

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 4 / 2012

quarter / year

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

for issuers conducting manufacturing, construction, trade or services business

for the 4th quarter of the financial year 2012, covering the period from October 1st to December 31st 2012,

including condensed consolidated financial statements prepared in accordance with the IFRS

currency: PLN

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

currency: PLN

Date of filing: February 28th 2013

Pfleiderer Grajewo Spółka Akcyjna

(full name)

GRAJEWO

(abbreviated name)

19-203

(postal code)

Wiórowa

(street)

0-86 272 96 00

(telephone number)

grajewo@pfleiderer.pl

(e-mail)

719-10-00-479

(NIP – Tax Identification Number)

wood products

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

Grajewo

(registered office)

1

(number)

0-86 272 39 83

(fax number)

www.pfleiderer.pl

(web site)

4500933817(REGON – Industry Registration Number)

FINANCIAL HIGHLIGHTS	PLN '000		EUR '000	
	4 quarter cumulative / 2012 Jan 1-Dec 31 2012	4 quarter cumulative / 2011 Jan 1-Dec 31 2011	4 quarter cumulative / 2012 Jan 1-Dec 31 2012	4 quarter cumulative / 2011 Jan 1-Dec 31 2011
	Condensed consolidated financial statements data			
I. Sales revenue	1 789 943	1 725 231	428 873	416 712
II. Operating profit/(loss)	153 238	136 205	36 716	32 899
III. Profit/(loss) before tax	60 588	38 747	14 517	9 359
IV. Net profit	48 935	21 734	11 725	5 250
V. Net profit attributable to equity holders of the parent	56 140	33 208	13 451	8 021
VI. Net cash provided by (used in) operating activities	234 571	175 404	56 204	36 047
VII. Net cash provided by (used in) investing activities	-34 771	-33 602	-8 331	-8 425
VIII. Net cash provided by (used in) financing activities	-192 111	-142 084	-46 030	-27 689
IX. Total net cash flow	7 689	-282	1 842	-68
X. Total assets	1 819 373	1 935 970	445 030	438 320
XI. Liabilities	1 221 866	1 369 489	298 876	310 064
XII. Non-current liabilities	225 978	941 509	55 276	213 165
XIII. Current liabilities	995 888	427 980	243 601	96 898
XIV. Equity	597 507	566 481	146 154	128 256
XV. Share capital	16 376	16 376	4 006	3 708
XVI. Weighted average number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XVII. Weighted average diluted number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XVIII. Annualised net profit attributable to equity holders of the parent	56 140	33 208	13 451	8 021
XIX. Earnings per ordinary share (PLN/EUR)	1,13	0,67	0,27	0,16
XX. Diluted earnings per ordinary share (PLN/EUR)	1,13	0,67	0,27	0,16
XXI. Book value per share (PLN/EUR)	12,04	11,42	2,95	2,58
XXII. Diluted book value per share (PLN/EUR)	12,04	11,42	2,95	2,58
XXIII. Declared or paid dividend per share (PLN/EUR)	0,00	0,00	0,00	0,00
Condensed financial statements data				
XXIV. Sales revenue	725 259	730 081	173 773	176 344
XXV. Operating profit/(loss)	41 418	40 004	9 924	9 663
XXVI. Profit/(loss) before tax	10 831	49 503	2 595	11 957
XXVII. Net profit/(loss)	12 003	40 801	2 876	9 855
XXVIII. Net cash provided by (used in) operating activities	37 219	51 741	8 918	12 498
XXIX. Net cash provided by (used in) investing activities	112 904	58 754	27 052	14 191
XXX. Net cash provided by (used in) financing activities	-149 784	-109 954	-35 888	-26 558
XXXI. Total net cash flow	339	541	81	131
XXXII. Total assets	1 427 664	1 507 764	349 216	341 370
XXXIII. Liabilities	890 638	982 741	217 856	222 501
XXXIV. Non-current liabilities	30 863	488 421	7 549	110 583
XXXV. Current liabilities	859 775	494 320	210 306	111 918
XXXVI. Equity	537 026	525 023	131 360	118 870
XXXVII. Share capital	16 376	16 376	4 006	3 708
XXXVIII. Weighted average number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XXXIX. Weighted average diluted number of shares	49 624 000	49 624 000	49 624 000	49 624 000
XL. Annualised net profit	12 003	40 801	2 876	9 855
XLI. Earnings per ordinary share (PLN/EUR)	0,24	0,82	0,06	0,20
XLII. Diluted earnings per ordinary share (PLN/EUR)	0,24	0,82	0,06	0,20
XLIII. Book value per share (PLN/EUR)	10,82	10,58	2,65	2,40
XLIV. Diluted book value per share (PLN/EUR)	10,82	10,58	2,65	2,40
XLV. Declared or paid dividend per share (PLN/EUR)	0,00	0,00	0,00	0,00

Consolidated Quarterly Report QSr 1/2012

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

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

hereby releases the quarterly report for Q4 2012.

Q4 2012 CONSOLIDATED REPORT: CEO'S MESSAGE

The fourth quarter of 2012 was rich in events that had an important bearing on our Group. The Management Board made a strategic decision to sell the Group's assets in Russia by signing a conditional sale agreement for the assets. The sale's proceeds will be applied towards repaying excess debt, reducing interest expense, improving liquidity and financing capex projects at home. The capital expenditure budget is to be raised substantially, to more than PLN 180m in the next two years. This is worth noting, as in the past five years the annual consolidated capital expenditure, due to certain financial limitations, was far below the value of impairment losses. Modernisation of the Polish production plants and the implementation of development projects should bring stronger financial performance results and improved return on sales.

The company reported further improvement in net profit, including the portion attributable to owners of the parent. Consolidated net profit attributable to owners of the parent was PLN 56m, up by PLN 23m year on year.

Sales to the furniture industry in Poland slipped by 10% compared with last year, a result of the deteriorating economic conditions in Poland and the rest of Europe. Weaker sales exacerbated competitive pressures that led to sagging prices and tighter operating margins. Falling prices of raw materials and the implemented cost management measures failed to fully compensate for the effects of adverse market factors.

The Russian market was at the other extreme. A double-digit growth rate, fuelled by internal demand, helped deliver strong financial performance and negotiate a good price for the Russian shareholdings and assets. Although Russian operations have been discontinued, Grajewo plans to maintain, and indeed expand, its marketing activities in Russia.

Quarterly revenue reported by the Polish companies contracted by 2% compared with the previous year, on the back of the sluggish economy. Despite the advantage of seasonality, the prices of our products could not be raised. On the contrary, they were reduced to reflect the downtrend in the prices of key raw materials. In the fourth quarter, the price of wood (the key feedstock) dropped by 9%.

Capital expenditure incurred by the Group in Poland in 2012 totalled PLN 25m and was less than planned due to postponement of a key project involving a new laminating press. The average production capacity utilisation was 84%.

The company's debt to banks was reduced relative to the previous year by PLN 153m to PLN 678m at the end of 2012, with the ratio of net bank debt to EBITDA having decreased to a level acceptable to the banks.

Profit/loss from continuing operations in Poland fell by PLN 10m year on year. However, expenditure of PLN 11m incurred on a one-off basis in relation to the planned restructuring of the Polish operation needs to be taken into account. Excluding the effect of this one-off item, operating profit/loss did not deteriorate on the previous year.

In spite of the adverse economic climate, the Management Board believes that further improvement in operating and net results can be delivered in the coming quarters by reducing the burden of finance costs. The Group's efforts will be targeted at developing new products and market segments, tailoring its product range to market expectations, reducing costs and enhancing product quality.

With kind regards,

Wojciech Gątkiewicz
President of the Management Board

II. GENERAL INFORMATION

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

Pfleiderer Grajewo S.A. is the Parent of the Pfleiderer Grajewo Group.

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

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

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

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

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

1. Wojciech Gątkiewicz	President of the Management Board
2. Rafał Karcz	Member
3. Dariusz Tomaszewski	Member
4. Radosław Wierzbicki	Member

Composition of the Supervisory Board as at December 31st 2012:

1. Michael Wolff	Chairman of the Supervisory Board
2. Gerd Hammerschmidt	Member
3. Hans-Kurt von Werder	Member
4. Jan Woźniak	Member
5. Jochen Schapka	Member

On March 7th 2012, Mr Hans-Joachim resigned from the position of a member of the Parent's Supervisory Board with effect from April 10th 2012.

In accordance with a resolution of the Extraordinary General Meeting, on April 10th 2012, Mr Jochen Schapka was appointed as Member of the Supervisory Board of Pfleiderer Grajewo S.A.

On September 28th, Mr Hans H. Overdiek resigned from the position of member of the Supervisory Board of Pfleiderer Grajewo S.A. with effect from October 31st 2012.

In accordance with a resolution of the Extraordinary General Meeting, on November 7th 2012, Mr Gerd Hammerschmidt was appointed as Member of the Supervisory Board of Pfleiderer Grajewo S.A.

