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ARCTIC PAPER S.A. CAPITAL GROUP  
Consolidated half-yearly report  
for the six months' period ended 30th June 2015  
together with independent auditor's opinion on the  
revision

**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 Half-Yearly Report for the six months' period ended 30th June 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 the 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. Data for the six months' periods ended 30th June 2015 and 30th June 2014 presented in the condensed consolidated and standalone financial statements have not been subject to revision or audit of an auditor. The interim financial result may not fully reflect the financial result possible to achieve in the financial year.

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

The hereby consolidated half-yearly 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	Arctic Paper Grycksbo AB seated in Kungsvagen, Grycksbo, Sweden
Paper Mills	Arctic Paper Kostrzyn, Arctic Paper Munkedals, Arctic Paper Mochenwangen, Arctic Paper Grycksbo
Arctic Paper Investment	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 Ulm, 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 Copenhagen (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 Trollåsen (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 Uddevalla (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 Vallvik, Sweden
Rottneros Group, Rottneros AB Group	Rottneros AB seated in Vallvik, Sweden; Rottneros Bruk AB seated in Sunne, Sweden; Utansjo Bruk AB seated in Sweden, Vallviks Bruk AB seated in Vallvik, Sweden; Rottneros Packaging AB seated in Sweden; SIA Rottneros Baltic seated in Latvia
Pulp Mills	Rottneros Bruk AB seated in Sunne, Sweden; Vallviks Bruk AB seated in Vallvik, Sweden
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 Municipality, Västra Götaland County, 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 Shareholders Meeting	Extraordinary Shareholders Meeting of Arctic Paper S.A.
Articles of Association, Issuer's Articles of Association, Company's Articles of Association	Articles of Association of Arctic Paper S.A.
SEZ	Kostrzyńsko-Słubicka Special Economic Zone
Court of Registration	District Court Poznań-Nowe Miasto i Wilda in Poznań
Stock Exchange	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (Warsaw Stock Exchange)
KDPW, Depository	Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna seated in Warsaw
KNF	Komisja Nadzoru Finansowego (Financial Supervision Authority)
SFSA	Swedish Financial Supervisory Authority
NASDAQ OMX, OMX	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
<b>Definitions of selected terms and financial indicators and abbreviations of currencies</b>	
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, Stock, Issuer's Shares, Issuer's Stock	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.

## Statements concerning risk factors

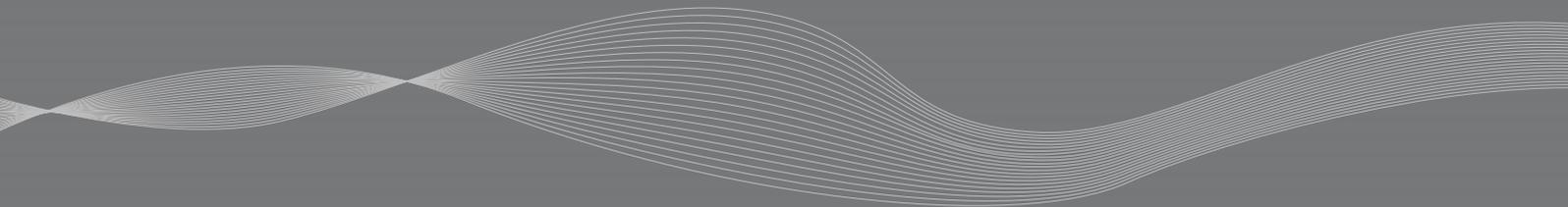
In the hereby report we have described the risk factors that the Management Board of our Group finds typical for our industry; however, this list may not be complete. It may happen that other factors exist which we have not identified and which could have a material adverse impact on the operations, financial situation, operating results or perspectives of the Arctic Paper Group. In such circumstances, the prices of the Company's shares listed on the Warsaw Stock

Exchange or on NASDAQ OMX stock exchange in Stockholm may drop, investors may lose all or part of their invested funds, and the payment of dividend by the Company may be limited.

Please analyze carefully the information contained in the "Risk factors" section of the hereby report which describes the risks and uncertainties related to Arctic Paper Group's operations.



Management's Board report on the operations of  
Arctic Paper S.A. Capital Group and Arctic Paper S.A.  
to the report for the first half 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 the 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 nearly 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 the first half of 2015 totaled PLN 1,459 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 June 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 a 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 a 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 a 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 a 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 30th June 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 capacities 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 capacities 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

The 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 the Warsaw Stock Exchange and since 20th December 2012 in NASDAQ OMX 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 the Arctic Paper S.A. Capital Group with indication of the entities under consolidation can be found in section 'Significant accounting policies' and in additional explanatory notes to the consolidated financial statements (notes 1 and 2).

## Changes in the capital structure of the Arctic Paper Group

In the first half of 2015, no changes in capital structure of the 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 June 2015 41,356,449 shares of the Company, which constitute 59.69% of its share capital and representing 59.69% of total number of votes in the Shareholders Meeting. Thus Nemus Holding AB is the parent entity of the Issuer.

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.

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.

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

Shareholder	as at 28.08.2015				as at 30.06.2015				as at 13.05.2015			
	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 [%]	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%	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%	41 356 449	59,69%	41 356 449	59,69%
Nemus Holding	40 006 449	57,74%	40 006 449	57,74%	41 356 449	59,69%	41 356 449	59,69%	41 356 449	59,69%	41 356 449	59,69%
other entity	1 350 000	1,95%	1 350 000	1,95%	-	0,00%	-	0,00%	-	0,00%	-	0,00%
- directly	5 848 658	8,44%	5 848 658	8,44%	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%	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%	69 287 783	100,00%	69 287 783	100,00%
Treasury shares	-	0,00%	-	0,00%	-	0,00%	-	0,00%	-	0,00%	-	0,00%
<b>Total</b>	<b>69 287 783</b>	<b>100,00%</b>	<b>69 287 783</b>	<b>100,00%</b>	<b>69 287 783</b>	<b>100,00%</b>	<b>69 287 783</b>	<b>100,00%</b>	<b>69 287 783</b>	<b>100,00%</b>	<b>69 287 783</b>	<b>100,00%</b>

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 quarter of 2015, as well as on 30th June 2015.

