand;
- mortgages on Kalltorp Kraft HB real estate in the amount of SEK 8,650 thousand;
- a bank guarantee in favor of Skatteverket Ludvika in the amount of SEK 135 thousand;
- a guarantee on the bank account of Arctic Paper Mochenwangen GmbH on the grounds of employee benefits in the amount of EUR 257 thousand;
- a guarantee in favor of WBW GmbH & Co.KG – a supplier of machines for Arctic Paper Mochenwangen GmbH in the amount of EUR 300 thousand, which expired on 31st March 2015;
- guarantees granted by the companies of Rottneros Group in the total amount of SEK 3,000 thousand,
- pledges on shares of Rottneros Group subsidiaries in the amount of SEK 245,000 thousand;
- a guarantee in favor of Södra Cell International AB, the supplier of pulp, in the amount of SEK 12,000 thousand,
- a pledge on 39,900,000 Rottneros AB shares resulting from a loan agreement for the amount of EUR 4,000

thousand, concluded by and between Arctic Paper S.A. and Mr. Thomas Onstad.

Moreover, the following collaterals securing the loan agreement (Arctic Paper Kostrzyn S.A. as the Borrower, Arctic Paper S.A. who acceded, by way of cumulative accession, to the Borrower's debt, as well as Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH as Guarantors, concluded a loan agreement with Bank Pekao S.A., Bank Zachodni WBK S.A. and mBank S.A. as Lenders) dated 6th November 2012 were established:

- pledges on shares of Arctic Paper Kostrzyn S.A., shares of Arctic Paper Investment GmbH, Arctic Paper Mochenwangen GmbH and on shares of holding companies in Germany;
- pledges on bank accounts of all companies;
- mortgages on real estate of Arctic Paper Kostrzyn S.A.;
- land debt on real estate of Arctic Paper Mochenwangen GmbH;
- pledge on components of assets of Arctic Paper Kostrzyn S.A.;
- lien of property as security in Arctic Paper Mochenwangen GmbH;
- cession of rights under insurance policy;
- cession of receivables under loan agreements within the Group (Arctic Paper Kostrzyn S.A. and Arctic Paper Investment GmbH);
- submission to enforcement on the basis of art. 97 banking law (separate in favor of each bank) - Arctic Paper Kostrzyn S.A and Arctic Paper S.A.

Significant off-balance sheet items

Information regarding off-balance sheet items is included in consolidated financial statements.

Information on court and arbitration proceedings and proceedings pending before public administrative authorities

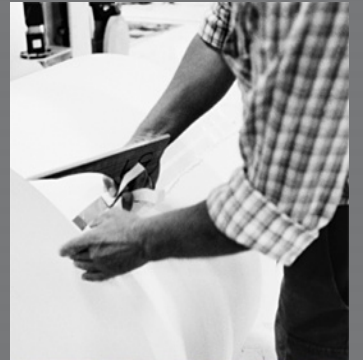
During the period covered by this report, Arctic Paper S.A. and its subsidiaries were not a party to any proceedings pending before a court, arbitration or public administrative authority, the unit or joint value of which would equal or exceed 10% of the Company's equity.

Information on transactions with related parties executed on non-market terms and conditions

During the period covered by this report, Arctic Paper S.A. and its subsidiaries did not execute any significant transactions with related entities on non-market terms and conditions.

Signatures of the Members of the Management Board

Position	Name and surname	Date	Signature
President of the Management Board Chief Executive Officer	Wolfgang Lübbert	13 November 2015	
Member of the Management Board Chief Financial Officer	Malgorzata Majewska-Śliwa	13 November 2015	



Condensed quarterly consolidated
financial statements
for the nine months' period
ended 30th September 2015

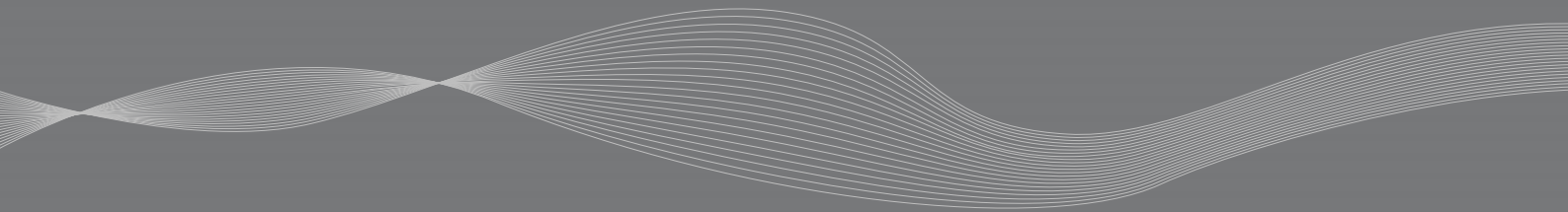


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Consolidated financial statements and selected financial data

Selected consolidated financial data

	For the period from 01.01.2015 to 30.09.2015 PLN'000s	For the period from 01.01.2014 to 30.09.2014 PLN'000s	For the period from 01.01.2015 to 30.09.2015 EUR'000s	For the period from 01.01.2014 to 30.09.2014 EUR'000s
Continuing operations				
Revenues	2 190 052	2 164 304	526 764	518 282
Operating profit (loss)	105 862	105 364	25 463	25 231
Profit (loss) before tax	81 780	79 387	19 670	19 011
Profit (loss) from continuing operations	74 611	64 171	17 946	15 367
Discontinued operations				
Profit (loss) from discontinued operations	(35 741)	(7 406)	(8 597)	(1 774)
Profit (loss) for the period	38 870	56 765	9 349	13 593
Profit (loss) for the period attributable to equity holders of the parent	(6 756)	39 684	(1 625)	9 503
Net operating cash flow	111 126	178 983	26 729	42 861
Net investing cash flow	(46 098)	(38 267)	(11 088)	(9 164)
Net financing cash flow	(26 601)	(119 901)	(6 398)	(28 713)
Net change in cash and cash equivalents	38 427	20 814	9 243	4 984
Weighted average number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Weighted average diluted number of shares	69 287 783	69 287 783	69 287 783	69 287 783
EPS (in PLN/EUR)	(0,10)	0,57	(0,02)	0,14
Diluted EPS (in PLN/EUR)	(0,10)	0,57	(0,02)	0,14
Average PLN/EUR rate*			4,1576	4,1759
	As at 30 September 2015 PLN'000s	As at 31 December 2014 PLN'000s	As at 30 September 2015 EUR'000s	As at 31 December 2014 EUR'000s
Assets	1 808 457	1 762 790	426 664	413 577
Long-term liabilities	391 462	447 152	92 356	104 909
Short-term liabilities	626 604	590 567	147 833	138 556
Liabilities directly associated with discontinued operations	48 476	-	11 437	-
Equity	741 916	725 071	175 038	170 113
Share capital	69 288	69 288	16 347	16 256
Number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Diluted number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Book value per share (in PLN/EUR)	10,71	10,46	2,53	2,46
Diluted book value per share (in PLN/EUR)	10,71	10,46	2,53	2,46
Declared or paid dividend (in PLN/EUR)	-	-	-	-
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-
PLN/EUR rate at the end of the period**	-	-	4,2386	4,2623

* - Items of the income statement and the cash flow statement are converted at the exchange rate, which is the arithmetic mean of average rates announced by the NBP during the period to which presented data relates.

** - Items of balance sheet and book value per share were converted at the average exchange rate announced by the NBP and prevailing at the balance sheet date.

Consolidated income statement

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Continuing operations				
Sales of products	730 700	2 190 052	728 242	2 164 304
Revenues	730 700	2 190 052	728 243	2 164 303
Cost of sales	(619 133)	(1 866 327)	(597 151)	(1 835 989)
Gross profit (loss) on sales	111 566	323 726	131 092	328 314
Selling and distribution expenses	(58 839)	(201 386)	(66 090)	(200 847)
Administrative expenses	(15 693)	(45 985)	(13 989)	(47 038)
Other operating income	15 119	56 525	14 053	43 069
Other operating expenses	(9 115)	(27 016)	(5 958)	(18 135)
Operating profit / (loss)	43 038	105 863	59 107	105 364
Financial income	(1 076)	1 021	(192)	805
Financial costs	(10 685)	(25 103)	(10 837)	(26 781)
Profit / (loss) before tax	31 277	81 780	48 078	79 387
Income tax	(8 556)	(7 169)	(8 084)	(15 216)
Net profit (loss) for the period from continuing operations	22 721	74 612	39 993	64 171
Discontinued operations				
Profit (loss) for the period from discontinued operations	(9 795)	(35 741)	(5 612)	(7 406)
Net profit (loss) for the period	12 926	38 870	34 382	56 765
Attributable to:				
Equity holders of the parent	425	(6 756)	25 587	39 684
- profit (loss) from continuing operations	10 220	28 985	31 199	47 091
- profit (loss) from discontinued operations	(9 795)	(35 741)	(5 612)	(7 406)
Non-controlling interest	12 501	45 626	8 794	17 080
- profit (loss) from continuing operations	12 501	45 626	8 794	17 080
- profit (loss) from discontinued operations	-	-	-	-
	12 926	38 870	34 382	56 765
Earnings per share:				
- basic from the profit (loss) for the period attributable to equity holders of the parent	0,01	(0,10)	0,37	0,57
- basic from the profit (loss) from continuing operations attributable to equity holders of the parent	0,15	0,42	0,45	0,68
- diluted from the profit (loss) for the period attributable to equity holders of the parent	0,01	(0,10)	0,37	0,57
- diluted from the profit (loss) from the continuing operations attributable to equity holders of the parent	0,15	0,42	0,45	0,68