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

In accordance with a resolution of the Extraordinary General Meeting, on February 26th 2013, Mr Richard Mayer was appointed as Member of the Supervisory Board of Pfleiderer Grajewo S.A.

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

The financial statements of Pfleiderer Grajewo S.A. (Parent), Pfleiderer Prospan S.A., Pfleiderer OOO, Pfleiderer MDF OOO, Silekol Sp. z o.o., Pfleiderer MDF Sp. z o.o., Jura Polska Sp. z o.o., and Unifloor Sp. z o.o. (subsidiaries) were consolidated using the full method. Financial information for the comparative period of Q4 2012 comprises separate financial statements of Pfleiderer Grajewo S.A. prepared in accordance with the IFRS, and separate financial statements of Pfleiderer Prospan S.A., Pfleiderer OOO, Pfleiderer MDF OOO, Silekol Sp. z o.o. and Pfleiderer MDF Sp. z o.o., Jura Polska Sp. z o.o. and Unifloor Sp. z o.o.

III. CHANGES IN ACCOUNTING POLICIES**1. Accounting policies****(a) Compliance statement**

The consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC), and in compliance with the interpretations issued by the IASC Standing Interpretations Committee.

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

The Group's consolidated financial statements for Q4 2012 and comparative data were prepared in accordance with the accounting policies presented in the most recent annual financial statements of the Group and give a true, fair and clear view of the Group's assets, financial standing and financial performance.

(b) Basis for preparation of the financial statements

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

The consolidated financial statements of the Group and the separate financial statements of the Parent prepared as at December 31st 2012 have not been audited.

The separate financial statements of the Parent as at December 31st 2012 were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC), as well as with the interpretations issued by the IASC Standing Interpretations Committee.

IV. FINANCIAL HIGHLIGHTS

1. Group's consolidated revenue and changes thereof

The table below presents a comparison of the Q4 2012 and Q4 2011 data.

Items of the statement of comprehensive income	Q4 2012/period from October 1st to December 31st 2012						Q4 2011/period from October 1st to December 31st 2011					
	(PLN '000)	%	(PLN '000)	%	(PLN '000)	%	(PLN '000)	%	(PLN '000)	%	(PLN '000)	%
	Continued operations		Discontinued operations		Group Total		Continued operations		Discontinued operations		Group Total	
Revenue	379,798	100,0%	99,858	100,0%	479,656	100,0%	388,043	100,0%	92,566	100,0%	480,609	100,0%
Cost of sales	(316,735)	(83,4%)	(59,870)	(60,0%)	(376,605)	(78,5%)	(318,073)	(82,0%)	(63,603)	(68,7%)	(381,676)	(79,4%)
Gross profit	63,063	16,6%	39,988	40,0%	103,051	21,5%	69,970	18,0%	28,963	31,3%	98,933	20,6%
Other income	14,897	3,9%	320	0,3%	15,217	3,2%	526	0,1%	1,604	1,7%	2,130	0,4%
Distribution costs	(27,755)	(7,3%)	(4,279)	(4,3%)	(32,034)	(6,7%)	(23,343)	(6,0%)	(5,092)	(5,5%)	(28,435)	(5,9%)
General and administrative expenses	(21,001)	(5,5%)	(6,108)	(6,1%)	(27,109)	(5,7%)	(11,998)	(3,1%)	(15,755)	(17,0%)	(27,753)	(5,8%)
Other expenses	(4,764)	(1,3%)	(3,001)	(3,0%)	(7,765)	(1,6%)	(929)	(0,2%)	929	1,0%	0	0,0%
Operating profit	24,441	6,4%	26,919	27,0%	51,360	10,7%	34,226	8,8%	10,649	11,5%	44,875	9,3%
<i>Net finance income/(expenses)</i>	(14,573)	(3,8%)	(9,706)	(9,7%)	(24,279)	(5,1%)	(10,617)	(2,7%)	(5,264)	(5,7%)	(15,881)	(3,3%)
Profit before tax	9,867	2,6%	17,214	17,2%	27,081	5,6%	23,609	6,1%	5,385	5,8%	28,994	6,0%
Corporate income tax	2,950	0,8%	(5,422)	(5,4%)	(2,472)	(0,5%)	(3,435)	(0,9%)	(6,124)	(6,6%)	(9,559)	(2,0%)
Net profit	12,817	3,4%	11,792	11,8%	24,609	5,1%	20,173	5,2%	(738)	(0,8%)	19,435	4,0%
Net profit attributable to non-controlling interests	1,471	0,4%	(991)	(1,0%)	480	0,1%	3,840	1,0%	(7,349)	(7,9%)	(3,509)	(0,7%)
Net profit attributable to owners of the parent	11,346	3,0%	12,783	12,8%	24,129	5,0%	16,333	4,2%	6,611	7,1%	22,944	4,8%
EBITDA	34,982	9,2%	34,939	35,0%	69,921	14,6%	45,236	11,7%	18,985	20,5%	64,221	13,4%
Basic earnings per share (PLN)	0,23		0,26		0,49		0,33		0,13		0,46	
Diluted earnings per share (PLN)	0,23		0,26		0,49		0,33		0,13		0,46	

Discussion of the comprehensive income statement

Revenue posted by the Group from continued operations in Q4 2012 fell slightly, by 2%, year on year.

In Q4 2012, the sales margin from continued operations was 17%, down by 1 pp year on year. Stronger competitive pressures dictated by lower prices of finished products contributed to a decline in sales and profits.

Operating profit from continued operations decreased by 2 pp year on year. The lower operating profit from continued operations is a result of the costs of strategic consulting incurred by the Group charged to general and administrative expenses.

The net finance expense from continued operations is attributable primarily to interest on bank borrowings and other debt instruments.

In Q4 2012, the Group's net profit was positive and fell by nearly PLN 5m year on year, helped by operating profit and lower income tax as compared with the corresponding period in 2011.

2. Net cash position

As at December 31st 2012, the Group's net debt under bank borrowings (related to continued operations) and other debt instruments was PLN 693,580 thousand, of which PLN 660,311 thousand was net debt under bank borrowings (related to continued operations).

3. Equity

As at the end of Q4 2012, the Group's equity was PLN 597,507 thousand, up by PLN 17,278 thousand quarter on quarter. The increase was mainly attributable to the Group's net profit earned in the period.

4. Sale of shares or assets

In Q4 2012, the Pfleiderer Grajewo Group reported a loss on disposal of non-current assets of PLN 534 thousand (including PLN 147 thousand related to discontinued operations).

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

The favourable structure of raw wood purchases in H2 2012 relative to H1, stable prices of key chemical feedstock and maintenance of the forecast product sales in Q4 2012 allow the Group to expect positive performance in the following months.

V. THE GROUP'S SALES

1. Domestic and export sales

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

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

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

Structure of sales in Q4 2011 and Q4 2012 (PLN '000)

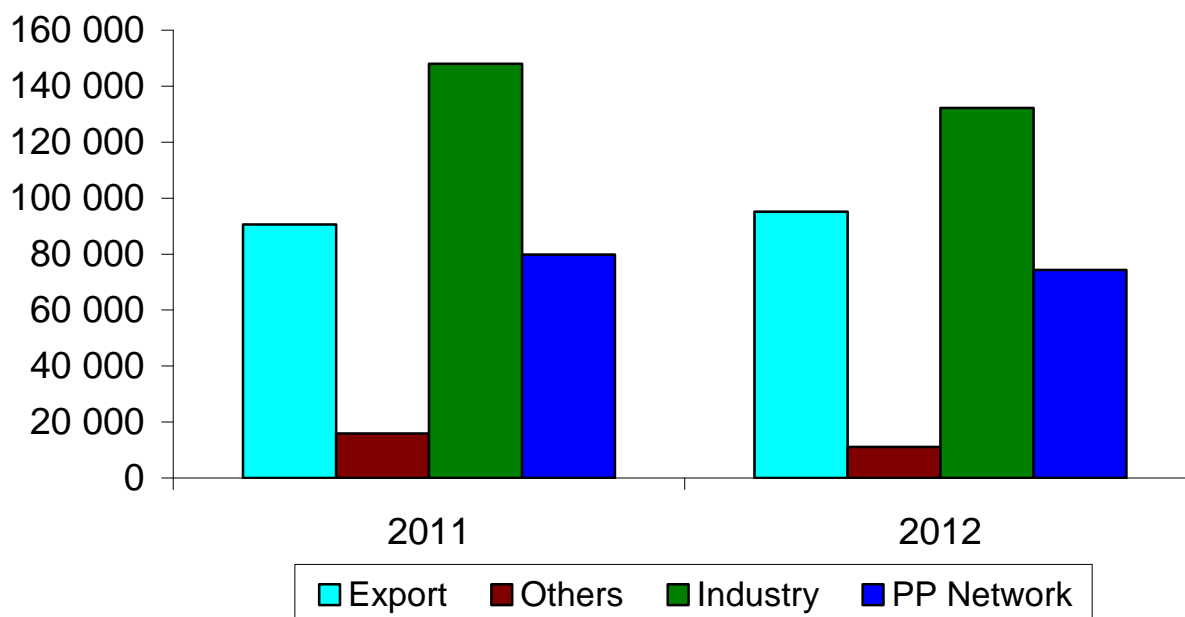


Figure: Structure of sales in Q4 2011 and Q4 2012 (PLN '000).