## Summary of consolidated financial results

### Consolidated income statement

#### Selected items of the consolidated income statement

<i>PLN thousand</i>	2Q 2015	1Q 2015	2Q 2014	1H 2015	1H 2014	Change % 2Q2015/ 1Q2015	Change % 2Q2015/ 2Q2014	Change % 1H2015/ 1H2014
<b>Continuing operations</b>								
<b>Revenues</b>	<b>688 249</b>	<b>771 103</b>	<b>693 135</b>	<b>1 459 352</b>	<b>1 436 062</b>	<b>(10,7)</b>	<b>(0,7)</b>	<b>1,6</b>
<i>including:</i>								
<i>Sales of paper</i>	507 681	578 733	515 239	1 086 414	1 079 889	(12,3)	(1,5)	0,6
<i>Sales of pulp</i>	180 568	192 370	177 896	372 938	356 172	(6,1)	na	na
Gross profit on sales	80 220	131 939	97 944	212 159	197 223	(39,2)	(18,1)	7,6
<i>sales revenue %</i>	11,66	17,11	14,13	14,54	13,73	(5,5) p.p.	(2,5) p.p.	0,8 p.p.
Selling expenses	(59 833)	(82 714)	(66 320)	(142 547)	(134 757)	(27,7)	(9,8)	5,8
Administrative expenses	(14 418)	(15 874)	(14 679)	(30 292)	(33 049)	(9,2)	(1,8)	(8,3)
Other operating income	13 922	27 483	14 741	41 406	29 016	(49,3)	(5,6)	42,7
Other operating cost	(8 026)	(9 875)	(5 501)	(17 901)	(12 176)	(18,7)	45,9	47,0
<b>EBIT</b>	<b>11 865</b>	<b>50 959</b>	<b>26 185</b>	<b>62 825</b>	<b>46 257</b>	<b>(76,7)</b>	<b>(54,7)</b>	<b>35,8</b>
<i>sales revenue %</i>	1,72	6,61	3,78	4,30	3,22	(4,9) p.p.	(2,1) p.p.	1,1 p.p.
<b>EBITDA</b>	<b>38 899</b>	<b>77 999</b>	<b>54 329</b>	<b>116 898</b>	<b>102 562</b>	<b>(50,1)</b>	<b>(28,4)</b>	<b>14,0</b>
<i>sales revenue %</i>	5,65	10,12	7,84	8,01	7,14	(4,5) p.p.	(2,2) p.p.	0,9 p.p.
Financial income	1 988	108	306	2 096	997	1 734,5	550,0	110,3
Financial cost	(982)	(13 437)	(7 704)	(14 419)	(15 944)	(92,7)	(87,3)	(9,6)
<b>EBT</b>	<b>12 872</b>	<b>37 631</b>	<b>18 788</b>	<b>50 502</b>	<b>31 310</b>	<b>(65,8)</b>	<b>(31,5)</b>	<b>61,3</b>
Corporate income tax	12 328	(10 941)	(4 498)	1 387	(7 132)	(212,7)	(374,1)	(119,5)
<b>Net profit/ (loss) from continuing operations</b>	<b>25 200</b>	<b>26 690</b>	<b>14 290</b>	<b>51 890</b>	<b>24 178</b>	<b>(5,6)</b>	<b>76,4</b>	<b>114,6</b>
<i>sales revenue %</i>	3,66	3,46	2,06	3,56	1,68	0,2 p.p.	1,6 p.p.	1,9 p.p.
<b>Discontinued operations</b>								
<b>Net profit/ (loss) from discontinued operations</b>	<b>(12 102)</b>	<b>(13 844)</b>	<b>(814)</b>	<b>(25 946)</b>	<b>(1 795)</b>	<b>(12,6)</b>	<b>1 386,0</b>	<b>1 345,7</b>
<i>sales revenue %</i>	(1,76)	(1,80)	(0,12)	(1,78)	(0,12)	0,0 p.p.	(1,6) p.p.	(1,7) p.p.
<b>Net profit/ (loss)</b>	<b>13 098</b>	<b>12 846</b>	<b>13 475</b>	<b>25 944</b>	<b>22 383</b>	<b>2,0</b>	<b>(2,8)</b>	<b>15,9</b>
<i>sales revenue %</i>	1,90	1,67	1,94	1,78	1,56	0,2 p.p.	(0,0) p.p.	0,2 p.p.

### Commentary of the President of the Management Board Wolfgang Lübbert to the results for the first half of 2015

In the 1st half of 2015 the financial results from continued operations generated by the Arctic Paper Group were better than those from a year before. EBITDA was PLN 116.9m (growth of 14% compared to 1H 2014), operating profit was over PLN 62.8m (up 35.8% in comparison to 1H 2014), and

net profit was PLN 51.9m (an increase of 114.6%). Sales revenues amounted to over PLN 1,459m, which is a 1.6% increase year-on-year. The figures include the contribution of Rottneros (the majority of Rottneros was acquired by Arctic

Paper Group in 2013), which posted very good financial results for the period.

The Arctic Paper Group, excluding Rottneros, generated sales revenues of about PLN 1,077m in 1H 2015, which is 1.7% more than in 1H 2014. EBITDA was nearly PLN 26.2m (a decline of 59.5% compared to 1H 2014). The company had an operating loss of PLN 12.3m and a net loss from continued operations of nearly PLN 2.5m.

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 1Q 2015). This was mainly related to the unfavourable euro to US dollar exchange rates, which were down by 19.5% compared to 2Q 2014 (and 1.8% compared to 1Q 2015).

Moreover, production at the Arctic Paper Kostrzyn mill was stopped for 10 days because of the investment process carried out there. This caused a decrease of Q2 2015 production volume by almost 4,300 tonnes, which impacted the financial results for the period.

As at the end of 1H 2015, the Arctic Paper Group kept a PLN 14.2m provision (out of PLN 15.3m created in Q1) motivated by the anticipated non-payment of trade receivables to Arctic

## Revenue

In the second quarter of 2015 consolidated sales revenue amounted to PLN 688,249 thousand (paper sales: PLN 507,238 thousand, pulp sales: PLN 181,011 thousand) compared to PLN 693,135 thousand (paper sales: PLN 515,239 thousand, pulp sales: PLN 177,896 thousand) in the same period of the previous year, which represents a decrease by PLN 4,886 thousand (paper sales decrease of PLN 8,001 thousand and pulp sales increase of PLN 3,115 thousand) and accordingly by 0.7% (paper sales decrease of 1.6% and pulp sales increase of 1.8%).

In the first six months of 2015 sales revenues amounted to PLN 1,459,352 thousand (paper sales: PLN 1,085,971 thousand, pulp sales: PLN 373,382 thousand) compared to PLN 1,436,062 thousand (paper sales: PLN 1,079,889 thousand, pulp sales: PLN 356,172 thousand) achieved in the analogous period of the previous year, which means an increase of revenue by PLN 23,290 thousand (paper sales

Paper's mills by PaperlinX UK companies, which were placed in voluntary administration.

The sustained capture of UK market share during the period is a small but significant sign of the Arctic Paper product's uniqueness and the effectiveness of the sales force, as is the high speed that Arctic Paper's situation on the UK market has improved.