Consolidated statement of comprehensive income

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Net profit / (loss) for the period	12 926	38 870	34 382	56 765
Items to recognise in profit/loss in future periods:				
Exchange difference on translation of foreign operations	(3 401)	(1 302)	1 531	(13 570)
Deferred tax on items recognised directly in equity	1 574	2 097	(1 387)	(1 570)
Valuation of derivatives	(6 562)	(10 495)	6 550	7 620
Items not to recognise in profit/loss in future periods:				
Actuarial gains/ losses	-	868	-	(1 440)
Deferred tax on actuarial gains/(losses)	-	(243)	-	403
Other comprehensive income	(8 388)	(9 075)	6 694	(8 556)
Total comprehensive income	4 538	29 795	41 076	48 209
Total comprehensive income:				
Equity holders of the parent	(5 380)	(13 069)	30 595	33 943
Non-controlling interest	9 918	42 864	10 480	14 266

Consolidated balance sheet

	As at 30 September 2015 (unaudited)	As at 30 June 2015 (reviewed)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	701 640	707 267	726 448	742 194
Investment properties	3 982	3 982	3 982	3 559
Intangible assets	51 925	55 127	50 692	51 360
Shares in joint ventures	5 018	5 066	5 037	4 936
Other financial assets	762	997	2 088	1 160
Other non-financial assets	2 813	1 238	1 238	1 107
Deferred tax asset	46 189	53 169	54 259	44 125
	812 329	826 846	843 745	848 441
Current assets				
Inventories	334 724	365 897	376 486	358 809
Trade and other receivables	377 702	364 738	339 440	389 970
Income tax receivables	11 701	9 934	6 524	13 095
Other non-financial assets	10 861	16 368	16 872	18 241
Other financial assets	1 648	-	21 312	-
Cash and cash equivalents	196 012	184 698	158 412	137 908
	932 647	941 635	919 045	918 023
Assets associated with discontinued operations	63 481	64 381	-	-
TOTAL ASSETS	1 808 457	1 832 862	1 762 790	1 766 464
LIABILITIES				
Equity and liabilities				
Equity attributable to equity holders of the parent company				
Share capital	69 288	69 288	69 288	69 288
Share premium	447 638	447 638	472 748	472 748
Other reserves	130 798	134 479	136 557	136 532
Foreign currency translation	13 598	15 993	8 958	9 592
Retained earnings / Accumulated (unabsorbed) losses	(127 594)	(128 018)	(143 939)	(138 457)
Accumulated other comprehensive income associated with discontinued	(3 185)	(3 456)	-	-
	530 542	535 922	543 612	549 703
Non-controlling interest	211 373	201 456	181 459	170 038
Total equity	741 916	737 378	725 071	719 740
Non-current liabilities				
Interest-bearing loans, borrowings	229 276	236 449	269 138	220 177
Provisions	86 846	86 808	100 179	80 081
Other financial liabilities	41 587	36 971	37 241	37 747
Deferred tax liabilities	9 158	9 782	13 959	22 751
Accruals and deferred income	24 595	25 275	26 634	27 320
	391 462	395 285	447 152	388 076
Current liabilities				
Interest-bearing loans, borrowings	80 812	86 253	59 727	71 393
Provisions	164	378	8 794	3 521
Other financial liabilities	87 784	86 853	60 839	74 228
Trade and other payables	356 411	370 140	364 468	428 536
Income tax payable	557	396	524	970
Accruals and deferred income	100 876	105 391	96 215	80 000
	626 604	649 411	590 567	658 648
Liabilities directly associated with discontinued operations	48 476	50 788	-	-
TOTAL LIABILITIES	1 066 542	1 095 483	1 037 719	1 046 724
TOTAL EQUITY AND LIABILITIES	1 808 457	1 832 862	1 762 790	1 766 464

Consolidated cash flow statement

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Cash flow from operating activities				
Profit/(loss) before tax from continuing operations	31 277	81 780	48 078	79 387
Profit/(loss) before tax from discontinued operations	(9 791)	(35 975)	(5 685)	(9 034)
Profit/(loss) before tax	21 486	45 805	42 393	70 353
Adjustments for:				
Depreciation	28 051	88 460	28 844	86 510
Foreign exchange differences	2 895	(408)	1 313	4 752
Net interest and dividends	5 358	15 857	7 185	22 653
Gain/loss from investing activities	(564)	881	(2 232)	(4 148)
Increase / decrease in receivables and other non-financial assets	(16 240)	(61 014)	(8 587)	(78 530)
Increase / decrease in inventories	29 047	(2 966)	(6 920)	30 935
Increase / decrease in payables except for loans, borrowings and bonds	(13 081)	24 592	64 052	72 159
Change in accruals and prepayments	1 219	11 704	(609)	(19 629)
Change in provisions	1 265	(3 794)	(1 753)	2 948
Income tax paid	(3 687)	(9 281)	(3 121)	(4 649)
Derecognition of emission rights to CO2	(267)	(122)	195	(190)
Cogeneration of certificates	762	383	(3 096)	(3 224)
Other	(1 006)	1 030	(3)	(958)
Net cash flow from operating activities	55 236	111 126	117 661	178 983
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment and intangibles	0	194	9 827	11 765
Purchase of property, plant and equipment and intangible assets	(22 749)	(66 943)	(15 377)	(50 033)
Bank deposit on the period over 3 months	-	20 651	-	-
Net cash flow from investing activities	(22 749)	(46 098)	(5 550)	(38 267)
Cash flow from financing activities				
Change in bank overdrafts	(6 228)	20 311	(61 518)	(68 904)
Repayment of finance lease liabilities	(730)	(2 163)	(674)	(2 083)
Proceeds from other financial liabilities	26 702	24 770	(3 492)	5 021
Repayment of other finance liabilities	(26 744)	(1 870)	12 478	(5 072)
Repayment of loans, borrowings and bonds	(8 792)	(39 535)	(8 746)	(26 208)
Dividends for non-controlling interest	-	(12 950)	-	-
Interest paid	(4 697)	(15 166)	(7 185)	(22 655)
Net cash flow from financing activities	(20 489)	(26 601)	(69 137)	(119 901)
Net increase/(decrease) in cash and cash equivalents	11 998	38 427	42 974	20 814
Net foreign exchange differences	(529)	139	(283)	(939)
Cash and cash equivalents at the beginning of the period	185 508	158 412	95 216	118 033
Cash and cash equivalents at the end of the period	196 978	196 978	137 908	137 908

Consolidated statement of changes in equity

	Attributable to equity holders of the Parent Company							Non-controlling interest	Total equity
	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Accumulated other comprehensive income associated with discontinued operations	Total		
As at 1 January 2015	69 288	472 748	8 958	136 557	(143 939)	-	543 612	181 458	725 071
Net profit (loss) for the period	-	-	-	-	(6 756)	-	(6 756)	45 626	38 870
Other comprehensive income	-	-	(1 179)	(5 759)	625	-	(6 313)	(2 762)	(9 075)
Total comprehensive income	-	-	(1 179)	(5 759)	(6 131)	-	(13 069)	42 864	29 795
Payment of dividends to non-controlling interest							-	(12 950)	(12 950)
Discontinued operations	-	-	5 818	-	(2 633)	(3 185)	-	-	-
Profit/loss distribution	-	(25 110)	-	-	25 110	-	-	-	-
As at 30 September 2015 (unaudited)	69 288	447 638	13 598	130 798	(127 594)	(3 185)	530 542	211 373	741 916

Atributable to equity holders of the Company

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Total	Non-controlling interest	Total equity
As at 1 January 2014	69 288	652 659	18 132	132 697	(357 015)	515 760	155 772	671 532
Net profit (loss) for the year	-	-	-	-	50 459	50 459	27 716	78 175
Other comprehensive income	-	-	(9 173)	3 860	(17 294)	(22 607)	(2 030)	(24 637)
Total comprehensive income	-	-	(9 173)	3 860	33 165	27 851	25 686	53 538
Profit/ loss distribution	-	(179 911)	-	-	179 911	-	-	-
As at 31 December 2014 (audited)	69 288	472 748	8 958	136 557	(143 939)	543 612	181 458	725 071

Atributable to equity holders of the Company

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Total	Non-controlling interest	Total equity
As at 1 January 2014	69 288	652 659	18 132	132 697	(357 015)	515 760	155 772	671 532
Net profit (loss) for the period	-	-	-	-	39 684	39 684	17 080	56 765
Other comprehensive income	-	-	(8 539)	3 835	(1 037)	(5 741)	(2 815)	(8 556)
Total comprehensive income	-	-	(8 539)	3 835	38 647	33 943	14 266	48 208
Profit/loss distribution	-	(179 911)	-	-	179 911	-	-	-
As at 30 September 2014 (unaudited)	69 288	472 748	9 592	136 532	(138 457)	549 703	170 038	719 740

Standalone financial statements and selected financial data

Selected standalone financial data

	For the period from 01.01.2015 to 30.09.2015 PLN 000's	For the period from 01.01.2014 to 30.09.2014 PLN 000's	For the period from 01.01.2015 to 30.09.2015 EUR 000's	For the period from 01.01.2014 to 30.09.2014 EUR 000's
Revenues	80 647	25 347	19 398	6 070
Operating profit (loss)	18 991	(8 628)	4 568	(2 066)
Profit (loss) before tax	15 681	(9 645)	3 772	(2 310)
Profit (loss) from continuing operations	15 681	(9 645)	3 772	(2 310)
Profit (loss) for the period	15 681	(9 645)	3 772	(2 310)
Net operating cash flow	(22 864)	2 761	(5 499)	661
Net investment cash flow	19 400	(3)	4 666	(1)
Net financial cash flow	(1 064)	(998)	(256)	(239)
Net change in cash and cash equivalents	(4 527)	1 760	(1 089)	422
Weighted average number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Weighted average diluted number of shares	69 287 783	69 287 783	69 287 783	69 287 783
EPS (in PLN/EUR)	0,23	(0,14)	0,05	(0,03)
Diluted EPS (in PLN/EUR)	0,23	(0,14)	0,05	(0,03)
Average PLN/EUR rate*			4,1576	4,1759
	As at 30 September 2015 PLN 000's	As at 31 December 2014 PLN 000's	As at 30 September 2015 EUR 000's	As at 31 December 2014 EUR 000's
Assets	942 991	936 635	222 477	219 749
Long-term liabilities	196 304	227 109	46 313	53 283
Short-term liabilities	66 066	44 632	15 587	10 471
Equity	680 621	664 893	160 577	155 994
Share capital	69 288	69 288	16 347	16 256
Number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Diluted number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Book value per share (in PLN/EUR)	9,82	9,60	2,32	2,25
Diluted book value per share (in PLN/EUR)	9,82	9,60	2,32	2,25
Declared or paid dividend (in PLN/EUR)	-	-	-	-
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-
PLN/EUR rate at the end of the period**			4,2386	4,2623

* - Items of the income statement and the cash flow statement are converted at the exchange rate, which is the arithmetic mean of average rates announced by the NBP during the period to which presented data relates.