In the Polish market, direct sales to large and medium-sized furniture manufacturers and the Pfeiderer Partner network continued to represent the most important distribution channels. Relative to the corresponding period of the previous year, in Q4 2012 sales to the domestic distribution channels fell as a result of weaker demand from the furniture industry, lower sales of HDF boards to the Swedwood Group and lower sales of MFP boards. Sales to large furniture manufacturers decreased by 11%, to the Pfeiderer Partner network – by 7%, and to the other domestic distribution channels – by 30%. Export sales increased by 5% in the reporting period.

In Q4 2012, the shares of individual distribution channels in total revenue were as follows:

Distribution channels in Q4 2012 (%)

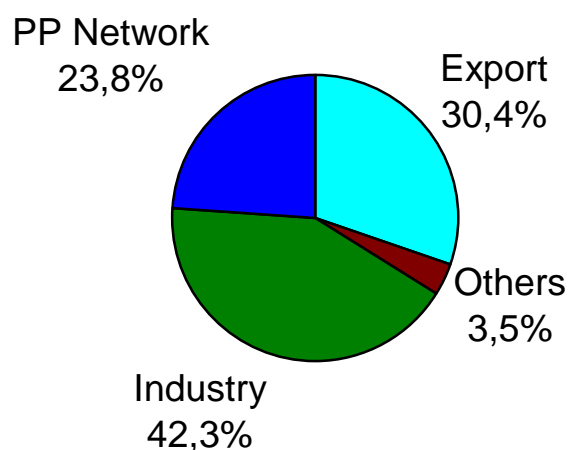


Figure: Distribution channels in Q4 2012 (%)

The shares of individual distribution channels in the structure of sales in Q4 2012 relative to Q4 2011 changed only slightly. The share of exports rose from approximately 27% to approximately 30%. The share of sales to the Pfleiderer Partner wholesale network remained similar at approximately 24%. The share of direct sales to large and medium-sized furniture manufacturers declined from approximately 44 to 42%, and the share of sales through other distribution channels fell from 5 to 3.5%.

2. Seasonality of operations

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

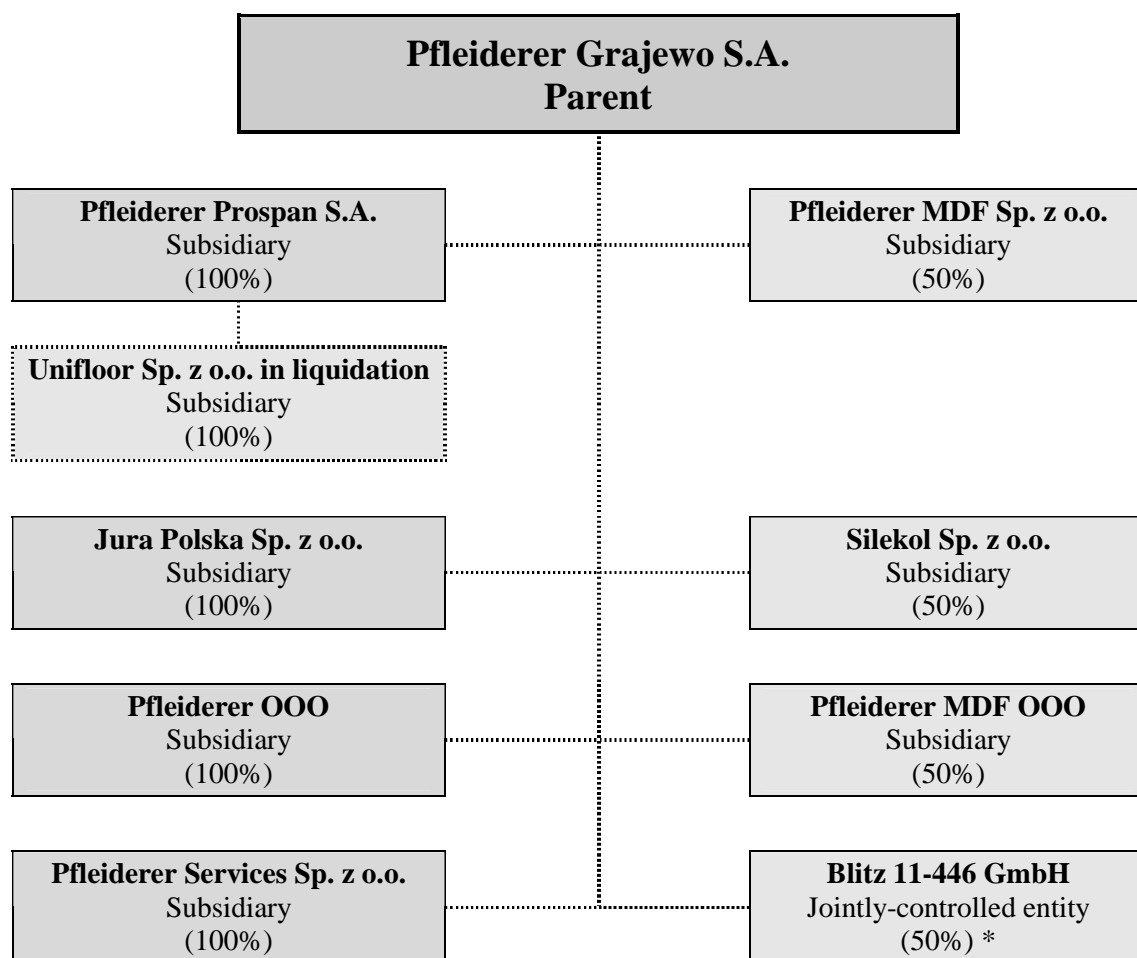
VI. Q4 2012 RESULTS

1. Composition of the Pfleiderer Grajewo Group

a. Structure of the Pfleiderer Grajewo Group

Pfleiderer Grajewo S.A. is the Parent of Pfleiderer Prospan S.A. of Wieruszów (Poland), Pfleiderer OOO of Novgorod (Russia), Pfleiderer MDF OOO of Novgorod (Russia), Silekol Sp. z o.o. of Kędzierzyn-Koźle (Poland), Pfleiderer MDF Sp. z o.o. of Grajewo, Jura Polska Sp. z o.o. of Grajewo, UniFloor Sp. z o.o. of Wieruszów and Pfleiderer Services Sp. z o.o. of Grajewo. Pfleiderer Grajewo S.A. has joint control over Blitz GmbH of Neumarkt.

Pfleiderer Grajewo Group as at December 31st 2012:



* The interest in the company, which is jointly controlled by the Parent, is accounted for in the consolidated financial statements with the equity method.

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

On December 13th 2012, the Parent acquired from the European Bank for Reconstruction and Development ("EBRD") an equity interest in Pfleiderer OOO of Russia, a subsidiary of Pfleiderer Grajewo S.A., representing 15.81% of the company's share capital. The price paid for the share was EUR 9,553,187.18 (PLN 39,098,329.17).

c. Group's business

The Pfleiderer Grajewo Group is an arm of the international Pfleiderer Group and its Business Centre for Eastern Europe, which builds upon extensive experience on the market for wood-based products. The Group, boasting strong positions on the markets of Central and Eastern Europe, is growing rapidly, entering new markets, targeting new segments and refining and adding new products to its portfolio. The mission of the Pfleiderer Grajewo Group is to establish long-term relations with direct customers and end users of its products. In business terms, the Group strives to win and retain customers' full confidence by developing a fully professional approach at all levels of cooperation. The Group operates manufacturing plants with diverse profiles.

The Parent's business consists in:

- manufacture and veneering of wood and wood-based products,
- paper finishing,
- trade at home and abroad.

Business profiles of other companies of the Pfleiderer Grajewo Group:**Pfleiderer Prospan S.A.**

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

Pfleiderer OOO

- manufacture of raw and melamine-faced chipboards, other materials and wood processing products,
- production of materials from wood waste,
- wholesale of own and third-party products.

Pfleiderer MDF OOO

The entity has been established to execute the investment project consisting in the construction of an MDF/HDF production plant in Novgorod, in Russia.

Silekol Sp. z o.o.

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

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

Pfleiderer MDF Sp. z o.o.

- manufacture of MDF boards and other wooden and wood-based products,
- trade at home and abroad,
- generation and distribution of heat.

Jura Polska Sp. z o.o.

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

Unifloor Sp. z o.o. (in liquidation)

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

Pfleiderer Services Sp. z o.o.