As at the end of 1H 2015, the average prices of high-quality paper in Europe were 2.6% higher for uncoated wood-free paper and 1.7% lower for coated wood-free paper (year-on-year). As compared to 1Q 2015, these prices were up 2.6% for uncoated wood-free paper and down 2.8% for coated wood-free paper (all data based on RISI).

The good results of Rottneros are, aside from the benefit of a strong US dollar, due to forceful internal actions. The Focus 15 action plan has resulted in both productivity and profit improvements and it is now being transformed into a new program, Action 500.

increase of PLN 6,082 thousand and pulp sales increase of PLN 17,210 thousand) and respectively 1.6% (paper sales increase of 0.6% and pulp sales increase of 4.8%).

Paper sales volume in the second quarter of 2015 amounted to 159 thousand tons compared to 164 thousand tons in the same period of the previous year. The change represents a decrease of 5 thousand tons and respectively 3.0%. Pulp sales volume in the second quarter of 2015 amounted to 88 thousand tons compared to 85 thousand tons in the previous year. This change represents an increase of 3 thousand tons and respectively 3.5%.

Paper sales volume in the first halves of 2015 and 2014 amounted to 339 thousand tons. Pulp sales volume in the first half of 2015 amounted to 172 thousand tons compared to 167 thousand tons in the same period of the previous year. The change represents an increase of 5 thousand tons and respectively 2.9%.

## Profit on sales, cost of sales, selling and administrative expenses

Profit on sales in the first half of 2015 amounted to PLN 212,159 thousand and was higher by 7.6% compared to the same period of the previous year. The gross profit on sales margin in the current year stood at 14.54% compared to 13.73% (+0.8 p.p.) in the same period of the previous year. The main reasons for the increase of gross profit on sales margin in the first half of 2015, compared to the analogous period of the previous year, were better pulp sales results achieved by Rottneros Group, mostly due to relatively high pulp prices and depreciation of SEK towards USD. On the other hand, worse results of Paper Mills were mostly due to high pulp prices and appreciation of USD towards EUR.

In the reporting period, selling expenses amounted to PLN 142,547 thousand, which represents an increase by 5.8% compared to the costs incurred in the corresponding period of 2014. The increase of selling expenses resulted mainly from greater write-offs of trade receivables, particularly receivables from the companies of PaperlinX group.

In the first half of 2015, administrative expenses amounted to PLN 30,292 thousand compared to PLN 33,049 thousand in the analogous period of 2014, which represents a decrease of 8.3%. The main reason for the lower expenses in the first half of the current year the decrease of expenses related to consulting and administrative services within the Group.

## Other operating income and cost

Other operating income in the first half of 2015 amounted to PLN 41,406 thousand, which means an increase compared to the same period of the previous year by PLN 12,390 thousand.

Other operating income consists mainly of revenue from heat and electricity sales as well as revenue from sales of other materials and CO<sub>2</sub> emission rights. The increase of other operating income in the current period resulted primarily from sales of CO<sub>2</sub> emission rights and other materials.

In the first half of 2015, other operating expenses amounted to PLN 17,901 thousand, which means an increase compared to the analogous period of the previous year by PLN 5,725 thousand.

Other operating expenses comprise mainly cost of electricity and heat sales as well as cost of other materials sold. Higher other operating expenses in the first half of 2015 were influenced mainly with cost of sales of other materials.

## Financial income and financial cost

Financial income and cost in the first half of 2015 amounted respectively to PLN 2,096 thousand and 14,419 thousand, which corresponds, compared to the analogous period of the previous year, to an increase of income by PLN 1,099 thousand and a decrease of cost by PLN 1,525 thousand.

Changes in financial income and cost result primarily from the net amount of foreign exchange differences. In the first half of 2015, the Group recorded an excess of positive exchange

differences over negative exchange differences in the amount of PLN 1,230 thousand, while in the first half of 2014 it amounted to PLN 473 thousand. Moreover, the decrease of financial cost in the current period of 2015 resulted from a decrease of financial interest.

## Income tax

Income tax for the six months of 2015 amounted to PLN +1,387 thousand, while in the analogous period of 2014 it amounted to PLN -7,132 thousand.

Current income tax in the analyzed period amounted to PLN -992 thousand (first half of 2014: PLN -173 thousand) while the deferred part amounted to PLN +2,379 thousand (first half of 2014: PLN -6,959 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, according to IFRS requirements, a change of presentation has been performed in the consolidated income statement of each presented period.

## Profitability analysis

Profit on continued operating activities in the first half of 2015 amounted to PLN +62,825 thousand compared to the profit of PLN +46,257 thousand in the analogous period of the previous year. These changes mean there was an increase of operating profit margin from +3.22% in six months of 2014 to +4.30% in the analogous period of 2015. Higher result on operations in the first half of 2015 was mainly a result of better performance of Rottneros Group.

EBITDA on continued operations for the first half of 2015 amounted to PLN 116,898 thousand while in the same period of 2014 it amounted to PLN 102,562 thousand. In the

reporting period, EBITDA margin amounted to 8.01% compared to 7.14% for six months of 2014.

Net result in the first half of 2015 amounted to PLN +25,944 thousand compared to net PLN +22,383 thousand in the first half of 2014. Net profit margin amounted to +1.78% YTD after six months of 2015 compared to +1.56% in the corresponding period of 2014.