** - Items of balance sheet and book value per share were converted at the average exchange rate announced by the NBP and prevailing at the balance sheet date.

Standalone income statement

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Continuing operations				
Sales of services	8 308	30 245	4 935	24 437
Interest income	274	687	250	770
Dividends	1 931	49 715	-	140
Revenues	10 514	80 647	5 184	25 347
Cost of interest to subsidiaries	(1 756)	(6 173)	(2 402)	(7 148)
Gross profit on sales	8 758	74 474	2 782	18 199
Other operating income	51	296	12	203
Selling and distribution costs	(988)	(2 895)	(805)	(2 657)
Administrative expenses	(8 462)	(25 593)	(5 857)	(17 207)
Other operating expenses	(4 804)	(27 290)	(2 102)	(7 165)
Operating profit / (loss)	(5 446)	18 991	(5 970)	(8 628)
Finance income	(543)	96	223	673
Finance costs	(1 443)	(3 407)	(307)	(1 691)
Profit / (loss) before tax	(7 432)	15 681	(6 055)	(9 645)
Income tax	-	-	-	-
Net profit (loss) for the period from continuing operations	(7 432)	15 681	(6 055)	(9 645)
Discontinued operations				
Profit (loss) for the period from discontinued operations	-	-	-	-
Net profit (loss) for the period	(7 432)	15 681	(6 055)	(9 645)
Earnings per share:				
- basic from the profit (loss) for the period	(0,11)	0,23	(0,09)	(0,14)
- basic from the profit (loss) from continuing operations for the period	(0,11)	0,23	(0,09)	(0,14)

Standalone statement of comprehensive income

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Net profit (loss) for the period	(7 432)	15 681	(6 055)	(9 645)
Other comprehensive income				
Items to recognise in profit/loss in future periods:				
Exchange difference on translation of foreign operations	93	47	(44)	284
Total net other comprehensive income	93	47	(44)	284
Total comprehensive income for the period	(7 339)	15 728	(6 099)	(9 361)

Standalone balance sheet

	As at 30 September 2015 (unaudited)	As at 30 June 2015 (reviewed)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	1 811	1 343	677	327
Intangible assets	1 322	1 323	1 319	1 319
Investment in subsidiaries, associates and joint ventures	824 042	824 042	827 190	827 189
Other non-financial assets (non-current)	866	874	869	745
	828 042	827 582	830 055	829 581
Current assets				
Trade and other receivables	72 364	80 918	45 320	51 966
Income tax receivables	312	260	167	281
Other financial assets	27 674	27 672	41 714	20 425
Other non-financial assets	519	2 592	771	665
Cash and cash equivalents	14 079	25 103	18 607	10 778
	114 948	136 544	106 579	84 115
TOTAL ASSETS	942 991	964 126	936 635	913 696
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	69 288	69 288	69 288	69 288
Share premium	447 641	447 641	472 751	472 752
Other reserves	147 871	147 871	147 871	147 871
Foreign currency translation	564	472	517	476
Retained earnings / Accumulated (unabsorbed) losses	15 257	22 689	(25 533)	(10 069)
Total equity	680 621	687 960	664 893	680 318
Non-current liabilities				
Interest-bearing loans and borrowings	194 848	194 230	225 168	175 541
Provisions	862	871	866	710
Deferred tax liabilities	-	-	-	1
Other non-current liabilities	333	374	300	62
Accruals and deferred income	260	747	776	1 051
	196 304	196 221	227 109	177 366
Current liabilities				
Short-term provisions				
Interest-bearing loans and borrowings	343	346	551	7 259
Trade payables	58 851	72 699	36 026	45 622
Other financial liabilities	156	152	102	-
Other current liabilities	1 707	1 960	1 733	1 159
Income tax liabilities	-	-	35	-
Accruals and deferred income	4 845	4 410	5 360	1 971
	66 066	79 945	44 632	56 011
TOTAL LIABILITIES	262 370	276 166	271 741	233 378
TOTAL EQUITY AND LIABILITIES	942 991	964 126	936 635	913 696

Standalone cash flow statement

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Cash flow from operating activities				
Profit (loss) before taxation	(7 432)	15 681	(6 055)	(9 645)
Adjustments for:				
Depreciation	73	199	29	82
Gain / (loss) from foreign exchange differences	712	377	(35)	292
Impairment of non-current assets	710	5 234	756	2 348
Net interest and dividends	362	1 060	225	933
Increase / decrease in receivables and other non-financial assets	12 012	(26 789)	(7 869)	(2 499)
Increase / decrease in payables except for loans, borrowings and bonds	(14 101)	22 799	15 563	12 088
Change in accruals and prepayments	(51)	(1 030)	60	(1 608)
Change in provisions	(222)	(665)	3	(22)
Income tax paid	(51)	(179)	(46)	530
Increase / decrease in loans to subsidiaries	(2 094)	(39 550)	359	636
Payments within the tax group	-	-	(374)	(374)
Net cash flow from operating activities	(10 083)	(22 864)	2 617	2 761
Cash flow from investing activities				
Proceeds from sales of property, plant and equipment and intangibles	-	-	20	20
Purchase of property, plant and equipment and intangible assets	(579)	(1 250)	-	-
Acquisition of shares in subsidiary	-	-	(23)	(23)
Short-term deposit	-	20 651	-	-
Net cash flow from investing activities	(579)	19 400	(3)	(3)
Cash flow from financing activities				
Repayment of finance lease liabilities	-	-	(41)	(41)
Interest paid	(361)	(1 064)	(190)	(957)
Other	-	-	(62)	-
Net cash flow from financing activities	(361)	(1 064)	(293)	(998)
Net increase/(decrease) in cash and cash equivalents	(11 023)	(4 527)	2 321	1 760
Cash and cash equivalents at the beginning of the period	25 103	18 607	8 458	9 018

Standalone statement of changes in equity

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Total equity
As at 1 January 2015	69 288	472 751	517	147 871	(25 533)	664 893
Profit for the period	-	-	-	-	15 681	15 681
Other comprehensive income	-	-	47	-	-	47
Total comprehensive income	-	-	47	-	15 681	15 728
Profit distribution	-	(25 110)	-	-	25 110	-
Payments within the tax group	-	-	-	-	-	-
As at 30 September 2015 (unaudited)	69 288	447 641	564	147 871	15 257	680 621

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Total equity
As at 1 January 2014	69 288	652 662	192	147 871	(179 968)	690 043
Profit for the year	-	-	-	-	(25 110)	(25 110)
Other comprehensive income	-	-	325	-	-	325
Total comprehensive income	-	-	325	-	(25 110)	(24 785)
Profit distribution	-	(179 911)	-	-	179 911	-
Payments within the tax group	-	-	-	-	(366)	(366)
As at 31 December 2014 (audited)	69 288	472 751	517	147 871	(25 533)	664 893

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Total equity
As at 1 January 2014	69 288	652 662	192	147 871	(179 968)	690 043
Profit for the period	-	-	-	-	(9 645)	(9 645)
Other comprehensive income	-	-	284	-	-	284
Total comprehensive income	-	-	284	-	(9 645)	(9 361)
Profit distribution	-	(179 910)	-	-	179 910	-
Payments within the tax group	-	-	-	-	(366)	(366)
As at 30 September 2014 (unaudited)	69 288	472 752	476	147 871	(10 069)	680 318

Additional explanatory notes

1. General information

Arctic Paper Group is the second largest, in terms of production volume, European producer of bulky book paper, offering the widest range of products in this segment and one of the leading producers of high-quality graphic paper in Europe. We produce many types of wood-free coated and uncoated paper, as well as wood-containing uncoated paper for printing houses, paper distributors, publishers of books and periodicals and advertising industry. At the day of publication of this report, Arctic Paper Group employs app. 1,800 people in four paper mills and fifteen companies involved in the distribution and sale of paper as well as in two pulp companies, a purchasing office and a company dealing in production of food packaging. Our paper mills are located in Poland, Sweden and Germany and have a combined capacity of more than 800,000 tons of paper annually. Our pulp mills are located in Sweden and have aggregated production capacities of 400,000 tons of pulp annually. The Group has three distribution companies engaged in sales, distribution and marketing of the products offered by the Group in Nordic countries and 12 Sales Offices to ensure access for all European markets, including Central and Eastern Europe.

Our consolidated sales revenues for nine months of 2015 amounted to PLN 2,190 million.