- Pfleiderer Services Sp. z o.o. has suspended its operations.

Blitz 11-446 GmbH

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

d. Non-consolidated entities

Since Pfleiderer Services Sp. z o.o. has suspended its operations and its financial data is immaterial for a clear and fair view of the Group's financial standing, the financial statements of the company have not been consolidated.

The interest in the jointly-controlled Blitz 11-446 GmbH is accounted for with the equity method.

e. Subsidiaries comprising the Pfleiderer Grajewo Group

Pfleiderer Prospan S.A. – a joint-stock company entered into the Polish commercial register maintained by the District Court of Kalisz under No. RHB 1754, on September 23rd 1997, under the name of Zakłady Płyt Wiórowych Prospan S.A.; subsequently, on September 17th 2001, registered by the District Court of Łódź-Śródmieście, XX Division of the National Court Register, under No. KRS 0000042082.

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

Pfleiderer OOO – a limited liability company incorporated under the laws of the Russian Federation, registered on January 15th 2003 by Interregional Inspection No. 3 for the Novgorod District at the Ministry of Duties and Taxes of the Russian Federation.

Uniform Registration Number: 1035301200164
Tax Identification Number (NIP): 5310011273
Registered office: 106 Tsentralnaya St, Novgorod Region 173502, Russia

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

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

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

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

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

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

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

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

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

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

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

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

Blitz 11-446 GmbH – a jointly-controlled entity based in Neumarkt, Germany, entered in the Commercial Register by the Court of Nürnberg under No. HRB 28 166.

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

2. Consolidated financial results

Consolidated statement of financial position as at December 31st 2012 (PLN '000)

	Dec 31 2012	Sep 30 2012	Dec 31 2011	Sep 30 2011
Assets				
Property, plant and equipment	583,660	1,093,433	1,153,850	1,137,791
Intangible assets	2,218	2,512	2,539	3,135
Goodwill	107,829	107,829	107,829	107,829
Investments in related entities	117	117	117	52
Other non-current financial assets	10	10	10	10
Investment property	4,300	4,300	4,300	4,300
Deferred tax assets	11,216	16,583	13,447	11,915
Prepayments for property, plant and equipment	5,426	206,146	207,697	199,284
Government assistance receivable	14,443	26,790	27,165	14,549
Non-current assets	729,219	1,457,720	1,516,954	1,478,865
Inventories	174,803	236,984	241,830	243,891
Income tax receivable	261	413	111	107
Trade and other receivables	1 70,357	173,459	157,489	170,623
Cash and cash equivalents	17,518	33,149	19,586	43,317
Assets held for sale	827,215	0	0	0
Current assets	1,090,154	444,005	419,016	457,938
Total assets	1,819,373	1,901,725	1,935,970	1,936,803
Equity				
Share capital	16,376	16,376	16,376	16,376
Share premium	289,806	289,806	289,806	289,806
Statutory reserve funds	195,806	195,806	155,005	155,005
Revaluation reserve	619	619	619	619
Cash flow hedges	0	0	0	(3,032)
Exchange differences on translating foreign operations	(14,446)	(9,023)	(4,839)	(10,127)
Exchange differences on net investments in subordinated companies	(3,829)	(1,948)	4,182	(4,894)
Retained earnings/(deficit)	49,231	25,102	33,892	10,948
Equity (attributable to owners of the parent)	533,563	516,738	495,041	454,701
Non-controlling interests	63,944	63,491	71,440	74,145
Total equity	597,507	580,229	566,481	528,846
Liabilities				
Borrowings and other debt instruments	182,650	772,661	880,934	906,094
Finance lease liabilities	0	0	46	44
Employee benefits payable	7,111	6,584	6,584	6,013
Provisions	739	650	634	619
Deferred tax liabilities	8,245	13,185	12,827	8,834
Deferred income from government assistance	27,233	39,870	40,484	25,051
Non-current liabilities	225,978	832,950	941,509	946,655
Borrowings and other debt instruments	528,448	201,741	137,760	157,428
Finance lease liabilities	0	28	116	111
Income tax payable	1,136	92	188	905
Trade and other payables	2 197,111	266,346	266,922	285,542
Employee benefits payable	18,736	18,463	21,118	16,128
Liabilities related to assets held for sale	249,309	0	0	0
Deferred income from government assistance	1,148	1,876	1,876	1,188
Current liabilities	995,888	488,546	427,980	461,302
Total liabilities	1,221,866	1,321,496	1,369,489	1,407,957
Total equity and liabilities	1,819,373	1,901,725	1,935,970	1,936,803

Off-balance-sheet items

In 2012, the Pfleiderer Grajewo Group did not incur any contingent liabilities under guarantees and sureties issued.

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

The decrease in property, plant and equipment was primarily a result of capital expenditure offset by amortisation cost in the period and classification of property, plant and equipment of Pfleiderer OOO and Pfleiderer MDF OOO as assets held for sale.

As at the end of Q3 2012, no changes were recorded in goodwill. The decrease in intangible assets was due to their periodic amortisation.

Receivables under prepayments for property, plant and equipment fell by PLN 201m quarter on quarter, as the investment in Pfleiderer MDF OOO was classified as assets held for sale.

There was a PLN 12.3m decline in the amount of government assistance receivable, resulting from the revaluation of the total estimated value of the assistance calculated on the basis of budgeted financial data relating to future years.

As at the end of Q4 2012, inventories were PLN 174.8m, down PLN 62.1m quarter on quarter. The decline was attributable to the working capital optimisation and classification of inventories of Pfleiderer OOO as assets held for sale.

As at December 31st 2012, trade and other receivables had decreased by PLN 103.1m relative to the end of September 2012. The decline was mainly attributable to lower trade receivables and classification of trade and other receivables of Pfleiderer OOO and Pfleiderer MDF OOO as assets held for sale.

Assets held for sale as at December 31, 2012 totalled PLN 827.2m. For details see Note 12.

As at December 31st 2012, the Group's total equity was PLN 597.5m, down by PLN 17.2m over the end of Q3 2012. The decline resulted from net profit earned.

As at December 31st 2012, liabilities fell by PLN 99.7m on the end of Q3 2012. The decline was caused by a PLN 64.0m decrease in the Group's debt towards Polish subsidiaries, a PLN 8.3m reduction in trade payables, a PLN 12.7m fall in deferred income from government assistance and a PLN 5.0m drop in deferred tax liabilities.

Consolidated statement of comprehensive income for the period January 1st – December 31st 2012 (PLN '000)

	Jan 1- Dec 31 2012	Jan 1- Dec 31 2012	Jan 1- Dec 31 2012	Jan 1- Dec 31 2011	Jan 1- Dec 31 2011	Jan 1- Dec 31 2011
	group total	continued operations	discontinued operations	group total	continued operations	Discontinued operations
Revenue	1,789,943	1,432,282	357,661	1,725,231	1,405,537	319,694
Cost of sales	(1,431,847)	(1,204,875)	(226,972)	(1,382,705)	(1,146,494)	(236,211)
Gross profit	358,096	227,407	130,689	342,526	259,043	83,483
Other income	19,903	1,8665	1,238	5,511	3,850	1,661
Distribution costs	(111,356)	(96,123)	(15,233)	(106,086)	(88,684)	(17,402)
General and administrative expenses	(94,139)	(65,596)	(28,543)	(84,509)	(56,774)	(27,735)
Other expenses	(19,266)	(7,764)	(11,502)	(21,237)	(6,165)	(15,072)
Operating profit	153,238	76,589	76,649	136,205	111,270	24,935
Finance income	32,104	32,104	0	39,798	39,798	0
Finance costs	(124,754)	(90,372)	(34,382)	(137,257)	(92,223)	(45,034)
Net finance expenses	(92,650)	(58,268)	(34,382)	(97,459)	(52,425)	(45,034)
Profit before tax	60,588	18,321	42,267	38,746	58,845	(20,099)
Corporate income tax	(11,653)	(1,242)	(10,411)	(17,012)	(11,199)	(5,813)
Net profit/loss	48,935	17,079	31,855	21,734	47,646	(25,912)
Attributable to owners of the parent	56,140	11,778	44,362	33,208	38,903	(5,695)
Attributable to non-controlling interests	(7,205)	5,301	(12,506)	(11,474)	8,743	(20,217)
Net profit/loss	48,935	17,079	31,856	21,734	47,646	(25,912)
EBITDA	230,183			213,728		
Basic earnings per share (PLN)	1.13	0.24	0.89	0.67	0.78	(0.11)
Diluted earnings per share (PLN)	1.13	0.24	0.89	0.67	0.78	(0.11)