## Profitability analysis

	2Q	1Q	2Q	1H	1H	Change %	Change %	Change %
<i>PLN thousand</i>	2015	2015	2014	2015	2014	2Q2015/ 1Q2015	2Q2015/ 2Q2014	1H2015/ 1H2014
Gross profit on sales	80 220	131 939	97 944	212 159	197 223	(39,2)	(18,1)	7,6
<i>sales revenue %</i>	11,66	17,11	14,13	14,54	13,73	(5,5) p.p.	(2,5) p.p.	0,8 p.p.
<b>EBITDA</b>	<b>38 899</b>	<b>77 999</b>	<b>54 329</b>	<b>116 898</b>	<b>102 562</b>	<b>(50,1)</b>	<b>(28,4)</b>	<b>14,0</b>
<i>sales revenue %</i>	5,65	10,12	7,84	8,01	7,14	(4,5) p.p.	(2,2) p.p.	0,9 p.p.
<b>EBIT</b>	<b>11 865</b>	<b>50 959</b>	<b>26 185</b>	<b>62 825</b>	<b>46 257</b>	<b>(76,7)</b>	<b>(54,7)</b>	<b>35,8</b>
<i>sales revenue %</i>	1,72	6,61	3,78	4,30	3,22	(4,9) p.p.	(2,1) p.p.	1,1 p.p.
<b>Net profit/ (loss) from continuing operations</b>	<b>25 200</b>	<b>26 690</b>	<b>14 290</b>	<b>51 890</b>	<b>24 178</b>	<b>(5,6)</b>	<b>76,4</b>	<b>114,6</b>
<i>sales revenue %</i>	3,66	3,46	2,06	3,56	1,68	0,2 p.p.	1,6 p.p.	1,9 p.p.
<b>Net profit/ (loss) from discontinued operations</b>	<b>(12 102)</b>	<b>(13 844)</b>	<b>(814)</b>	<b>(25 946)</b>	<b>(1 795)</b>	<b>(12,6)</b>	<b>1 386,0</b>	<b>1 345,7</b>
<i>sales revenue %</i>	(1,76)	(1,80)	(0,12)	(1,78)	(0,12)	0,0 p.p.	(1,6) p.p.	(1,7) p.p.
<b>Net profit/ (loss)</b>	<b>13 098</b>	<b>12 846</b>	<b>13 475</b>	<b>25 944</b>	<b>22 383</b>	<b>2,0</b>	<b>(2,8)</b>	<b>15,9</b>
<i>Net profit/ (loss) from discontinued operations</i>	1,90	1,67	1,94	1,78	1,56	0,2 p.p.	(0,0) p.p.	0,2 p.p.
ROE - Return on equity (%)	1,8	1,8	2,0	3,5	3,3	0,0 p.p.	(0,2) p.p.	0,2 p.p.
ROA - Return on assets (%)	0,7	0,7	0,8	1,4	1,3	0,0 p.p.	(0,1) p.p.	0,1 p.p.

In the first half of 2015, return on equity amounted to +3.5% while in the corresponding period of 2014 it amounted

to +3.3%. Return on assets increased from +1.3% in the first half of 2014 to +1.4% in the first half of 2015.

## Report on financial situation

### Selected items of the consolidated balance sheet

PLN thousand	30/06/2015	31/12/2014	30/06/2014	Change	Change
				30/06/2015	30/06/2015
				-31/12/2014	-30/06/2014
Non-current assets	826 846	843 745	870 414	(16 899)	(43 568)
Inventory	365 897	376 486	351 228	(10 589)	14 669
Receivables	374 672	345 964	390 601	28 708	(15 929)
<i>including: trade receivables</i>	364 738	339 440	379 552	25 298	(14 814)
Other current assets	16 368	38 184	17 613	(21 816)	(1 245)
Cash and equivalents	184 698	158 412	95 216	26 286	89 482
Assets associated with discontinued operations	64 381	-	-	64 381	64 381
<b>Total assets</b>	<b>1 832 862</b>	<b>1 762 790</b>	<b>1 725 072</b>	<b>70 072</b>	<b>107 790</b>
Equity	737 378	725 071	678 665	12 308	58 713
Short-term liabilities	649 411	590 567	650 708	58 844	(1 297)
<i>including:</i>					
<i>trade liabilities and other</i>	370 536	364 992	363 548	5 544	6 988
<i>interest-bearing liabilities</i>	173 106	120 566	201 057	52 539	(27 952)
<i>other non-financial liabilities</i>	105 769	105 009	86 102	760	19 667
Long-term liabilities	395 285	447 152	395 698	(51 868)	(414)
<i>including:</i>					
<i>interest-bearing liabilities</i>	273 420	306 380	269 614	(32 960)	3 806
<i>other non-financial liabilities</i>	121 864	140 772	126 085	(18 908)	(4 220)
Liabilities directly associated with discontinued operations	50 788	-	-	50 788	50 788
<b>Total equity and liabilities</b>	<b>1 832 862</b>	<b>1 762 790</b>	<b>1 725 072</b>	<b>70 072</b>	<b>107 790</b>

As on 30th June 2015, total assets amounted to PLN 1,832,862 thousand compared to PLN 1,762,790 thousand as at the end of 2014.

#### Non-current assets

As at the end of June 2015, non-current assets amounted to 45.1% of total assets compared to 47.9% as at the end of 2014. Non-current assets decreased in the first half of 2015 by

PLN 16,899 thousand, mainly due to depreciation allowances on property, plant & equipment.

#### Current assets

Current are the sum of inventories, receivables, other current assets and cash and cash equivalents.

Current assets reached the level of PLN 941,635 thousand as at the end of June 2015 compared to PLN 919,045 thousand as at the end of December 2014. Within the current assets inventories decreased by PLN 10,589 thousand, receivables increased by PLN 28,708 thousand, other current assets

decreased by PLN 21,816 thousand, and cash and cash equivalents increased by PLN 26,286 thousand. Current assets represented 51.4% of total assets as at the end of June 2015 (52.1% as at the end of 2014) and included inventories 20.0% (21.3% as at the end of 2014), receivables 20.4% (19.6% as at the end of 2014), other current assets 0.9%

(2.2% as at the end of 2014) and cash and cash equivalents 10.1% (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 June 2015, the amount of PLN 64,381 thousand included inventories (PLN

44,066 thousand), trade receivables and other receivables (PLN 17,713 thousand), cash and cash equivalents (PLN 810 thousand) and other financial and non-financial assets (PLN 1,792 thousand).

### Equity

Equity amounted to PLN 737,378 thousand as at the end of the first half of 2015 compared to PLN 725,071 thousand as at the end of 2014. Equity represented 40.2% of total equity and

liabilities as at the end of June 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 June 2015, short-term liabilities amounted to PLN 649,411 thousand (35.4% 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 the first half of 2015, an

increase of short-term liabilities occurred by PLN 58,844 thousand. The increase resulted primarily from the increase of overdraft debt, the increase of liabilities from factoring agreements and of trade liabilities and other liabilities.

### Long-term liabilities

As at the end of June 2015, long-term liabilities amounted to PLN 395,285 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 51,868

thousand, mainly due to the reduction of loan debt and the decrease of provisions, which have been transferred to the liabilities item connected directly with discontinued operations in the portion 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 June 2015, the amount of PLN 50,788 thousand included

provisions (PLN 16,196 thousand), trade liabilities and other liabilities (PLN 29,612 thousand) as well as other financial and non-financial liabilities (PLN 4,980 thousand).

## Debt analysis

### Debt analysis

	2Q 2015	1Q 2015	2Q 2014	Change 2Q2015/ 1Q2015	Change 2Q2015/ 2Q2014
Debt-to-equity ratio (%)	148,6	147,3	154,2	1,3 p.p.	(5,6) p.p.
Equity-to-non-current assets ratio (%)	89,2	90,5	78,0	(1,3) p.p.	11,2 p.p.
Interest-bearing debt-to-equity ratio (%)	60,6	55,7	69,4	4,9 p.p.	(8,8) p.p.
Net borrowings-to-EBITDA for last 12 months (times)	1,0x	0,9x	2,7x	0,08	(1,72)
EBITDA-to-interest (times)	11,4x	9,8x	5,1x	1,6	6,3

The abovementioned ratios for 1Q 2015 and 2Q 2014 are compliant with respective ratios presented in the Management Board's report on operations of Arctic Paper Group in the consolidated report for the first quarter of 2015 and the first half of 2014, respectively.