Arctic Paper SA is a holding company established in April 2008. As a result of capital restructuring carried out in 2008, the paper mills Arctic Paper Kostrzyn (Poland) and Arctic Paper Munkedals (Sweden), Distribution Companies and Sales Offices have become the properties of Arctic Paper SA. Previously they were owned by Arctic Paper AB (current name

Trebruk AB), the parent company of the Issuer. In addition, under the expansion, the Group acquired paper mill Arctic Paper Mochenwangen (Germany) in November 2008 and paper mill Grycksbo (Sweden) in March 2010. In 2012, Arctic Paper S.A. acquired shares in Rottneros AB, a company listed on NASDAQ in Stockholm, Sweden, and owning two pulp companies (Sweden).

The Parent Company is entered in the register of entrepreneurs of the National Court Register maintained by the District Court in Poznań – Nowe Miasto i Wilda, 8th Commercial Department of the National Court Register, under KRS number 0000306944. The Parent Company holds statistical number REGON 080262255.

Condensed quarterly consolidated financial statements of the Company comprise income statement, statement of comprehensive income and cash flow statement for the periods of three and nine months ended 30th September 2015 and includes comparative data for the analogous periods ended 30th September 2014. Condensed quarterly consolidated financial statements of the Company comprise statement of changes in equity for the period of nine months ended 30th September 2015 and includes comparative data for the analogous period ended 30th September 2014 and for the period of twelve months ended 31st December 2014.

Condensed quarterly consolidated financial statements of the Company comprise also balance sheet as on 30th September 2015 and includes comparative data as on 30th June 2015, 31st December 2014 and 30th September 2014.

Business activities

The main area of Arctic Paper Group's business activities is paper production.

The additional business activities of the Group, subordinate to paper production are:

- Production and sales of pulp,
- Generation of electricity,
- Transmission of electricity,
- Electricity distribution,
- Heat production,
- Heat distribution,
- Logistics services,
- Paper distribution.

Shareholding structure

Nemus Holding AB, a company under Swedish law (and which is indirectly held by Mr Thomas Onstad), is the majority shareholder of Arctic Paper S.A., holding as on 30th September 2015 40,006,449 shares of the Company, which constitute 57.74% of its share capital and representing 57.749% of total number of votes in the Shareholders Meeting. Thus Nemus Holding AB is the parent entity of the Issuer.

Moreover, Mr. Thomas Onstad, an indirect shareholder of Nemus Holding AB, directly holds 5,848,658 Shares constituting 8.44% of total number of the Company's shares.

On 8th July 2015, the Company received information concerning sales of 1,350,000 shares of the Company, constituting 1.95% of total number of the Company's Shares, performed by Nemus Holding AB to a third party indirectly held by Mr Thomas Onstad.

The ultimate parent of Arctic Paper Group is Incarta Development S.A.

The Company has unlimited period of operation.

2. Composition of the Group

The Group is composed of Arctic Paper S.A. and the following subsidiaries:

Entity	Registered office	Business activities	Share in equity of subsidiaries as at			
			13 November 2015	30 September 2015	28 August 2015	31 December 2014
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Paper production	99,74%	99,74%	99,74%	99,74%
Arctic Paper Grycksbo AB	Sweden, Box 1, SE 790 20 Grycksbo	Paper production	100%	100%	100%	100%
Arctic Paper UK Limited	Great Britain, Quadrant House, 47 Croydon Road, Caterham, Surrey	Trading services	100%	100%	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Vardemara iela 33-20, Riga LV-1010	Trading services	100%	100%	100%	100%

Entity	Registered office	Business activities	Share in equity of subsidiaries as at			
			13 November 2015	30 September 2015	28 August 2015	31 December 2014
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 72, 20457 Hamburg	Trading services	100%	100%	100%	100%
Arctic Paper Benelux S.A.	Belgium, Ophemstraat 24 B-3050 Oud-Haverlee	Trading services	100%	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Technoparkstrasse 1, 8005 Zurich	Trading services	100%	100%	100%	100%
Arctic Paper Italia srl	Italy, Via Cavriana 7, 20 134 Milano	Trading services	100%	100%	100%	100%
Arctic Paper Ireland Limited	Ireland, 4 Rosemount Park Road, Dublin 11	Trading services	100%	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskindelund 6 DK-2670 Greve	Trading services	100%	100%	100%	100%
Arctic Paper France SAS	France, 43 rue de la Breche aux Loups, 75012 Paris	Trading services	100%	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading services	100%	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading services	100%	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Biskupia 39, 04-216 Warszawa	Trading services	100%	100%	100%	100%
Arctic Paper Norge AS	Norway, Rosenholmsveien 25, NO-1411 Kolbotn	Trading services	100%	100%	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading services	100%	100%	100%	100%
Arctic Paper East Sp. z o.o.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Trading services	100%	100%	100%	100%
Arctic Paper Investment GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Holding company	100%	100%	100%	100%
Arctic Paper Finance AB (previously Arctic Energy Sverige AB)	Sweden, Box 383, 401 26 Göteborg	Holding company (previously hydro energy production)	100%	100%	100%	100%
Arctic Paper Verwaltungs GmbH *	Germany, Fabrikstrasse 62, DE-882 84 Wolpertswende	Holding company	100%	100%	100%	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Fabrikstrasse 62, DE-882 84 Wolpertswende	Holding company	94,90%	94,90%	94,90%	94,90%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Holding company	100%	100%	100%	100%
Grycksbo Paper Holding AB	Sweden, Box 1, SE 790 20 Grycksbo	Holding company	-	-	100%	100%
EC Kostrzyn Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Property and machinery rental	100%	100%	100%	100%
Arctic Paper Munkedals Kraft AB	Sweden, 455 81 Munkedal	Hydro energy production	100%	100%	100%	100%

Entity	Registered office	Business activities	Share in equity of subsidiaries as at			
			13 November 2015	30 September 2015	28 August 2015	31 December 2014
Rottneros AB	Sweden, Sunne	Holding company	51,27%	51,27%	51,27%	51,27%
Rottneros Bruk AB	Sweden, Sunne	Pulp production	51,27%	51,27%	51,27%	51,27%
Utansjo Bruk AB	Sweden, Harnösand	Dormant entity	51,27%	51,27%	51,27%	51,27%
Vallviks Bruk AB	Sweden, Söderhamn	Pulp production	51,27%	51,27%	51,27%	51,27%
Rottneros Packaging AB	Sweden, Stockholm	Food packaging production	51,27%	51,27%	51,27%	51,27%
SIA Rottneros Baltic	Latvia, Ventspils	Company for purchase of timber	51,27%	51,27%	51,27%	51,27%

* - formed for the purpose of acquisition of Arctic Paper Mochenwangen GmbH

** - formed for the purpose of acquisition of Grycksbo Paper Holding AB

As on 30th September 2015 and as well as on the day of publishing of the hereby report, the percentage of voting rights held by the Group in subsidiaries corresponds to the percentage held in the share capital of those entities. All subsidiaries within the Group are consolidated under the full method from the day of obtaining control by the Group and cease to be consolidated from the day the control has been transferred out of the Group.

On 1st October 2012, Arctic Paper Munkedals AB purchased 50% of shares in Kalltorp Kraft Handelsbolaget seated in Trolhattan, Sweden. Kalltorp Kraft deals in energy production in the owned hydro-power plant. The purpose of the purchase was realization of the strategy of increasing own energy

capacities. The shares in Kalltorp Kraft have been recognized as joint arrangement and measured at ownership rights.

On 28 July 2015, the Management Board of Arctic Paper S.A. made public the schedule of profitability improvement program ("Program") for Arctic Paper S.A. Capital Group, which has been described in details in note 9 in the hereby condensed consolidated financial statements. One of the elements of the Program is an active search for a buyer of Arctic Paper Mochenwangen mill, and in the meantime the evaluation of the possibility of undertaking actions towards further reduction of losses generated by this mill, including gradual cease of production.

3. Management and supervisory bodies

3.1. Management Board of the Parent Company

As on 30th September 2015, the following persons constituted the Parent Company's Management Board:

- Wolfgang Lübbert – President of the Management Board appointed on 27th November 2013 (appointed as a Member of the Management Board on 5th June 2012);
- Jacek Łoś – Member of the Management Board appointed on 27th April 2011;
- Per Skoglund – Member of the Management Board appointed on 27th April 2011;
- Małgorzata Majewska - Śliwa – Member of the Management Board appointed on 27th November 2013;
- Michał Sawka – Member of the Management Board appointed on 12th February 2014.

From 30th September 2015 until the date of publishing of the hereby interim condensed consolidated financial statements, there were no changes in the composition of the Management Board of the Parent Company.

3.2. Supervisory Board of the Parent Company

As on 30th September 2015, the following persons constituted the Parent Company's Supervisory Board:

- Rolf Olof Grundberg – President of the Supervisory Board appointed on 30th April 2008;
- Rune Roger Ingvarsson – Member of the Supervisory Board appointed on 22nd October 2008;
- Thomas Onstad – Member of the Supervisory Board appointed on 22nd October 2008;
- Mariusz Grendowicz – Member of the Supervisory Board appointed on 28th June 2012;
- Dariusz Witkowski – Member of the Supervisory Board appointed on 24th October 2013.
- Roger Mattsson – Member of the Supervisory Board appointed on 16th September 2014.

From 30th September 2015 until the date of publishing of the hereby interim condensed consolidated financial statements, there were no changes in the composition of the Supervisory Board of the Parent Company.

3.3. Audit Committee of the Parent Company

As on 30th September 2015, the following persons constituted the Parent Company's Audit Committee:

- Rolf Olof Grundberg – President of the Audit Committee appointed on 20th February 2013;
- Rune Ingvarsson – Member of the Audit Committee appointed on 20th February 2013;
- Mariusz Grendowicz – Member of the Audit Committee appointed on 20th February 2013

Until the date of publishing of the hereby report, there were no changes in the composition of the Audit Committee of the Parent Company.

4. Approval of the financial statements

The hereby interim quarterly condensed consolidated financial statements were approved for publishing by the Management Board on 13th November 2015.

5. Basis of preparation of consolidated financial statements

The hereby condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRS endorsed by the European Union.