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	Jan1-	Jan1-	Jan1-	Jan1-	Jan1-	Jan1-
	Dec 31 2012	Dec 31 2012	Dec 31 2012	Dec 31 2011	Dec 31 2011	Dec 31 2011
	Group total	Continued operations	Discontinued operations	Group total	Continued operations	Discontinued operations
Net profit/loss	48,935	17,079	31,855	21,734	47,646	(25,912)
Other income/expenses						
Exchange differences on translating foreign operations	(9,898)	(9,898)	0	11,991	11,991	0
Exchange differences on net investments in subsidiaries	(8,011)	(8,011)	0	19,531	19,531	0
Effective portion of loss on fair-value measurement of hedging instruments	0	0	0	(589)	(589)	0
Other income/expenses	(17,909)	(17,909)	0	30,933	30,933	0
Total income/expenses for the period	31,026	(830)	31,855	52,667	78,579	(25,912)
Total income/expenses for the period attributable to:						
Owners of the parent	38,522	(5,840)	44,362	62,140	67,835	(5,695)
Non-controlling interests	(7,496)	5,010	(12,506)	(9,473)	10,744	(20,217)
Total income for the period	31,026	(830)	31,856	52,667	78,579	(25,912)

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

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

	Share capital	Share premium	Statutory reserve funds	Revaluatio n reserve	Exchange differences on translating foreign operations	Exchange differences on net investments in subsidiaries	Cash flow hedges	Retained earnings/(d eficit)	Total	Non- controlling interests	Total
As at Jan 1 2011	16,376	289,806	153,711	619	(14,829)	(15,349)	589	1,978	432,901	63,273	496,174
Comprehensive income for the period											
Net profit/loss	0	0	0	0	0	0	0	33,208	33,208	(11,473)	21,735
Other comprehensive income											
Exchange differences on translating foreign operations	0	0	0	0	9,990	0	0	0	9,990	2,001	11,991
Exchange differences on net investments in subsidiaries	0	0	0	0	0	19,531	0	0	19,531	0	19,531
Effective portion of loss on fair-value measurement of hedging instruments	0	0	0	0	0	0	(589)	0	(589)	0	(589)
Total other comprehensive income	0	0	0	0	9,990	19,531	(589)	0	28,932	2,001	30,933
Total comprehensive income for the period	0	0	0	0	9,990	19,531	(589)	33,208	62,140	,(9,472)	52,668
Transactions with owners											
Share capital increase at Pfleiderer MDF Sp. z o.o.	0	0	0	0	0	0	0	0	0	17,639	17,639
Transfer of 2010 net profit to statutory reserve funds	0	0	1,294	0	0	0	0	(1,294)	0	0	0
Transactions with owners recognised in equity	0	0	1,294	0	0	0	0	(1,294)	0	17,639	17,639
As at Dec 31 2011	16,376	289,806	155,005	619	(4,839)	4,182	0	33,892	495,041	71,440	566,481

Consolidated statement of cash flows for the period January 1st – December 31st 2012 (PLN '000)

	Jan 1– Dec 31 2012	Jan 1– Dec 31 2011
Cash flows from operating activities		
Net profit/loss	48,935	21,735
Adjustments	208,582	159,746
Depreciation and amortisation	76,946	77,523
Foreign exchange gains	(581)	9,853
Interest for the period	89,877	96,604
Profit from investing activities	429	(374)
Income tax disclosed in profit or loss of the period	11,653	17,012
Deferred income tax recognised in equity	(1,879)	4,580
Change in trade and other receivables	22,791	5,568
Change in inventories	19,691	(60,343)
Change in trade and other payables	(2,614)	18,203
Change in employee benefits payable	7	4,668
Change in provisions	105	(6)
Amortisation of government assistance	(1,257)	(1,188)
Result on forward contracts	767	(2,665)
Change in exchange differences on translating foreign operations	(7,529)	(9,689)
Other adjustments	176	0
Cash flows from operating activities	257,517	181,481
Interest received/paid	217	432
Income tax paid	(23,163)	(6,509)
Net cash from operating activities	234,571	175,404
Cash flows from investing activities		
Disposal of non-current assets	(147)	440
Other expenses on acquisition of financial assets	0	(41)
Acquisition of intangible assets and property, plant and equipment	(34,624)	(34,001)
Net cash from investing activities	(34,771)	(33,602)
Cash flows from financing activities		
Repayment of borrowings and other debt instruments	(129,434)	(62,511)
Increase in borrowings and other debt instruments	22,310	(17,248)
Change resulting from gains/losses on forward contracts	0	22,229
Interest paid	(84,987)	(84,554)
Net cash from financing activities	(192,111)	(142,084)
Change in cash	7,689	(282)
Cash at beginning of the period	19,586	19,868
Cash at end of the period	27,275	19,586

31.12.2012	Note	Group total
Cash at the end of the period		27,275
including:		
<i>continued operations</i>		17,518
<i>discontinued operations</i>	12	10,001
<i>Ex- rate differences from translating foreign operations</i>		-244

VII. CAPITAL EXPENDITURE

In Q4 2012, the Pfleiderer Grajewo Group incurred capital expenditure of PLN 11.1m.

VIII. SUPPLEMENTARY INFORMATION

1. Material agreements

On October 19th 2012, Pfleiderer Grajewo S.A., as the seller, and Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., as the buyers, entered into an agreement on the sale of a 100% interest in Pfleiderer OOO of Russia.

The agreement was conditional and its entry into force was dependant, in particular, on the fulfilment of the following conditions:

- obtaining clearance from the Russian anti-trust authority,
- purchase by the Parent of a 15.81% interest in Pfleiderer OOO, previously held by the European Bank for Reconstruction and Development,
- obtaining consents from the Pfleiderer Grajewo Group's financing banks.

The selling price was agreed to be EUR 160m (PLN 656,544,000) less:

- the value of the loan advanced to Pfleiderer OOO by the European Bank for Reconstruction and Development, outstanding as at the transaction closure date, amounting to ca. EUR 3,8m (ca. PLN 15.6m),
- amounts deposited in the escrow accounts, totalling EUR 14m (PLN 57,447,600).

The agreement also provided for an adjustment mechanism based on the value of Pfleiderer OOO's working capital as at the transaction closing date.

Loans advanced to Pfleiderer OOO by Pfleiderer Grajewo S.A., outstanding as at the transaction closing date, were to be repaid as part of the selling price.

Also on October 19th 2012, Pfleiderer MDF OOO of Russia, a subsidiary of Pfleiderer Grajewo S.A., and Blitz 11-446 GmbH of Germany, an associate of Pfleiderer Grajewo S.A., as the sellers, and Ingka Pro Subholding I B.V., as the buyer, entered into an agreement on sale of assets ("Assets"). The Assets comprised the components of a complete production line designed for the MDF production plant project in Russia.

The agreement was conditional and its entry into force was dependant, in particular, on obtaining consents from the financing banks of the Pfleiderer Grajewo Group and the Pfleiderer AG Group.

The purchase price was agreed to be EUR 45m (PLN 184,653,000), less the amounts deposited in escrow accounts, totalling EUR 8.7m (PLN 36,599,580). The price could also be reduced if any components of the production line were found missing during the planned inventory of the Assets.

Subsequently, on January 23rd 2013, following the fulfilment of conditions precedent under the conditional sale agreements of October 19th 2012, Pfleiderer Grajewo S.A., as the seller, and Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., as buyers, entered into an agreement on the sale of a 100% interest in Pfleiderer OOO of Russia ("Share Sale Agreement").

The Company's proceeds from the transaction totalled EUR 157,484,689 (PLN 656,711,153) and comprised the preliminary selling price of the shares of EUR 111,883,809 (PLN 466,555,484) and EUR 31,600,880 (PLN 131,775,670) received by the Company as repayment of intra-group loans advanced by the Company to Pfleiderer OOO. Moreover, EUR 14,000,000 (PLN 58,380,000) was deposited in an escrow account as security for liabilities under the Share Sale Agreement.

The preliminary selling price of the shares will be ultimately adjusted after the transaction is closed, based on audited financial statements of Pfleiderer OOO prepared as at the sale transaction closing date. The carrying amount of all shares in Pfleiderer OOO as disclosed in the Parent's accounting books is PLN 187,432,464 (EUR 44,947,833).

Concurrently, on January 23rd 2013 Blitz 11-446 GmbH of Germany, an associate of Pfleiderer Grajewo S.A., as the seller, and Ingka Pro Subholding I B.V., as the buyer, entered into an agreement on the sale of assets owned by the seller ("Blitz Assets"). The selling price was agreed to be EUR 33,874,288 (PLN 141,255,781), less EUR 1,000,000 (PLN 4,170,000) deposited in an escrow account. The carrying amount of Blitz Assets is EUR 57,865,269 (PLN 241,298,171).

In addition, on January 23rd 2013 Pfleiderer MDF OOO of Russia, a subsidiary of Pfleiderer Grajewo S.A., as the seller, and Ingka Pro Subholding I B.V., as the buyer, entered into an agreement under which the seller will sell and the buyer will buy the assets owned by Pfleiderer MDF OOO ("Pfleiderer MDF Assets"). The ownership of Pfleiderer MDF Assets will be transferred by July 23rd 2013, subject to payment of the selling price and handover of the assets, which will take place in Orla, Poland. The selling price of Pfleiderer MDF Assets is EUR 7,520,000 (PLN 31,358,400) and will be deposited in an escrow account in full.