The abovementioned ratios do not consider the influence of the elimination of discontinued operations from the consolidated income statement, therefore the ratios will not directly follow the data of the hereby report.

As at the end of June 2015, debt to equity ratio amounted to 148.6% and was higher by 1.3 p.p. compared to the end of March 2015 and lower by 5.6 p.p. compared to the end of June 2014.

Equity to non-current assets decreased from 90.5% as at the end of the first quarter of 2015 to 89.2% at the end of June 2015 and was lower by 1.3 p.p. than as at the end of March 2015 and higher by 11.2 p.p. than as at the end of June 2014.

Interest bearing debt to equity ratio amounted to 60.6% as at the end of the first half of 2015 and was higher by 4.9 p.p. compared to the end of March 2015 and lower by 8.8 p.p. compared to the level of this factor calculated at the end of June 2014.

Net borrowings to EBITDA calculated for the last 12 months ended 30th June 2015 amounted to 1.0x compared to 0.9x as for period ended 31st March 2015 and 2.7x for the period ended 30th June 2014.

EBITDA to interest coverage ratio for the twelve months period amounted to 11.4x for the period ended 30th June 2015, and 9.8x and 5.1x for the twelve months' periods ended respectively 31st March 2015 and 30th June 2014.

Worse net borrowings to EBITDA and EBITDA to interest coverage ratios for the 12 months' period ended 30th June 2014 resulted from lower annual EBITDA for the period.

## Liquidity analysis

### Liquidity ratios

	2Q 2015	1Q 2015	2Q 2014	Change 2Q2015/ 1Q2015	Change 2Q2015/ 2Q2014
<b>Current liquidity ratio</b>	<b>1,4x</b>	<b>1,5x</b>	<b>1,3x</b>	<b>(0,1)</b>	<b>0,1</b>
<b>Quick liquidity ratio</b>	<b>0,9x</b>	<b>0,9x</b>	<b>0,7x</b>	<b>(0,0)</b>	<b>0,2</b>
<b>Acid test ratio (cash liquidity)</b>	<b>0,3x</b>	<b>0,2x</b>	<b>0,1x</b>	<b>0,1</b>	<b>0,2</b>
Inventory turnover DSI (days)	54,2	49,4	48,4	4,8	5,8
Receivables turnover DSO (days)	47,7	43,0	45,3	4,7	2,4
Liabilities turnover DPO (days)	54,8	52,7	50,1	2,2	4,7
Operating cycle (days)	101,9	92,3	93,7	9,6	8,2
<b>Cash conversion cycle (days)</b>	<b>47,0</b>	<b>39,7</b>	<b>43,6</b>	<b>7,4</b>	<b>3,4</b>

The abovementioned ratios for 1Q 2015 and 2Q 2014 are compliant with respective ratios presented in the Management Board's report on operations of Arctic Paper Group in the consolidated report for the first quarter of 2015 and the first half of 2014, respectively.

The abovementioned ratios do not consider the influence of the elimination of discontinued operations from the consolidated income statement, therefore the ratios will not directly follow the data of the hereby report.

Current liquidity ratio amounted to 1.4x as at the end of June 2015 and decreased by 0.1 compared to the end of the first quarter of 2015, while it was higher by 0.2 than the level of this factor at the end of June 2014.

Quick liquidity ratio amounted to 0.9x as at the end of June 2015 and did not significantly change compared to 31st March 2015, while it was higher by 0.1 compared to 30th June 2014.

Acid test ratio amounted to 0.3x as at the end of the second quarter of 2015 and increased by 0.1 compared to as at the end of the first quarter of 2015 and by 0.2 compared to the end of the second quarter of 2014.

Cash conversion cycle in the second quarter of 2015 amounted to 47.0 days and was longer by 7.4 days compared to the first quarter of 2015 and longer by 3.4 days than reported at the end of the second quarter of 2014.

## Consolidated cash flow statement

### Selected items of the consolidated cash flow

	2Q	1Q	2Q	1H	1H	Change %	Change %	Change %
<i>PLN thousand</i>	2015	2015	2014	2015	2014	2Q2015/ 1Q2015	2Q2015/ 2Q2014	1H2015/ 1H2014
Cash flow from operations	17 912	37 978	29 936	55 890	61 321	(52,8)	(40,2)	(8,9)
<i>including:</i>								
<i>EBT</i>	527	23 792	16 492	24 319	27 961	(97,8)	(96,8)	(13,0)
<i>Amortization, depreciation and impairment</i>	29 205	31 204	28 602	60 409	57 666	(6,4)	2,1	4,8
<i>Δ in working capital</i>	(12 113)	(16 515)	(26 198)	(28 628)	(43 001)	(26,7)	(53,8)	(33,4)
<i>Other corrections</i>	293	(503)	11 039	(210)	18 695	(158,3)	(97,3)	(101,1)
Cash flow investing activities	(10 511)	(12 838)	(21 466)	(23 349)	(32 717)	(18,1)	(51,0)	(28,6)
Cash flow financing activities	12 983	(19 095)	(9 423)	(6 113)	(50 764)	(168,0)	(237,8)	(88,0)
<b>Total Cash Flow</b>	<b>20 383</b>	<b>6 045</b>	<b>(954)</b>	<b>26 428</b>	<b>(22 160)</b>	<b>237,2</b>	<b>(2 237,7)</b>	<b>(219,3)</b>

### Cash flows from operating activities

In the six months of 2015, net cash flows from operating activities amounted to PLN +55,890 thousand compared to PLN +61,321 thousand in the corresponding period of 2014.

Gross profit achieved in the first half of 2015 increased by amortization of this period contributed to positive cash flows from operating activities.

### Cash flows from investing activities

In the first half of 2015, cash flows from investing activities amounted to PLN -23,349 thousand compared to PLN -32,717 thousand in the corresponding period of 2014.

plant and equipment partially balanced with the inflow of cash from the deposit created in 2014 for the period over three months.

Negative cash flows from investing activities in the current period were related to expenditures on purchases of property,

### Cash flows from financing activities

Cash flows from financing activities in the first half of 2015 amounted to PLN -6,113 thousand compared to PLN -50,764 thousand in the corresponding period of 2014.

Negative cash flows from financing activities in 2015 relate mainly to repayment of bank loan debt together with interest, as well as the payment of dividend to non-controlling shareholders, partially compensated with the increase of overdraft debt and on the grounds of factoring agreements.