The hereby condensed consolidated financial statements have been presented in Polish zloty ("PLN") and all values are rounded to the nearest thousand (PLN '000) except when otherwise indicated.

Interim condensed consolidated financial statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31st December 2014.

The hereby condensed consolidated financial statements have been prepared based on the assumption that the Group's companies will continue as going concern in the foreseeable

future. As on the day of authorization of the hereby financial statements, no premises have been found to indicate any

threat to continuation of business operations of the Group's companies.

6. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December 2014, except for the following application of changes in standards and new interpretations binding for yearly periods beginning on 1st January 2015.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (issued on 21st November 2013) - effective for annual periods beginning on or after 1st July 2014, effective within the EU at the latest for annual periods beginning on or after 1st February 2015;

- Amendments resulting from the review of IFRS 2010-2012 (published on 12th December 2013) – some of the amendments effective for annual periods beginning on or after 1st July 2014, while other prospectively effective for transactions which occurred on or after 1st July 2014; effective within the EU at the latest for annual periods beginning on or after 1st February 2015.

The adoption of the aforementioned changes to standards did not cause changes of the comparative data.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

6.1. Foreign currency translation

Transactions denominated in currencies other than functional currency of the entity are translated into functional currency at the foreign exchange rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in currencies other than functional currency of the entity are translated into functional currency using the average foreign exchange rate prevailing for the given currency at the end of the reporting period. Exchange differences resulting from translation are recorded under financial income or financial costs or under capitalized cost of assets, based on defined examples in accounting policy. Non-monetary foreign currency assets and liabilities recognized at historical cost are translated at the historical foreign exchange rate prevailing on the transaction date. Non-monetary foreign currency assets and liabilities recognized at fair value are translated into Polish zloty using the rate of exchange binding as on the date of re-measurement to fair value.

The functional currencies of the foreign subsidiaries are EUR, SEK, LVL, DKK, NOK, GBP and CHF. As on the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (Polish zloty) using the rate of exchange prevailing on the balance sheet date and their income statements are translated using the average weighted exchange rate for the given reporting period. The exchange differences arising from the translation are taken directly to equity and recognized in a separate line. On disposal of a foreign operation, the cumulative amount of the deferred exchange differences recognized in equity and relating to that particular foreign operation shall be recognized in the income statement.

Exchange differences on loans treated, in compliance with IAS 21, as investments in subsidiaries are recognized in the consolidated financial statements in other comprehensive income.

The following exchange rates were used for valuation purposes:

	As at 30 September 2015	As at 31 December 2014
USD	3,7754	3,5072
EUR	4,2386	4,2623
SEK	0,4515	0,4532
DKK	0,5682	0,5725
NOK	0,4474	0,4735
GBP	5,7305	5,4648
CHF	3,8785	3,5447

Average foreign exchange rates for the reporting periods are as follows:

	01/01 - 30/09/2015	01/01 - 30/09/2014
USD	3,7324	3,0821
EUR	4,1576	4,1759
SEK	0,4438	0,4620
DKK	0,5575	0,5598
NOK	0,4718	0,5045
GBP	5,7199	5,1445
CHF	3,9202	3,4285

6.2. Data comparability

Because of the fact that Arctic Paper begins to actively search a buyer for Arctic Paper Mochenwangen mill and in the meantime it evaluates the possibility of undertaking actions towards further reduction of losses generated by the mill, including gradual cease of production, income and cost of Arctic Paper Mochenwangen, Arctic Paper Investment GmbH, Arctic Paper Verwaltungs and Arctic Paper Immobilienverwaltung have been presented as profit/(loss) from discontinued operations in the consolidated income statement for the periods of three and nine months ended 30th

September 2015. According to the requirements of International Financial Reporting Standards, appropriate changes of comparable data has been performed for the periods of three and nine months ended 30th September 2014 (for more information see note 9 of the hereby condensed consolidated financial statements).

In the period of three quarters of 2015, no changes in accounting policies occurred which would have caused changes of the comparative data.

7. Seasonality

The Group's activities are not of seasonal or cyclical nature. Therefore the results presented by the Group do not fluctuate significantly during the year.

8. Information on business segments

The principal business of the Group is paper production, which is conducted in four paper mills belonging to the Group.

The Group identifies the following business segments:

- **Uncoated paper** – paper for printing or other graphic purposes, including wood-free and wood-containing. Uncoated wood-free paper can be produced from various types of pulp, with different filler content, and can undergo various finishing enhancing processes, such as surface sizing and calendering. Two main categories of this type of paper are graphic paper (used for example for printing books and catalogues) and office papers (for instance, photocopy paper, however the Group currently does not produce office papers. Uncoated paper from mechanical pulp intended for printing or other graphic purposes. This type of paper is used for printing magazines with the use of rotogravure or offset printing techniques. The Group's products in this segment are usually used for printing paperbacks.
- **Coated paper** - wood-free paper for printing or other graphic purposes, one-side or two-side coated with mixtures containing mineral pigments, such as china clay, calcium carbonate, etc. The coating process can involve different methods, both online and offline, and can be supplemented by super-calendering to ensure a smooth surface. Coating improves the printing quality of photographs and illustrations.
- **Pulp** - fully bleached sulphate pulp and unbleached sulphate pulp which is used mainly for production of printing and writing papers, cardboard, toilet paper and white packaging paper as well as chemithermomechanical pulp and groundwood which are used mainly for production of printing and writing papers,

- **Other** – this segment contains results of Arctic Paper S.A. and Arctic Paper Finance AB business operations.

The division of business segments to uncoated and coated paper is caused by the following circumstances:

- Demand for products and its supply, as well as the products prices sold on the market are shaped by factors characteristic for each segment, including i.e. level of the production capacity in each segment,
- Key operational factors such as e.g. orders inflow or production costs level are determined by factors which are close to each other within each paper segment,
- Products produced in the Group's Paper Mills can be, with some exceptions, allocated to production in different subsidiaries within the same paper segment, which to some extent disturbs the financial results of each Paper Mill,
- Arctic Paper Group results are dominated by global market trends in terms of fluctuations of prices of paper and basic raw materials, particularly pulp, and depend on individual conditions of production subsidiaries to lesser extent.

The results of particular segments of business activity are monthly analyzed by the Group's key management personnel based on internal reporting provided by the companies (excluding companies of Rottneros Group). Results of Rottneros Group are analyzed mainly based on reports published on NASDAQ OMX Stockholm stock exchange. Performance is measured based on the EBITDA level. Transfer prices in transactions between segments are set on an arm's length basis as if it concerned non-related parties.

In the table below presented is the data concerning revenues and profits as well as some of the assets and liabilities. The data is divided to particular segments of the Group and refers to nine months' period ended 30th September 2015 and represents the situation as on 30th September 2015.

Nine months' period ended 30th September 2015 and as on 30th September 2015

	Continuing Operations						Total continuing operations
	Uncoated	Coated	Pulp	Other	Total	Eliminations	
Revenues							
Sales to external customers	1 129 412	503 314	557 326	-	2 190 052	-	2 190 052
Inter-segment sales	2 213	14 514	48 429	29 925	95 082	(95 082)	-
Total segment revenues	1 131 625	517 828	605 755	29 925	2 285 134	(95 082)	2 190 052
Segment's Result							
EBITDA	64 100	(11 449)	133 981	1 896	188 529	(1 168)	187 361
Interest Income	6 975	119	0	1 823	8 918	(7 900)	1 018
Interest Costs	(9 270)	(4 787)	-	(9 150)	(23 207)	6 860	(16 347)
Amortization and depreciation	(37 704)	(19 692)	(23 904)	(199)	(81 498)	-	(81 498)
Impairment of non-current assets	-	0	-	(28 540)	(28 540)	28 540	-
Positive FX and other financial income	842	-	-	49 850	50 692	(50 689)	3
Negative FX and other financial costs	(6 224)	(2 620)	(1 331)	-	(10 175)	1 418	(8 756)
Profit before tax	18 719	(38 429)	108 747	15 681	104 718	(22 938)	81 780
Segment assets	1 077 962	296 585	531 919	260 449	2 166 915	(473 145)	1 693 770
Segment liabilities	631 445	377 024	135 450	262 370	1 406 288	(397 381)	1 008 908
Capital expenditures	37 042	3 773	18 195	1 105	60 114	-	60 114
Shares in joint ventures	5 018	-	-	-	5 018	-	5 018

- Revenues from inter-segment transactions are excluded on consolidation.
- Segment result does not include financial income (PLN 1,021 thousand of which PLN 1,018 thousand is interest income) and financial costs (PLN 25,103 thousand of which PLN 16,347 thousand is interest costs), amortization and depreciation (PLN 81,498 thousand), as well as income tax charges (PLN -7,169 thousand). However, segment result includes inter-segment sales profit (PLN 1,168 thousand).
- Segment assets and liabilities do not include deferred tax asset and liability (deferred tax asset of PLN 46,189 thousand, deferred tax liability of PLN 9,158 thousand) as these positions are managed in the Group level. Segment assets do not also include investments in companies from within the Group.

In the table below presented is the data concerning revenues and profits as well as some of the assets and liabilities. The data is divided to particular segments of the Group and refers to three months' period ended 30th September 2015 and represents the situation as on 30th September 2015.