The Blitz Assets and Pfleiderer MDF Assets comprise the components of a complete production line designed for the MDF production plant project in Russia.

In addition to the sale of the abovementioned assets designated for the MDF project in Russia, Pfleiderer MDF OOO will sell construction assets ("Construction Assets") to Pfleiderer OOO, comprising in particular land owned by Pfleiderer MDF OOO, for a selling price of EUR 3,000,000 (PLN 12,510,000). The total selling price of Blitz Assets, Pfleiderer MDF Assets and Construction Assets amounts to EUR 44,394,288 (PLN 185,124,181).

On January 29th 2013, Pfleiderer Grajewo S.A. made an early repayment of part of the syndicated credit facility (Facility) incurred by the Company under a credit facility agreement concluded on March 16th 2010 by the Company and its subsidiaries Pfleiderer Prospan S.A. and Silekol Sp. z o.o. with a bank syndicate comprising Bank PEKAO S.A., Bank Zachodni WBK S.A., BRE Bank S.A., BNP Paribas Bank Polska S.A. (formerly Fortis Bank Polska S.A.) and Bank Gospodarki Żywnościowej S.A.

Using the proceeds gained by Pfleiderer Grajewo S.A. from the sale of shares in Pfleiderer OOO, on January 23rd 2013 the Company repaid a substantial part of the Facility. From January 24th-29th 2013, the Parent repaid the full tranche A of the Facility amounting to PLN 460,000,000, and on January 29th 2013, the Company repaid a part of tranche B of the Facility in the amount of PLN 88,375,403. Following the repayments, the total credit limit available under the Facility (under tranche B) is PLN 81,624,597, and the final Facility repayment date is currently set at March 16th 2013.

On December 13th 2012, the Company acquired from the European Bank for Reconstruction and Development ("EBRD") an equity interest in Pfleiderer OOO of Russia, a subsidiary of Pfleiderer Grajewo S.A., representing 15.81% of the company's share capital. The price paid for this equity interest was EUR 9,553,187.18 (PLN 39,098,329.17).

Once Pfleiderer Grajewo S.A. acquired the equity interest, it became Pfleiderer OOO's sole shareholder. The acquisition of the equity interest in Pfleiderer OOO from the EBRD marked the fulfilment of one of the conditions precedent in the agreement on the sale of 100% of shares in Pfleiderer OOO executed by the Parent with Ingka Pro Holding Subholding I B.V. and Swedspan Holding B.V. on October 19th 2012.

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

In the statement of financial position, inventories are recognised in net value, i.e. less impairment losses. In Q4 2012, the Group recognised impairment losses on inventories, in amount of PLN 3.587 thousand. In Q4 2012, impairment losses on discontinued operations amounted to 0. Recognised impairment losses are disclosed under other expenses of operating activities, while reversal of impairment losses is disclosed under other income.

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

In Q4 2012, the Group did not recognise any impairment losses on property, plant and equipment. In Q4 2012, the Group recognised impairment losses on receivables of PLN 2,476 thousand. In the quarter under review, impairment losses on discontinued operations amounted to 0.

4. Provisions

As at the end of Q4 2012, the Group maintained a provision for employee benefits of PLN 25,847 thousand. The amount of the provision grew by PLN 800 thousand over the end of Q3 2012. The provision for employee benefits is the only provision recognised by the Group under IAS. Currently, the Pfleiderer Grajewo Group recognises no other provisions under IAS.

5. Deferred tax assets and liabilities

In Q4 2012, compared with the end of Q3 2012 deferred tax assets and deferred tax liabilities fell by PLN 7.1m and PLN 4.9m, respectively. In the reporting period, no major changes with a potentially material bearing on the Group's financial performance took place regarding impairment losses.

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

In Q4 2012, the Group purchased property, plant and equipment for PLN 11.1m, which chiefly included expenditure on group 5 tangible assets, group 9 intangible assets and modernisation of tangible assets used by the Group.

In the period January 1st-December 31st 2012, the Group classified property, plant and equipment of Pfleiderer MDF OOO and Pfleiderer OOO as assets held for sale. For details see Note VIII.1 and VIII.12.

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

As at the end of Q4 2012, the Group carried liabilities under purchase of property, plant and equipment of PLN 9.1m.

8. Guarantees and sureties

As at December 31st 2012, Pfleiderer Grajewo S.A. had three outstanding sureties for up to PLN 48,880 thousand: As at December 31st 2012, the amount of underlying debt secured with the sureties was PLN 48,880 thousand.

Furthermore, Pfleiderer Prospan S.A. and Silekol Sp. z o.o. had contingent liabilities towards banks under facilities contracted by:

- Pfleiderer Grajewo S.A. – liabilities to a syndicate of Polish banks in the amount of PLN 700,000 thousand (the current available credit limit is PLN 630,000 thousand);

- Pfleiderer OOO – liabilities to EBRD under a bank facility of EUR 3,846 thousand.

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

9. Changes in contingent assets and liabilities

In Q4 2012, in exercise of put and call options the Parent acquired a share in Pfleiderer OOO from the European Bank for Reconstruction and Development. For details see Note VIII.16 .

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

In Q4 2012, Pfleiderer Grajewo S.A. carried out 18 issues of commercial paper in the form of short-term notes with a view to optimising the Group's management of financial liquidity. The notes were issued pursuant to the commercial paper programme agreement executed with Bank PEKAO S.A. on July 22nd 2003 and in accordance with the Polish Bonds Act of June 29th 1995 as złoty-denominated, unsecured, zero-coupon bearer securities in book-entry form. The notes are redeemed at their par value. The notes were acquired by Pfleiderer Prospan S.A., a subsidiary.

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

As at December 31st 2012, no such events occurred.

12. Discontinued operations and assets held for sale

In Q4 2012, the Pfleiderer Grajewo Group entered into a conditional agreement with Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., providing for the sale of all shares in Pfleiderer OOO of Russia as well as Pfleiderer MDF OOO's assets. As at December 31st 2012, the Group classified the subsidiaries' assets as held for sale and their respective equity and liabilities as liabilities related to assets held for sale.

Assets held for sale	Dec 31 2012
Property, plant and equipment and prepayments	694,177.16
Intangible assets	688.05
Deferred tax assets	12,340.10
Inventories	45,912.75
Trade and other receivables	64,340.61
Cash and cash equivalents	9,756.78
	827,215.45
Liabilities related to assets held for sale	
Deferred tax liabilities	905.24
Borrowings and other debt instruments	189,066.09
Trade and other payables	57,476.36
Employee benefits payable	1,861.26
	249,308.94

Under the agreement signed on October 19, 2012 Group has identified in the statement of comprehensive income on discontinued operations of entities included in the contract. As at 31 December 2011, the Group did not classify the report discontinued operations or held for sale. Comparative data statement of comprehensive income has been changed to show the discontinued operations separately from continuing operations.

Statement of cash flows from discontinued operations for the period January 1st – December 31st 2012 (PLN '000)

	Jan 1– Dec 31 2012	Jan 1– Dec 31 2011
Net cash from operating activities	86,100	55,439
Net cash from investing activities	(4,609)	(24,509)
Net cash from financing activities	(81,966)	(35,297)
Cash from discontinued operations at the end of the period	(475)	(4,367)
Cash at beginning of the period	10,477	14,844
Cash at end of the period	10,001	10,477

13. Dividend paid

In Q4 2012, no decisions were made concerning the payment of the 2011 dividend.

14. Performance forecast

Given the fast-changing market environment, Pfleiderer Grajewo S.A. did not publish any financial forecasts for 2012.

15. Material events subsequent to December 31st 2012

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

In accordance with a resolution of the Extraordinary General Meeting, on February 26th 2013, Mr Richard Mayer was appointed as Member of the Supervisory Board of Pfleiderer Grajewo S.A.

In January 2013, the agreement on the sale of assets held in Russia was finalised and the syndicated loan was repaid. For details, see "Material agreements" – note VIII.1.

16. Changes in the Group's structure

On December 13th 2012, the Parent acquired from the European Bank for Reconstruction and Development ("EBRD") an equity interest in Pfleiderer OOO of Russia, a subsidiary of Pfleiderer Grajewo S.A., representing 15.81% of the company's share capital. The price paid for the equity interest was EUR 9,553,187.18 (PLN 39,098,329.17).

Subsequently, on January 23rd 2013, following the fulfilment of conditions precedent under the conditional sale agreements of October 19th 2012, Pfleiderer Grajewo S.A., as the seller, and Ingka Pro Holding Subholding I B.V. and SWEDSPAN Holding B.V., as buyers, entered into an agreement on the sale of a 100% interest in Pfleiderer OOO of Russia ("Share Sale Agreement"). For details see Note VIII.1 .