## Summary of standalone financial results

### Standalone income statement

#### Selected items of the standalone income statement

PLN thousand	2Q	1Q	2Q	1H	1H	Change %	Change %	Change %
	2015	2015	2014	2015	2014	2Q2015/ 1Q2015	2Q2015/ 2Q2014	1H2015/ 1H2014
<b>Revenues:</b>	<b>59 474</b>	<b>10 659</b>	<b>10 601</b>	<b>70 133</b>	<b>20 162</b>	<b>458</b>	<b>461</b>	<b>248</b>
<i>including:</i>								
Sales of services	11 487	10 449	10 200	21 936	19 502	10	13	12
Interest on loans	203	210	262	413	521	(3)	(22)	(21)
Income from dividends	47 784	-	140	47 784	140	-	34 149	34 149
Gross profit on sales	57 349	8 367	8 213	65 716	15 416	585	598	326
sales revenue %	96,43	78,50	77,47	93,70	76,46	17,9 p.p.	19,0 p.p.	17,2 p.p.
Selling expenses	(987)	(920)	(924)	(1 907)	(1 852)	7	7	3
Administrative expenses	(9 003)	(8 128)	(5 604)	(17 131)	(11 350)	11	61	51
Other operating income	113	133	23	245	191	(15)	381	28
Other operating cost	(14 082)	(8 404)	(4 220)	(22 486)	(5 063)	68	234	344
<b>EBIT</b>	<b>33 390</b>	<b>(8 952)</b>	<b>(2 512)</b>	<b>24 437</b>	<b>(2 657)</b>	<b>(473)</b>	<b>(1 429)</b>	<b>(1 020)</b>
sales revenue %	56,14	(83,99)	(23,70)	34,84	(13,18)	140,1 p.p.	79,8 p.p.	48,0 p.p.
<b>EBITDA</b>	<b>33 451</b>	<b>(8 887)</b>	<b>(2 483)</b>	<b>24 564</b>	<b>(2 605)</b>	<b>(476)</b>	<b>(1 447)</b>	<b>(1 043)</b>
sales revenue %	56,24	(83,38)	(23,42)	35,02	(12,92)	139,6 p.p.	79,7 p.p.	47,9 p.p.
Financial income	(141)	780	619	639	450	(118)	(123)	42
Financial cost	(983)	(981)	(1 402)	(1 964)	(1 383)	0	(30)	42
<b>EBT</b>	<b>32 266</b>	<b>(9 153)</b>	<b>(3 295)</b>	<b>23 112</b>	<b>(3 590)</b>	<b>(453)</b>	<b>(1 079)</b>	<b>(744)</b>
Corporate income tax	-	-	-	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>32 266</b>	<b>(9 153)</b>	<b>(3 295)</b>	<b>23 112</b>	<b>(3 590)</b>	<b>(453)</b>	<b>(1 079)</b>	<b>(744)</b>
sales revenue %	54,25	(85,87)	(31,08)	32,96	(17,81)	140,1 p.p.	85,3 p.p.	50,8 p.p.

### Revenue, profit on sales, sales cost

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 as well as Distribution Companies and Sales Offices.

Standalone sales revenue for the second quarter of 2015 amounted to PLN 59,474 thousand and comprised services rendered for entities belonging to the Group (PLN 11,487

thousand), interest on loans (PLN 203 thousand), and dividends (PLN 47,748 thousand). In the same period of the previous year, standalone sales revenue amounted to PLN 10,601 thousand and comprised services rendered to the Group entities (PLN 10,200 thousand), interest on loans (PLN 262 thousand), and dividends (PLN 140 thousand).

Standalone sales revenue for the first half of 2015 amounted to PLN 70,133 thousand and comprised: services rendered to

entities belonging to the Group (PLN 21,936 thousand), interest on loans (PLN 413 thousand) and dividends (PLN 47,748 thousand). In the corresponding period of the previous year, standalone sales revenue amounted to PLN 20,162 thousand and comprised services rendered to the Group entities (PLN 19,502 thousand), interest on loans (PLN 521 thousand), and dividends (PLN 140 thousand). It means an increase of sales revenue in the first half of 2015 by PLN

### Selling expenses

In the first half of 2015, the Company recognized PLN 1,907 thousand of selling expenses (PLN 1,852 thousand in the analogous period of 2014), related solely to costs of pulp

### Administrative expenses

In the first half of 2015, administrative expenses amounted to PLN 17,131 thousand and were higher compared to the analogous period of the previous year by PLN 5,871 thousand. The main reason for such increase was the increase of costs related to services rendered by Logistics Center and higher costs of consulting services rendered to the Group by third parties.

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 245 thousand in the first half of 2015 which represents an increase by PLN 54 thousand compared to analogous period of 2014. In the same period, other operating cost increased and totaled PLN 22,486 thousand (first half of 2014: PLN 5,063 thousand).

### Financial income and cost

In the first half of 2015, financial income amounted to PLN 639 thousand and was higher compared to financial income achieved in the first half of 2014 by PLN 189 thousand.

Financial cost after six months of 2015 amounted to PLN 1,964 thousand and were mainly related to cost of interest on the loan taken from Arctic Paper Finance AB (PLN 1,246 thousand) and from Mr Thomas Onstad (PLN 698 thousand).

49,971 thousand compared to the corresponding period of 2014, mainly due to higher dividend income.

Sales cost comprises cost of interest on loans received from other Group entities.

Profit on sales amounted to PLN 65,716 thousand in the first half of 2015 and increased by PLN 50,299 thousand compared to the analogous period of the previous year.

procurement agency services rendered to Arctic Paper Kostrzyn S.A.

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.

High other operating cost in the first half 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.

In the analogous period of 2014 financial cost amounted to PLN 1,383 thousand.

## Statement of financial position

### Selected items of the standalone balance sheet

PLN thousand	30/06/2015	31/12/2014	30/06/2014	Change	Change
				30/06/2015	30/06/2015
Non-current assets	827 582	830 055	829 580	(2 473)	(1 998)
Receivables	81 178	45 487	37 762	35 690	43 415
Other current assets	30 264	42 485	21 606	(12 221)	8 658
Cash and equivalents	25 103	18 607	8 458	6 496	16 645
<b>Total assets</b>	<b>964 126</b>	<b>936 635</b>	<b>897 406</b>	<b>27 491</b>	<b>66 720</b>
Equity	687 960	664 893	686 783	23 067	1 177
Short-term liabilities	79 945	44 632	33 157	35 313	46 788
Long-term liabilities	196 221	227 109	177 466	(30 888)	18 755
<b>Total equity and liabilities</b>	<b>964 126</b>	<b>936 635</b>	<b>897 406</b>	<b>27 491</b>	<b>66 720</b>

As on 30th June 2015, total assets amounted to PLN 964,126 thousand compared to PLN 936,635 thousand as at the end

of 2014. The increase of assets resulted primarily from higher level of receivables in the analyzed period.