Three months' period ended 30th September 2015 and as on 30th September 2015

	Continuing Operations						Total continuing operations
	Uncoated	Coated	Pulp	Other	Total	Eliminations	
Revenues							
Sales to external customers	370 339	176 416	183 945	-	730 700	-	730 700
Inter-segment sales	601	4 116	18 213	8 219	31 148	(31 148)	-
Total segment revenues	370 940	180 531	202 157	8 219	761 848	(31 148)	730 700
Segment's Result							
EBITDA	25 692	2 759	42 450	(1 110)	69 790	673	70 463
Interest Income	1 855	32	-	664	2 552	(2 401)	151
Interest Costs	(3 018)	(1 622)	-	(2 770)	(7 410)	2 027	(5 383)
Amortization and depreciation	(12 634)	(6 445)	(8 273)	(73)	(27 425)	-	(27 425)
Impairment of non-current assets	-	0	-	(5 268)	(5 268)	5 268	-
Positive FX and other financial income	(2 280)	-	-	1 123	(1 157)	(70)	(1 227)
Negative FX and other financial costs	(1 821)	(1 621)	(444)	2	(3 885)	(1 416)	(5 301)
Profit before tax	7 794	(6 898)	33 733	(7 432)	27 196	4 081	31 277
Segment assets	1 077 962	296 585	531 919	260 449	2 166 915	(473 145)	1 693 770
Segment liabilities	631 445	377 024	135 450	262 370	1 406 288	(397 381)	1 008 908
Capital expenditures	7 848	1 814	11 986	527	22 175	-	22 175
Shares in joint ventures	5 018	-	-	-	5 018	-	5 018

- Revenues from inter-segment transactions are excluded on consolidation.
- Segment result does not include financial income (PLN -1,076 thousand of which PLN 151 thousand is interest income) and financial costs (PLN 10,685 thousand of which PLN 5,383 thousand is interest costs), amortization and depreciation (PLN 27,425 thousand), as well as income tax charges (PLN -8,556 thousand). However, segment result includes inter-segment sales loss (PLN 673 thousand).
- Segment assets and liabilities do not include deferred tax asset and liability (deferred tax asset of PLN 46,189 thousand, deferred tax liability of PLN 9,158 thousand) as these positions are managed in the Group level. Segment assets do not also include investments in companies from within the Group.

In the table below presented is the data concerning revenues and profits as well as some of the assets and liabilities. The data is divided to particular segments of the Group and refers to nine months' period ended 30th September 2014 and represents the situation as on 31st December 2014.

Nine months' period ended 30th September 2014 and as on 31st December 2014

Continuing Operations							Total continuing operations
Uncoated	Coated	Pulp	Other	Total	Eliminations		
Revenues							
Sales to external customers	1 124 428	502 287	537 589	-	2 164 304	-	2 164 304
Inter-segment sales	2 828	14 181	33 129	24 437	74 575	(74 575)	-
Total segment revenues	1 127 256	516 468	570 718	24 437	2 238 879	(74 575)	2 164 304
Segment's Result							
EBITDA	95 356	18 628	70 540	4 811	189 335	418	189 753
Interest Income	8 949	96	0	1 804	10 849	(10 306)	543
Interest Costs	(18 003)	(5 361)	(1 386)	(8 223)	(32 973)	12 335	(20 638)
Amortization and depreciation	(41 861)	(20 173)	(22 274)	(82)	(84 390)	-	(84 390)
Impairments of non-current assets	-	0	-	-	0	-	0
Positive FX and other financial income	300	-	-	676	976	(714)	262
Negative FX and other financial costs	(4 812)	(578)	(462)	(616)	(6 467)	324	(6 143)
Profit before tax	39 929	(7 388)	46 419	(1 629)	77 330	2 057	79 387
Segment assets	1 234 380	322 964	451 870	238 909	2 248 124	(544 631)	1 703 493
Segment liabilities	849 377	366 441	130 975	271 741	1 618 534	(594 773)	1 023 760
Capital expenditures	23 535	4 953	19 404	19	47 912	-	47 912
Shares in joint ventures	5 037	-	-	-	5 037	-	5 037

- Revenues from inter-segment transactions are excluded on consolidation.
- Segment result does not include financial income (PLN 805 thousand of which 543 PLN is interest income) and financial costs (PLN 26,781 thousand of which PLN 20,638 thousand is interest costs), amortization and depreciation (PLN 84,390 thousand), as well as income tax charges (PLN -15,216 thousand). However, segment result includes inter-segment sales loss (PLN 418 thousand).
- Segment assets and liabilities do not include deferred tax asset and liability (deferred tax asset of PLN 54,259 thousand, deferred tax liability of PLN 13,959 thousand) as these positions are managed in the Group level. Segment assets do not also include investments in companies from within the Group

In the table below presented is the data concerning revenues and profits as well as some of the assets and liabilities. The data is divided to particular segments of the Group and refers to three months' period ended 30th September 2014 and represents the situation as on 31st December 2014.

Three months' period ended 30th September 2014 and as on 31st December 2014

	Continuing Operations						Total continuing operations
	Uncoated	Coated	Pulp	Other	Total	Eliminations	
Revenues							
Sales to external customers	382 983	163 841	181 417	-	728 242	-	728 242
Inter-segment sales	1 080	4 314	12 129	4 518	22 041	(22 041)	-
Total segment revenues	384 063	168 156	193 546	4 518	750 283	(22 041)	728 242
Segment's Result							
EBITDA	41 908	11 436	32 646	126	86 116	1 075	87 191
Interest Income	2 985	30	-	593	3 608	(3 444)	163
Interest Costs	(5 696)	(1 706)	(453)	(2 764)	(10 619)	4 097	(6 522)
Depreciation	(14 453)	(6 477)	(7 125)	(29)	(28 084)	-	(28 084)
Impairments of non-current assets	-	0	-	6 006	6 006	(6 006)	0
Positive FX and other financial income	(1 088)	(509)	-	176	(1 421)	1 066	(355)
Negative FX and other financial costs	(2 396)	(512)	(462)	55	(3 315)	(1 000)	(4 315)
Profit before tax	21 261	2 262	24 605	4 162	52 290	(4 212)	48 078
Segment assets	1 234 380	322 964	451 870	238 909	2 248 124	(544 631)	1 703 493
Segment liabilities	849 377	366 441	130 975	271 741	1 618 534	(594 773)	1 023 760
Capital expenditures	9 195	481	4 943	3	14 622	-	14 622
Shares in joint ventures	5 037	-	-	-	5 037	-	5 037

- Revenues from inter-segment transactions are excluded on consolidation.
- Segment result does not include financial income (PLN -192 thousand of which 163 PLN is interest income) and financial costs (PLN 10,837 thousand of which PLN 6,522 thousand is interest costs), amortization and depreciation (PLN 28,084 thousand), as well as income tax charges (PLN -8,084 thousand). However, segment result includes inter-segment sales loss (PLN 1,075 thousand).
- Segment assets and liabilities do not include deferred tax asset and liability (deferred tax asset of PLN 54,259 thousand, deferred tax liability of PLN 13,959 thousand) as these positions are managed in the Group level. Segment assets do not also include investments in companies from within the Group

9. Discontinued operations

On 28th July 2015, the Management Board of Arctic Paper S.A. made public the schedule of profitability improvement program for the Group, aimed at reduction of cost of operations through creation of common services centers for Group companies, introduction of individual programs for profitability improvement in mills and the revision of cost of services rendered by external parties.

Simultaneously, Arctic Paper has begun to actively search for a buyer of Arctic Paper Mochenwangen mill, and in the meantime it evaluates the possibility of undertaking actions towards further reduction of losses generated by this mill, including gradual cease of production. Because of the significant portion of the Group's operations conducted at Arctic Paper Mochenwangen and the companies established

for the purpose of acquisition of this mill and their operational and geographic separation, the Management Board considered operations of Mochenwangen Group as discontinued operations as on 30th September 2015. Mochenwangen Group includes: Paper Mochenwangen, Arctic Paper Investment GmbH, Arctic Paper Verwaltungs, and Arctic Paper Immobilienverwaltung. As the result, assets and liabilities of Mochenwangen Group have been presented respectively as assets connected with discontinued operations and liabilities directly connected with discontinued operations as on 30th September 2015, while income and cost of this Group have been presented as profit/(loss) from discontinued operations in consolidated income statements for the periods of three and nine months ended 30th September 2015 and 30th September 2014.

The tables below present appropriate financial data of discontinued operations:

	9 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2014 (audited)
Revenues and costs of discontinued operations		
Revenues from sales of products	183 170	179 290
Cost of sales	(195 753)	(170 713)
Gross profit on sales	(12 584)	8 577
Selling and distribution expenses	(18 145)	(16 996)
Administrative expenses	(5 197)	(5 508)
Other operating income	1 352	5 992
Other operating expenses	(129)	(178)
Operating profit	(34 703)	(8 113)
Financial income	353	71
Financial costs	(1 626)	(993)
Profit before tax	(35 975)	(9 034)
Income tax	233	1 628
Profit (loss) from discontinued operations	(35 741)	(7 406)
Earnings per share:		
– basic from the profit (loss) from discontinued operations attributable to equity holders of the parent	(0,52)	(0,11)
– diluted from the profit (loss) from the discontinued operations attributable to equity holders of the parent	(0,52)	(0,11)

	As at 30 September 2015 (unaudited)	
Net assets associated with discontinued operations		
Assets associated with discontinued operations		
Inventories	43 639	
Trade and other receivables	17 310	
Income tax receivables	123	
Other non-financial assets	352	
Other financial assets	1 090	
Cash and cash equivalents	966	
	63 481	
Liabilities directly associated with discontinued operations		
Provisions	17 104	
Other financial liabilities	870	
Trade and other payables	26 370	
Income tax payable	102	
Accruals and deferred income	4 031	
	48 476	
Net assets associated with discontinued operations	15 004	
Accumulated other comprehensive income associated with discontinued operations		
Translation reserve	(5 818)	
Actuarial gains/ losses	2 633	
	(3 185)	
	9 months period ended 30 September 2015	9 months period ended 30 September 2014
Cash flow from discontinued operations		
Net cash flow from operating activities	(12 213)	(7 501)
Net cash flow from investing activities	6 497	10 470
Net cash flow from financing activities	6 152	(3 896)
	435	(928)

10. Dividend paid and proposed

Dividend is paid based on the net profit presented in standalone annual financial statements of Arctic Paper SA after covering losses carried forward from the previous years.