17. Transactions with owners and related parties

In Q4 2012, Pfleiderer Grajewo S.A. carried out 18 issues of short-term notes, all of which were acquired by Pfleiderer Prospan S.A.

Transactions with related parties are made on normal commercial terms.

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

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

- Wojciech Gątkiewicz, President of the Management Board, held 5,400 shares in Pfleiderer Grajewo S.A.;
- Rafał Karcz, member of the Management Board, held 3,472 shares in Pfleiderer Grajewo S.A.;
- Dariusz Tomaszewski, member of the Management Board, held 4,108 shares in Pfleiderer Grajewo S.A.;
- Radosław Wierzbicki, Member of the Management Board of Pfleiderer Grajewo S.A., held 2,000 shares in Pfleiderer Grajewo S.A..

As at the publication date of this Report, the number of Pfleiderer Grajewo shares held by the Supervisory Board members was as follows:

- Jan Woźniak, Member of the Supervisory Board, held 10,000 shares in Pfleiderer Grajewo S.A.

The other members of Pfleiderer Grajewo S.A.'s Supervisory Board did not hold any shares in the Parent.

19. Shareholder structure as at the report release date

Shareholder structure as at February 28th 2013	Number of shares	% of share capital	Number of votes at GM	% of votes at GM
Pfleiderer Service GmbH	32,308,176	65.11%	32,308,176	65.11%
Aviva OFE Aviva BZ WBK	4,928,816	9.93%	4,928,816	9.93%
ING OFE	2,639,144	5.32%	2,639,144	5.32%
Other shareholders	9,747,864	19.64%	9,747,864	19.64%
TOTAL	49,624,000	100.00%	49,624,000	100.00%

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

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

The number of shares held by the main shareholder, Pfleiderer Service GmbH, did not change in Q4 2011.

20. Court proceedings

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

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

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

21. Material settlements under court proceedings

As at December 31st 2012, the Group did not carry any material settlements under court proceedings. In Q4 2012, there were no circumstances which would substantiate the recognition of any provisions for costs of court proceedings.

22. Correction of errors of past periods

By the end of Q4 2012, the Group had not corrected any errors of past periods.

23. Other material information

On November 7th 2012, Mr Gerd Hammerschmidt was appointed as Member of the Supervisory Board of Pfleiderer Grajewo S.A.

On February 26th 2013, Mr Richard Mayer was appointed as Member of the Supervisory Board of Pfleiderer Grajewo S.A.

On March 28th 2012, Pfleiderer AG of Neumarkt filed a bankruptcy petition. According to the information released by Pfleiderer AG, the Management Board of Pfleiderer AG filed a petition to initiate bankruptcy proceedings and be allowed to operate as a debtor in possession. The Management Board of Pfleiderer AG, under the supervision of a court-appointed trustee, continued to manage Pfleiderer AG and carried out the restructuring process.

On April 17th 2012, the bankruptcy court of Dusseldorf commenced bankruptcy proceedings with respect to Pfleiderer AG and allowed the company to operate as a debtor in possession.

On September 12th 2012, the creditors and shareholders of Pfleiderer AG approved, by majority of votes, a restructuring plan proposed by the company's Management Board. On October 18th 2012, the restructuring plan was approved by the Court of Dusseldorf.

On November 27th 2012, the local court of Düsseldorf registered the capital measures resolved in the insolvency plan in the commercial register with the effect that Atlantik S.A. became the new sole shareholder of the ultimate parent Pfleiderer AG, which is no longer listed on the stock exchange.

The bankruptcy proceedings were closed by the bankruptcy court of Düsseldorf with effect from December 31st 2012.

On February 21st 2013, the sole shareholder decided on a conversion of Pfleiderer AG into a GmbH (Ltd.)

To the best knowledge of the Management Board of Pfleiderer Grajewo S.A., neither the bankruptcy petition filed by the ultimate parent Pfleiderer AG nor declaration of the company's bankruptcy constituted a default under the credit facility agreement executed by Pfleiderer Grajewo S.A.

The Management Board of Pfleiderer Grajewo S.A. is of the opinion that the declaration of Pfleiderer AG's bankruptcy did not adversely affect the Pfleiderer Grajewo Group's day-to-day operations. The Group companies are fully independent in terms of operations, and have their own procurement and sales channels. The Pfleiderer Grajewo Group has separate credit facility agreements securing funding of its day-to-day operations.

In view of the above, Pfleiderer Grajewo S.A. obtained waivers by the financing banks of their rights to terminate the credit facility agreement with the Company as a result of default under the credit facility agreements executed by Pfleiderer AG.

Should the current situation of Pfleiderer AG trigger a default under Pfleiderer Grajewo S.A.'s credit facility agreement, in the opinion of the Management Board of Pfleiderer Grajewo S.A. it is unlikely that the Company will not be able to obtain relevant waivers from its financing banks.

24. Financial instruments

As the Group carries out its production and trading activities across Europe, it is exposed to currency risk related to fluctuations in the EUR/PLN exchange rate. The Polish companies belonging to the Group have mainly been using natural hedges, selecting the most adequate currency structures for their sale and purchase contracts. The complementary hedging method used are currency forwards.

As at December 31st 2012, Pfleiderer Grajewo S.A. was not party to any unsettled EUR/PLN forward contracts.

The other Group companies were not counterparties to any derivative contracts as at December 31st 2012.

The key sources of the Group's EUR/RUB currency risk in Russia include:

- the EUR-denominated borrowing extended by EBRD to Pfleiderer OOO,
- EUR-denominated loans contracted by Pfleiderer MDF OOO from Pfleiderer AG.

As at December 31st 2012, the entire currency risk exposure in Russia was unhedged.

In Q4 2012, the Group did not hedge its interest rate risk or risk of fluctuations in raw material prices.

25. Business segments

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service (business segment) or in providing products or services within a particular economic environment (geographical segment), and that is subject to risks and returns that are different from those of other segments.

In Q4 2012, the Group's sales rose by 4% year on year,

with export sales accounting for approximately 30.4% of the Group's total sales. The Group's key export destinations include Russia, Germany, Lithuania, Belarus, Kazakhstan and Sweden.

26. Notes to the consolidated statement of financial position

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

	Dec 31 2012	Sep 30 2012	Dec 31 2011	Sep 30 2011
Trade receivables	43,090	124,457	97,421	117,478
Receivables from related entities	7,597	20,787	7,364	7,084
Current prepayments and accrued income	10,380	10,730	3,405	7,802
Current VAT receivables	7,660	6,524	32,697	27,438
Other receivables	1,630	10,961	16,602	10,821
Total	70,357	173,459	157,489	170,623

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

	Dec 31 2012	Sep 30 2012	Dec 31 2011	Sep 30 2011
Trade payables	158,378	184,269	194,502	223,786
Liabilities to related entities	3,416	18,958	11,927	11,540
VAT liabilities	106	15,766	281	1,483
Liabilities under factoring agreements	17,418	3,731	16,389	15,631
Liabilities under investment supplies	9,051	1,952	7,147	763
Prepaid deliveries	1,484	2,248	2,535	4,126
Deliveries prepaid by related entities	0	0	886	880
Other liabilities	7,258	39,422	33,255	27,333
Total	197,111	266,346	266,922	285,542

27. Notes to the consolidated income statement (PLN '000) – Note 3

	Jan 1– Dec 31 2012	Jan 1– Dec 31 2011
Finance income		
Interest income	942	621
Net foreign exchange gains	0	4,559
Gains on forward contracts	851	0
Other finance income	156	7
	1,949	5,187
Finance costs		
Interest expense	(90,820)	(97,225)
Foreign exchange losses	(186)	0
Loss on forward contracts	(84)	(2,666)
Other finance expenses	(3,509)	(2,755)
	(94,599)	(102,646)
Net finance income / expenses	(92,650)	(97,459)
Related to discontinued operations	(34,382)	(45,034)
Exchange differences (including on forward contracts)	581	1,894
Realised	(3,370)	6,772
Unrealised	3,951	(4,878)

28. Currency translation of financial data

The Pfleiderer Grajewo Group comprises two foreign subsidiaries, Pfleiderer OOO and Pfleiderer MDF OOO, whose functional currency is the Russian rouble (RUB). For consolidation purposes, the financial statements of the subsidiaries are translated into the złoty in the following manner:

- assets and equity and liabilities in the statement of financial position are translated at the closing exchange rate quoted by the National Bank of Poland ("NBP") for the reporting date;
- items of the statement of comprehensive income were translated at the exchange rate computed as the arithmetic mean of exchange rates quoted in Q4 2012.

Currency translation differences, if any, are recognised in equity under exchange differences on translating foreign operations.