#### Non-current assets

As at the end of June 2015, non-current assets represented 85.8% of total assets compared to 88.6% at the end of 2014. The carrying value of non-current assets decreased by PLN 2,473 thousand in the first half of 2015. The main item of non-current assets is shares in subsidiaries. Total value of this

position as at the end of the first half of 2015 was PLN 824,042 thousand compared to PLN 827,190 thousand at the end of 2014. The decrease of value of shares in subsidiaries resulted from the impairment of shares in Arctic Paper Norge AS (PLN 3,194 thousand).

#### Current assets

Current assets as at the end of June 2015 amounted to PLN 136,544 thousand compared to PLN 106,579 thousand as at the end of 2014.

Within current assets receivables increased by PLN 35,690 thousand, other current assets decreased by PLN 12,221 thousand and cash and cash equivalents increased by PLN 6,496 thousand. As at the end of June 2015, current assets represented 14.2% of total assets 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 687,960 thousand as at the end of the first half of 2015 compared to PLN 664,893 thousand as at

the end of 2014. It represents an increase of equity by PLN 23,067 thousand, mainly due to net profit recorded in the first

half of 2015. Equity constituted 71.4% of total equity and liabilities as at the end of June 2015 compared to 71.0% at the end of 2014.

### Short-term liabilities

As at the end of June 2015, short-term liabilities amounted to PLN 79,945 thousand (8.3% of total equity and liabilities) compared to PLN 44,632 thousand as at the end of 2014 (4.80% of total equity and liabilities). Increase of short-term

liabilities in the analyzed period resulted primarily from the increase of receivables on the grounds of transportation services.

### Long-term liabilities

Long-term liabilities as at the end of June 2015 amounted to PLN 196,221 thousand (20.4% 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 condensed cash flow

PLN thousands	2Q	1Q	1H	1H	Change %	Change %
	2015	2015	2015	2014	2Q2015/ 1Q2015	1H2015/ 1H2014
Cash flow from operations	(6 980)	(5 801)	(12 781)	144	20,3	(8 991,1)
<i>including:</i>						
<i>EBT</i>	32 266	(9 153)	23 112	(3 590)	(452,5)	(743,8)
<i>Depreciation and impairment</i>	4 586	65	4 651	1 644	6 966,8	182,8
<i>Δ in working capital</i>	(4 723)	1 843	(2 880)	226	(356,3)	(1 372,7)
<i>Interest and dividend (net)</i>	(273)	971	698	708	(128,1)	(1,4)
<i>Other corrections</i>	(38 836)	474	(38 362)	1 155	(8 295,6)	(3 421,6)
Cash flow investing activities	20 152	(172)	19 980	-	(11 788,2)	-
Cash flow financing activities	(293)	(410)	(703)	(705)	(28,5)	(0,2)
<b>Total Cash Flow</b>	<b>12 879</b>	<b>(6 383)</b>	<b>6 496</b>	<b>(561)</b>	<b>(301,8)</b>	<b>(1 258,3)</b>

Cash flows statement presents an increase in cash and cash equivalents in the first half of 2015 by PLN 6,496 thousand which includes:

- negative cash flows from operating activities in the amount of PLN -12,781 thousand,
- positive cash flows from investment activities in the amount of PLN +19,980 thousand,
- negative cash flows from financial activities in the amount of PLN -703 thousand.

### Cash flows from operating activities

In the first half of 2015, net cash flows from operating activities amounted to PLN -12,781 thousand compared to PLN +144 thousand in the corresponding period of 2014. Negative cash

flows from operating activities in the first half of the current year resulted mainly from repayment of a loan granted to the Company by Arctic Paper Kostrzyn SA.

### Cash flows from investing activities

In the first half of 2015 cash flows from investing activities amounted to PLN +19,980 thousand compared to PLN 0 thousand in the analogous period of the previous year.

Investing activities in the first half of 2015 were mostly influenced by the release of a short-term deposit.

### Cash flows from financing activities

Cash flows from financing activities in the first half of 2015 amounted to PLN -703 thousand compared to PLN -705

thousand in the analogous period of 2014. Cash flows from financing activities in 2015 were related to dividends received.

## 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 fine papers, and that they may also influence the demand for the Group's products and operating results. These 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 general macroeconomic and other economic factors, as those indicated above. The prices of paper are also influenced by a number of factors connected with the supply, primarily changes in production capacities on worldwide and European levels.

#### Cost of raw materials, energy and transportation

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

paper and pulp production. Our energy cost, historically, includes mostly the cost of electricity, natural gas, coal and fuel oil. Cost of transportation includes the cost 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 Company, their fluctuations may have a significant impact on Group's profitability.

Part of pulp supplies to our Paper Mills is realized from the Pulp Mills of Rottneros Group. 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 majority of costs related to the operations of the Mochenwangen paper mill), PLN (majority of other costs incurred by the mill in Kostrzyn nad Odrą) and SEK

(majority of other costs incurred by 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 period covered by the hereby report there were no unusual events or factors.

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

In the first half 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, 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 occurred retroactively on 31st March 2015.

As on 30th June 2015, the Group reviewed the actual levels of receivables from the companies included in restructuring, therefore the provision eventually amounted to EUR 3,4 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 European market in the second quarter of 2015 were lower compared to the first quarter of 2015 by app. 3.8%, while higher by app. 0.1% compared to the second quarter of 2014. In the analyzed period, supplies in the segment of uncoated wood-free paper (UWF) were respectively lower by 1.9% and higher by 2.7%, while those in the segment of coated wood-free paper (CWF) were respectively lower by 6.1% and by 3.0%.

Supplies of fine papers in the first half of 2015 were 2.2% lower than in the analogous period of 2014. Supplies in the segment of uncoated wood-free paper (UWF) were lower by

1.0%, while those in the segment of coated wood-free paper (CWF) were lower by 3.6%.

In 2Q 2015, Arctic Paper Group recorded a decline of orders. Sales volume in the second quarter of 2015 was 11.8% lower than in 1Q 2015 and 3.7% lower than in the corresponding period of 2014.

Data source: EuroGraph, RISI, Arctic Paper analysis

#### Paper prices

At the end of the first half of 2015, UWF paper prices in Europe experienced an increase compared to prices at the end of 2014. Average price increase amounted to 2.6%. CWF paper prices decreased (2.8% on average).