In accordance with provisions of the Code of Commercial Companies, the parent company is obliged to establish a share premium to finance possible losses. At least 8% of the profit for the financial year shown in the standalone financial statements of the parent company should be transferred to this category of capital until this capital has reached the amount of at least one third of the share capital of the parent company. The use of share premium and reserve capital is determined by the Shareholders Meeting; however, the part of

share premium equal to one third of the share capital can be used only to finance the losses shown in the standalone financial statements of the parent company and cannot be distributed to other purposes.

As on the date of the hereby financial statements, the Company had no preferred shares.

The possibility of payment of potential dividend by the Company to shareholders depends on the level of payments received from subsidiaries. Risks associated with the Company's ability to pay dividends have been described in the part "Risk factors" of the annual report for 2014.

By the power of the Annex no 3 dated 20th December 2013 to the Loan Agreement dated 6th November 2012 concluded by Arctic Paper S.A. together with its subsidiaries, i.e. Arctic Paper Kostrzyn S.A., Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH and the consortium of banks (Bank Pekao S.A., Bank Zachodni WBK S.A. and

mBank S.A.), Arctic Paper S.A. bound itself not to declare or pay dividend when a breach of the agreement occurred or in case declaration or payment of dividend would have caused a breach of the agreement.

The Shareholders Meeting which took place on 29th June 2015 did not decide for dividend payment.

11. Earnings per share

Earnings per share ratio is established by dividing the net profit for the reporting period attributable to the Company's ordinary shareholders by weighted average number of issued ordinary shares existing in the reporting period.

Information regarding profit and number of shares, which was the base for calculation of earnings per share and diluted earnings per share, are presented below:

	3 months period ended 30 September 2015 (unaudited)	9 months period ended 30 September 2015 (unaudited)	3 months period ended 30 September 2014 (unaudited)	9 months period ended 30 September 2014 (unaudited)
Net profit (loss) from continuing operations attributable to equity holders of the parent	10 220	28 985	31 199	47 091
Profit (loss) from discontinued operations attributable to equity holders of the parent	(9 795)	(35 741)	(5 612)	(7 406)
Net profit (loss) attributable to equity holders of the parent	425	(6 756)	25 587	39 684
Number of series A ordinary shares	50 000	50 000	50 000	50 000
Number of series B ordinary shares	44 253 500	44 253 500	44 253 500	44 253 500
Number of series C ordinary shares	8 100 000	8 100 000	8 100 000	8 100 000
Number of series E ordinary shares	3 000 000	3 000 000	3 000 000	3 000 000
Number of series F ordinary shares	13 884 283	13 884 283	13 884 283	13 884 283
Total number of shares (in thousand)	69 287 783	69 287 783	69 287 783	69 287 783
Weighted average number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Weighted average diluted number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Profit/(Loss) per share (in PLN)				
– basic from the profit (loss) for the period attributable to equity holders of the parent	0,01	(0,10)	0,37	0,57
– basic from the profit (loss) from continuing operations attributable to equity holders of the parent	0,15	0,42	0,45	0,68
Diluted profit/(loss) per share (in PLN)				
– from the profit (loss) for the period attributable to equity holders of the parent	0,01	(0,10)	0,37	0,57
– from the profit (loss) from continuing operations attributable to equity holders of the parent	0,15	0,42	0,45	0,68

12. Interest-bearing loans and borrowings

In the period covered by the hereby financial statements, the Group performed partial payment of its debt under temporary credit resulting from the loan agreement concluded in November 2012 with a consortium of banks (Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A. and mBank S.A) and full payment of the debt in Danske Bank in the total amount of PLN 39,539 thousand.

The Company increased its debt under overdrafts towards the aforementioned consortium of banks, as well as Svenska Handelsbanken in the amount of PLN 20,311 thousand.

Other changes in loans and borrowings as on 30th September 2015 compared to 31st December 2014 result mainly from balance sheet evaluation.

13. Equity securities

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)
A series ordinary shares with par value of PLN 1 each	50	50
B series ordinary shares with par value of PLN 1 each	44 254	44 254
C series ordinary shares with par value of PLN 1 each	8 100	8 100
E series ordinary shares with par value of PLN 1 each	3 000	3 000
F series ordinary shares with par value of PLN 1 each	13 884	13 884
	69 288	55 404

	Date of registration of capital increase	Volume	Value in PLN
Ordinary shares issued and fully covered			
Issued on 30 April 2008	2008-05-28	50 000	50 000
Issued on 12 September 2008	2008-09-12	44 253 468	44 253 468
Issued on 20 April 2009	2009-06-01	32	32
Issued on 30 July 2009	2009-11-12	8 100 000	8 100 000
Issued on 01 March 2010	2010-03-17	3 000 000	3 000 000
Issued on 20 December 2012	2013-01-09	10 740 983	10 740 983
Issued on 10 January 2013	2013-01-29	283 947	283 947
Issued on 11 February 2013	2013-03-18	2 133 100	2 133 100
Issued on 6 March 2013	2013-03-22	726 253	726 253
As at 30 September 2015 (unaudited)		69 287 783	69 287 783

14. Financial instruments

The Company has the following financial instruments: cash in bank and bank deposits, bank loans, receivables, liabilities of financial leases, SWAP interest contracts, forward foreign

exchange contracts, and forward contracts for the purchase of electricity.

14.1. Hedge accounting

In order to reduce the volatility of the projected cash flows related to foreign exchange risk, the Group companies use currency hedging based on the use of derivatives related to foreign exchange market. They include, in particular, forward contracts. Moreover, the Group uses forward contracts for electricity purchases and SWAP interest contracts.

As on 30th September 2015, the Group used cash flow hedge accounting for the following hedging relations:

- Arctic Paper Kostrzyn S.A. designated for cash flow hedge accounting the SWAP derivative in order to hedge repayments of interest in EUR on the bank loan in EUR and to hedge repayments of interest in PLN on the bank loan in PLN as well as the currency forward derivatives in order to hedge a part of currency inflows in EUR connected with export sales and future expenditures mainly in USD.
- Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB and the companies of Rottneros Group designated for cash flow hedge accounting the forward derivatives in order to hedge the future purchases of electricity.
- The companies of Rottneros Group designated for cash flow hedge accounting the FX forward derivatives in order to hedge a part of currency expenditures in EUR related to future purchases of electricity.
- The Companies of Rottneros Group designated for cash flow hedge accounting the FX forward derivatives in order to hedge a part of currency inflows in EUR and USD connected with export sales,
- Arctic Paper Grycksbo AB designated for cash flow hedge accounting the FX forward derivatives in order to hedge a part of currency inflows in EUR and GBP connected with export sales.

Cash flow hedge accounting related to foreign currency trading using FX forward transactions

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the purchase of EUR for SEK:

Hedge type	Hedging the cash flow variations related to the planned purchases of electricity in foreign currencies
Hedge item	The hedged item is a portion of the future highly probable cash flows resulting from purchases of electricity denominated in EURO
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to purchase EUR for SEK
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 31.12.2017
Hedged amount	2.8 mln EUR
Forward ratio	9.00 SEK/EUR

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the sale of EUR for SEK:

Hedge type	Hedging cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from export sales
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to sale EUR for SEK
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, untill 31.12.2017
Hedged amount	5.7 mln EUR
Forward ratio	9,45 - 9.56 SEK/EUR

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the sale of USD for SEK:

Hedge type	Hedging cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from export sales
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to sale USD for SEK
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, untill 31.12.2016
Hedged amount	5.5 mln USD
Forward ratio	8.45 USD/SEK

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the sale of GBP for SEK:

Hedge type	Hedging cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from export sales
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to sale GBP for SEK
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 11.12.2015
Hedged amount	1.0 mln GBP
Forward ratio	13.54 SEK/GBP

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the sale of EUR for USD:

Hedge type	Hedging cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from export sales
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to sale EUR for USD
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 31.03.2016
Hedged amount	4.2 mln EUR
Forward ratio	1.18 EUR/USD

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the sale of EUR for PLN:

Hedge type	Hedging cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from export sales
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to sale EUR for PLN
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 29.12.2015
Hedged amount	3.0 mln EUR
Forward ratio	4.22 EUR/PLN

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting regarding the sale of EUR for USD and simultaneous purchase of EUR for USD:

Hedge type	Hedging cash flow variations related to the planned sales in foreign currencies and limit the settlement of FX forward transaction
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from export sales
Hedging instruments	The hedging instruments are FX forward transactions in which the Company commits to sale EUR for USD and FX forward transactions in which the Company commits to purchase EUR for USD
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 31.03.2016
Hedged amount	9.0 mln EUR
Forward ratio	sell EUR - 1.17 EUR/USD; buy EUR - 1,10 EUR/USD

Cash flow hedge accounting related to electricity purchases with the use of forward transactions

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting related to electricity purchases:

Hedge type	Hedging cash flow variations related to electricity purchases
Hedge item	The hedged item is a portion of future highly probable cash flows resulting from electricity purchases
Hedging instruments	The hedging instruments are forward transactions for electricity purchases on the Nord Pool Stock Exchange
Forward contract parameters	
Trade date	depending on the contract, since 01.01.2011
Delivery date	depending on the contract, until 31.12.2019
Hedged amount	893.000 MWh
Forward price	from 27.45 to 44.30 EUR/MWh

Cash flow volatility hedge accounting related to changeable interest rate of a loan with the use of SWAP transactions

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting related to repayment of interest in EUR on the loan in EUR:

Hedge type	Hedging cash flow variations related to flexible rate interest on bank loan denominated in EURO
Hedge item	The hedged item is future cash flows in EUR connected with payment of interest based on 3M EURIBOR on a bank loan denominated in EURO
Hedging instruments	The hedging instrument is a SWAP transaction in which the Company commits to pay interest in EUR on a bank loan denominated in EUR based on a fixed rate
Forward contract parameters	
Trade date	28.12.2012 and 04.03.2013
Delivery date	each interest payment date based on schedule in bank loan agreement, until 7.11.2017
Hedged amount	interest in accordance with bank loan agreement on bank loan of 7.5 mln EURO
SWAP interest rate	0,69% and 0,78%

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting related to repayment of interest in PLN on the loan in PLN:

Hedge type	Hedging the cash flow variations related to flexible rate interest on bank loan denominated in PLN
Hedge item	The hedged item is future cash flows in PLN connected with payment of interest based on 3M WIBOR on a bank loan denominated in PLN
Hedging instruments	The hedging instrument is a SWAP transaction in which the Company commits to pay interest in PLN on a bank loan denominated in PLN based on a fixed rate
Forward contract parameters	
Trade date	07.03.2013
Delivery date	each interest payment date based on schedule in bank loan agreement, until 7.11.2017
Hedged amount	interest in accordance with bank loan agreement on bank loan of 27.3 mln PLN and 22.6 mln PLN
SWAP interest rate	3,71%

The table below presents fair value of hedging instruments in cash flow hedge accounting as on 30th September 2015 and the comparative data:

	As at 30 September 2015 (unaudited)		As at 31 December 2014 (audited)	
	Assets	Liabilities	Assets	Liabilities
FX forward	2 325	-	906	-
Pulp sales forward	-	-	-	-
SWAP	-	2 238	-	2 966
Electricity forward	-	27 041	-	13 739
Total hedging derivatives	2 325	29 279	906	16 705

15. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and borrowings, financial leases and hire purchase contracts. The main purpose of these financial instruments is to raise finance for Group's operations.

The Group also uses factoring with regression for trade receivables. The main purpose for using this financial instrument is to quickly raise finance.

The Group has various other financial instruments such as trade receivables and liabilities, which arise directly from

operations, as well as short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks.

In the opinion of the Management Board – in comparison to the annual consolidated financial statements prepared as on 31st December 2014 there have been no significant changes of the financial risk. There have been also no changes in the objectives and policies of the management of the risk.

16. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business operations and maximize shareholder value.

In the Management Board's opinion – in comparison to the annual consolidated financial statements prepared as on 31st December 2014 there have been no significant changes in the objectives and policies of capital management.

17. Contingent liabilities and contingent assets

As on 30th September 2015, the Capital Group reported:

- a contingent liability on the grounds of a guarantee for FPG in favor of mutual life insurance company FRI in the amount of SEK 1,469 thousand (PLN 663 thousand) in Arctic Paper Grycksbo AB and of SEK 747 thousand (PLN 337 thousand) in Arctic Paper Munkedals AB;
- a contingent liability of Arctic Paper Munkedals AB on the grounds of a guarantee for Kalltorp Kraft HB liabilities in the amount of SEK 3,265 thousand (PLN 1,474 thousand);

- a bank guarantee in favor of Skatteverket Ludvika in the amount of SEK 135 thousand (PLN 61 thousand);
- guarantees granted by the companies of Rottneros Group in the total amount of SEK 3,000 thousand (PLN 1,355 thousand),
- a guarantee in favor of Södra Cell International AB, the supplier of pulp, in the amount of SEK 12,000 thousand (PLN 5,418 thousand).

18. Legal claims

Arctic Paper S.A. and its subsidiaries are not a party to any legal case filed in court against them.

19. CO2 emission rights

Arctic Paper Kostrzyn S.A., Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB and Arctic Paper Mochenwangen GmbH, as well as the companies of Rottneros Group, are all part of the European Union Emission Trading Scheme. The previous

trading period lasted from 1st January 2008 to 31st December 2012. New allocation covers the period of 1st January 2013 – 31st December 2020.

The tables below specify the allocation for years 2013-2020 and the usage of emission rights by each of the five entities in 2013, 2014 and the first nine months of 2015.

(in tonnes) for Arctic Paper Kostrzyn S.A.	2013	2014	2015	2016	2017	2018	2019	2020
Amount granted *	108 535	105 434	102 452	99 840	97 375	94 916	92 454	90 009
Amount unused from previous years	348 490	306 448	263 932	-	-	-	-	-
Amount used	(150 577)	(147 950)	(117 432)					
Amount purchased	-	-	-					
Amount sold	-	-	-					
Amount unused	306 448	263 932	248 952					

(in tonnes) for Arctic Paper Munkedals AB	2013	2014	2015	2016	2017	2018	2019	2020
Amount granted	44 238	43 470	42 692	41 907	41 113	40 311	39 499	38 685
Amount unused from previous years	24 305	67 262	107 325					
Amount used	(1 281)	(3 407)	(7 535)					
Amount purchased	-	-	7					
Amount sold	-	-	(100 000)					
Amount unused	67 262	107 325	42 489					

(in tonnes) for Arctic Paper Mochenwangen GmbH	2013	2014	2015	2016	2017	2018	2019	2020
Amount granted	112 141	76 733	37 350	36 663	35 969	35 267	34 557	33 844
Amount unused from previous years	(78 861)	1 398	3					
Amount used	(110 743)	(101 723)	(158 567)					
Amount purchased	78 861	128 700	61 150					
Amount sold	-	(105 105)	-					
Amount unused	1 398	3	(60 064)					

(in tonnes) dla Arctic Paper Grycksbo AB	2013	2014	2015	2016	2017	2018	2019	2020
Amount granted	77 037	75 689	74 326	72 948	71 556	70 151	68 730	67 304
Amount unused from previous years	69 411	111 448	734					
Amount used	-	-	-					
Amount purchased	-	-	19 504					
Amount sold	(35 000)	(186 403)	(19 504)					
Amount unused	111 448	734	75 060					

(in tonnes) for Rottneros' subsidiaries	2013	2014	2015	2016	2017	2018	2019	2020
Amount granted	30 681	30 484	29 938	29 387	28 830	28 268	27 698	27 127
Amount not used in previous years	72 888	90 522	101 986					
Amount used	(13 047)	(19 020)	(20 813)					
Amount purchased	-	-	-					
Amount sold	-	-	-					
Amount unused	90 522	101 986	111 111					

* - the amounts for 2016 and further years may be adjusted based on the amendments to the Regulation of The Council of Ministers on the list of installations other than producing electricity, covered with the trading scheme of greenhouse gas emission rights in settlement period starting 1st January 2013, together with the number of allocated emission rights

20. Government grants and operations in Special Economic Zone

20.1. Government grants

In the current quarter the Group companies have not received any subsidies.

20.2. Operations in Special Economic Zone

Arctic Paper Kostrzyn S.A. operates in the Kostrzyńsko-Słubicka Special Economic Zone (the „KSSSE”) and based on the permission issued by the Kostrzyńsko – Słubicka Special Economic Zone S.A. benefits from the investment tax relief as regards the activities carried out under the permission.

The tax exemption is of conditional nature. The provisions of the act on special economic zones provide that Arctic Paper Kostrzyn S.A. loses its tax relief if at least one of the following occurs:

- Arctic Paper Kostrzyn ceases to conduct business operations in the KSSSE for which it obtained the permission,
- Arctic Paper Kostrzyn severely violates the conditions of the permission,
- Arctic Paper Kostrzyn does not remove errors/irregularities identified during the course of control within the period of time specified in the order issued by appropriate minister for economic affairs,
- Arctic Paper Kostrzyn transfers, in any form, the ownership right to assets to which the investment tax relief related within the period shorter than 5 years of introducing those assets to the fixed assets register,
- if the machines and equipment is transferred to conduct business activities outside the SEZ,
- Arctic Paper Kostrzyn receives compensation, in any form, of the investment expenditure incurred,
- Arctic Paper Kostrzyn goes into liquidation or if it petitioned for bankruptcy.

Based on the permit issued on 25th August 2006, Arctic Paper Kostrzyn S.A. may benefit from exemption to 15th November 2017. The pre-requisite condition for this tax relief is that appropriate investment expenditure is made in the Special Economic Zone within the meaning of § 6 of the

Decree of the Council of Minister dated 14th September 2004 concerning Kostrzyńsko – Słubicka Special Economic Zone, being the basis for the calculation of public assistance in accordance with § 3 Decree with a value exceeding EUR 40,000,000 to 31st December 2013 calculated using the average EUR announced by the President of the National Bank of Poland as prevailing on the date the expenditure is made. Creation in the territory of the KSSSE of at least 5 new workplaces within the meaning of § 3 paragraph 3 and paragraph 6 of the Decree by 31st December 2011 and maintaining the employment level at 453 people during the period from 1st January 2012 to 31st December 2013.

The conditions of the exemption have not changed in the reporting period.

During the period from 25th August 2006 to 30th September 2015, Arctic Paper Kostrzyn incurred investment expenditure classified as expenditure of the SEZ in the amount of PLN 197,917 thousand. During this period, the discounted amount of public assistance used was PLN 52,018 thousand.

If the qualified investment expenditures incurred are not covered by income of the current year, Arctic Paper Kostrzyn S.A. creates a deferred tax asset on the excess.

The amount of deferred tax asset recognized on the expenditures incurred in SEZ as on 30th September 2015 amounted to PLN 23,188 thousand.

21. Significant events after balance sheet date

After 30th September 2015 and until the day of this report, there were no other significant events, which should have been

disclosed in this report, except for the occurrences reported earlier in the hereby report.

Signatures of Members of the Management Board

Position	Name and surname	Date	Signature
President of the Management Board Chief Executive Officer	Wolfgang Lübbert	13 November 2015	
Member of the Management Board Chief Financial Officer	Małgorzata Majewska-Śliwa	13 November 2015	

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