Date	RUB	PLN
Jan 31 2012	RUB 1	0.1064
Feb 29 2012	RUB 1	0.1057
Mar 31 2012	RUB 1	0.1064
Apr 30 2012	RUB 1	0.1073
May 31 2012	RUB 1	0.1073
Jun 30 2012	RUB 1	0.1030
Jul 31 2012	RUB 1	0.1038
Aug 31 2012	RUB 1	0.1027
Sep 30 2012	RUB 1	0.1028
Oct 31 2012	RUB 1	0.1017
Nov 30 2012	RUB 1	0.1022
Dec 12 2012	RUB 1	0.1017
RUB exchange rate at the end of Q4 2012		0.1017
Arithmetic mean for 2012		0.1043

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

- items of the statement of financial position were translated at the closing exchange rate quoted by the NBP for the reporting date;
- items of the statement of comprehensive income were translated at the exchange rate computed as the arithmetic mean of monthly exchange rates quoted in Q4 2012.

Date	EUR	PLN
Jan 31 2012	EUR 1	4.2270
Feb 29 2012	EUR 1	4.1365
Mar 30 2012	EUR 1	4.1616
Apr 30 2012	EUR 1	4.1721
May 31 2012	EUR 1	4.3889
Jun 30 2012	EUR 1	4.2613
Jul 31 2012	EUR 1	4.1086
Aug 31 2012	EUR 1	4.1838
Sep 30 2012	EUR 1	4.1138
Oct 31 2012	EUR 1	4.1350
Nov 30 2012	EUR 1	4.1064
Dec 12 2012	EUR 1	4.0882
EUR exchange rate at the end of Q4 2012		4.0882
Arithmetic mean for 2012		4.1736

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

Separate statement of financial position as at December 31st 2012 (PLN '000)

	Total	Total	Total	Total
	Dec 31 2012	Sep 30 2012	Dec 31 2011	Sep 30 2011
Assets				
Property, plant and equipment	103,056	102,555	109,888	107,637
Intangible assets	2,244	1,842	1,367	1,775
Investments in related entities	562,334	808,913	811,034	810,929
Other non-current financial assets	10	10	10	10
Non-current loans advanced to related entities	430	352,901	217,741	399,670
Non-current receivables – prepayments for tangible assets	472	1,105	0	1,133
Non-current assets	668,546	1,267,326	1,140,040	1,321,154
Inventories	63,537	70,944	79,443	80,833
Trade and other receivables	75,146	145,943	120,727	141,664
Cash and cash equivalents	1,719	2,536	1,380	12,947
Current loans advanced to related entities	6,832	0	166,174	0
Assets held for sale	611,884	0	0	0
Current assets	759,118	219,423	367,724	235,444
Total assets	1,427,664	1,486,749	1,507,764	1,556,598
Equity and liabilities				
Equity				
Share capital	16,376	16,376	16,376	16,376
Share premium	289,806	289,806	289,806	289,806
Statutory reserve funds	195,759	195,759	154,958	154,958
Cash flow hedges	0	0	0	(3,032)
Retained earnings/(deficit)	35,085	37,817	63,883	51,231
Total equity	537,026	539,758	525,023	509,339
Liabilities				
Borrowings and other debt instruments	24,467	446,986	476,934	484,633
Employee benefits payable	5,412	4,895	4,895	4,405
Deferred tax liabilities	984	4,946	6,592	2,758
Non-current liabilities	30,863	456,827	488,421	491,796
Borrowings and other debt instruments	457,254	108,613	86,617	133,269
Liabilities to related entities under debt securities	292,005	265,698	293,515	299,981
Trade and other payables	100,369	106,780	104,593	113,696
Employee benefits payable	10,147	9,073	9,595	8,517
Current liabilities	859,775	490,164	494,320	555,463
Total liabilities	890,638	946,991	982,741	1,047,259
Total equity and liabilities	1,427,664	1,486,749	1,507,764	1,556,598

	as at Dec 31 2012 end of Q4 2012 (PLN '000)	as at Sep 30 2012 end of Q3 2012 (PLN '000)	Dec 31 2011 end of Q4 2011 (PLN '000)	as at Sep 30 2011 end of Q3 2011 (PLN '000)
OFF-BALANCE-SHEET ITEMS				
Contingent liabilities	48,880	67,229	79,220	88,317
To other entities, including:	48,880	67,229	79,220	88,317
- guarantees and sureties issued	48,880	67,229	79,220	88,317
Total off-balance-sheet items	48,880	67,229	79,220	88,317

**Separate statement of comprehensive income for the period January 1st – December 31st 2012
(PLN '000)**

	Total Jan 1– Dec 31 2012 Continuing operations *)	Total Jan 1– Dec 31 2011 Continuing operations *)
Revenue	725,259	730,081
Cost of sales	(626,808)	(635,610)
Gross profit	98,451	94,471
Other income	7,349	698
Distribution costs	(29,544)	(27,943)
General and administrative expenses	(29,012)	(24,823)
Other expenses	(5,826)	(2,399)
Operating profit	41,418	40,004
Finance income	61,638	90,076
Finance costs	(92,225)	(80,577)
Net finance income / expenses	(30,587)	9,499
Profit before tax	10,831	49,503
Corporate income tax	1,172	(8,702)
Net profit	12,003	40,801
Other comprehensive income		
Effective portion of loss on fair-value measurement of hedging instruments	0	(589)
Total comprehensive income/loss for the period	12,003	40,212
Basic earnings per share (PLN)	0.24	0.82
Diluted earnings per share (PLN)	0.24	0.82

*) In the current period and the comparative period there was no discontinued operations in the parent company of Pfleiderer Grajewo SA

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

	Share capital	Share premium	Statutory reserve funds	Cash flow hedges	Retained earnings/ (deficit)	Total
As at Jan 1 2011	16,376	289,806	153,664	589	24,376	484,811
Comprehensive income for the period						
Net profit	0	0	0	0	40,801	40,801
Effective portion of gains on fair-value measurement of hedging instruments	0	0	0	(589)	0	(589)
Other	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	(589)	40,801	40,212
Transactions with owners recognised in equity						
Transfer of 2010 net profit to statutory reserve funds	0	0	1,294	0	(1,294)	0
Total transactions with owners recognised in equity	0	0	1,294	0	(1,294)	0
Balance as at Dec 31 2011	16,376	289,806	154,958	0	63,883	525,023

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

Separate statement of cash flows for the period January 1st – December 31st 2012 (PLN ‘000)

	Note	Jan 1– Dec 31 2012	Jan 1– Dec 31 2011
Cash flows from operating activities			
Net profit		12,003	40,801
Adjustments		29,602	10,883
Depreciation and amortisation		13,510	13,957
Foreign exchange gains/losses		12,830	(26,847)
Dividend and interest for the period		9,552	27,157
Profit from investing activities		(11)	(241)
Income tax expense		(1,172)	8,702
Change in trade and other receivables		(23,974)	12,238
Change in inventories		15,906	(28,520)
Change in trade and other payables		688	5,392
Change in employee benefits payable		1,070	1,710
Result on forward contracts		851	(2,665)
Other adjustments		352	0
Cash flows from operating activities		41,605	51,684
Interest received		148	117
Interest paid		(97)	(60)
Income tax paid		(4,437)	0
Net cash from operating activities		37,219	51,741
Cash flows from investing activities			
Sale of property, plant and equipment		293	245
Interest received		44,365	8,155
Dividend and profit distributions		29,104	16,392
Acquisition of subsidiary		(18)	(65)
Acquisition of intangible assets and property, plant and equipment		(8,723)	(2,634)
Repayment of loans advanced		47,883	44,978
Loans advanced		0	(8,317)
Net cash from investing activities		112,904	58,754
Cash flows from financing activities			
Repayment of borrowings and other debt instruments		(74,508)	(40,298)
Redemption of debt securities		(2,196,516)	(1,169,113)
Issue of debt securities		2,195,470	1,169,317
Interest paid		(74,231)	(69,860)
Cash flows from financing activities		(149,784)	(109,954)
Change in cash		339	541
Cash at beginning of the period		1,380	839
Cash at end of the period		1,719	1,380

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

1. Notes to the separate statement of financial position

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

	Dec 31 2012	Sep 30 2012	Dec 31 2011	Sep 30 2011
Trade receivables other than from related entities	14,443	27,606	14,779	19,699
Trade and other receivables from related entities	46,335	33,987	20,400	35,511
Current prepayments and accrued income	8,744	7,038	1,890	2,040
Current VAT receivables	4,134	4,169	5,654	5,846
Other receivables	1,490	73,143	78,004	78,568
Total	75,146	145,943	120,727	141,664

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

	Dec 31 2012	Sep 30 2012	Dec 31 2011	Sep 30 2011
Trade payables	63,504	62,903	64,898	69,092
Liabilities to related entities	19,928	28,598	22,624	29,787
Liabilities under factoring agreements	9,480	8,968	9,458	7,731
Liabilities under investment supplies	3,463	1,325	3,795	246
Other liabilities	3,994	4,986	3,818	6,840
Total	100,369	106,780	104,593	113,696

Other liabilities include primarily accrued expenses and other provisions.