At the end of June 2015, average UWF prices, declared by producers for the selected products and markets of Germany, France, Spain, Italy and United Kingdom, were higher than at the end of the first quarter of 2014 (2.6%). The average CWF prices in the corresponding period were slightly lower (1.0%).

Average prices invoiced by Arctic Paper in EUR in the segment of uncoated wood-free paper changed from March to June 2015 by from -0.9% to 1.3%, and in the segment of coated wood-free paper by from -2.6% to -0.4%.

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 second quarter of 2015, pulp prices reached the level of USD 853 per ton for NBSK and USD 797 per ton for BHKP.

Average pulp price in 2Q 2015 was lower by 7.5% for NBSK while higher by 4.0% for BHKP, compared to the corresponding period of the previous year. Compared to the first quarter of 2015, average pulp price in the second quarter of 2015 was lower by 5.6% for NBSK and higher by 4.2% for BHKP.

Pulp costs are characteristic of high changeability. Decrease of materials' prices, in this case of BHKP pulp, leads to improved profitability of the Group in the discussed period.

## Currency exchange rates

EUR/PLN exchange rate at the end of the second quarter of 2015 amounted to 4.1944 and was higher by 0.8% than at the end of the second quarter of 2014. The average EUR/PLN exchange rate in the first half of 2014 amounted to 4.1909 and was 0.9% lower than in the corresponding period of 2014.

EUR/SEK exchange rate at the end of the second quarter of 2015 amounted to 9.2023 (increase by 0.2% compared to the end of the second quarter of 2014). For this pairing, the average rate in the first half of 2015 was 4.3% higher compared to the corresponding period of 2014. Depreciation of SEK towards EUR has a positive influence on revenues invoiced in EUR in Swedish mills of AP Munkedals and AP Grycksbo.

At the end of the second quarter of 2015, USD/PLN rate amounted to 3.7645. In the first half of 2015, the average USD/PLN exchange rate amounted to 3.7150 compared to 3.0466 in the analogous period of 2014, which means an increase of PLN by 21.9%. In the second quarter of 2015, the average USD/PLN exchange rate amounted to 3.7022 and was 21.9% higher than in the second quarter of 2014. This change had an adverse impact on costs incurred in USD in AP Kostrzyn, particularly pulp costs.

Average cost of pulp used for paper production as calculated for AP Group and expressed in PLN, increased in 2Q 2015 by 2.15% compared to 1Q 2015 and by 18.5% compared to 2Q 2014.

The share of pulp costs in cost of sales after six months of 2015 amounted to 51% compared to app. 46% in the first half of 2014.

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

Source: [www.foex.fi](http://www.foex.fi), Arctic Paper analysis

At the end of the second quarter of 2015, USD/SEK rate amounted to 8.2591. The average exchange rate in the first half of 2015 amounted to 8.3786, which means an increase by 28.3% compared to 6.5323 in the analogous period of the previous year. In the second quarter of 2015, the average USD/SEK exchange rate increased by 1.0% compared to the first quarter of 2015. This change had an adverse impact on costs incurred in USD in AP Munkedals and AP Grycksbo, particularly pulp costs.

At the end of June 2015, EUR/USD rate amounted to 1.1142 compared to 1.3654 (-18.4%) at the end of June 2014. In the first half of 2015, depreciation of EUR towards USD occurred. The average exchange rate in the first half of 2015 amounted to 1.1152 compared to 1.3709 at the end of the analogous period of the previous year, which means EUR depreciated towards USD by 18.7%. This change had a negative influence on costs incurred in USD in AP Mochenwangen, particularly pulp costs.

Further depreciation of SEK towards EUR may have a favorable impact on the Group's profitability.

## 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. In recent years there have been significant decline of demand for fine papers in Europe (based on levels of supplies realized). Further adverse turnout of market situation may unfavorably influence levels of orders to our Paper Mills and, as a result, 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 diminishing deliveries/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, the appreciation of PLN and SEK in relation to EUR and GBP, the appreciation of PLN in relation to SEK, and depreciation of PLN, EUR 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

### Material changes within risk factors

In the first half of 2015, there were no material changes regarding risk factors, which have been described in details in the annual report for 2014.

### Risk factors connected with the Group's environment

The order in which the following risk factors are presented does not reflect the likelihood of their occurrence, scope or significance of the risks.

#### Risk of growing competition in the paper market in Europe

Our Group operates in a highly competitive market. The accomplishment of the strategic objectives assumed by the Group can be difficult because of the activities of competitors, in particular, integrated paper producers operating on a scale larger than our Group. A potential growth of competition resulting from a possible increase in production capacities of our competitors, and thus, in the paper supply in the market, can have an adverse effect on the achievement of planned

revenues and the ability to achieve financial and operating assumptions made.

#### Risk of changes in law

Our Group operates in a legal environment characterized by a high level of uncertainty. Regulations concerning our activities are often amended and there is no uniform interpretation, which involves a risk of a breach of applicable regulations and related consequences, even if the breach of law is inadvertent. Furthermore, changes in environmental protection and other regulations may result in significant expenditures to ensure

compliance, among other things, with more restrictive regulations or stricter implementation of applicable regulations concerning surface water, ground water, soil and air protection.

#### Foreign exchange rates risk

The Group's revenues, costs and results are exposed to the risk of a change of currency exchange rates, in particular, PLN and SEK to EUR, GBP and other currencies. Our Group exports a large part of the produced paper to the European markets, generating a significant part of its sales revenues in EUR, GBP, PLN, and SEK. Revenues from sales of pulp in Pulp Mills are dependent on USD. The costs of procurement of raw materials for paper production, in particular pulp for Paper Mills, are paid mainly in USD and EUR. Furthermore, we have obligations on account of loans taken in PLN, EUR and SEK. The currency used in financial statements is PLN, and therefore, our revenues, costs and results achieved by the subsidiaries situated abroad are dependent on the levels of currency exchange rates. Thus, currency exchange rates may

#### Risk factors connected with the Group's activities

The order in which the following risk factors are presented does not reflect the likelihood of their occurrence, scope or significance of the risks.

#### Risk connected with relative low operating margins

Historically the Group's operating results have been characterized by relatively high volatility and low operating margins. The decline in revenues caused, among other things, by a change of production capacities, productivity, pricing policy or increase in operating expenses, the main components of which are the costs of raw materials (mainly pulp for Paper Mills) and energy, may lead to the loss of Group's ability to generate profits. Material adverse changes of profitability can lead to a decline in the value of our shares and limit our ability to generate working capital, bringing about serious damage to our business and significantly worsening our prospects.

#### Risk of changes of prices of raw materials, energy and products

We are exposed to risk of changes of prices of raw materials and energy primarily in connection with the changing prices of pulp, fuel oil, diesel oil, coal and electricity. Paper Mills buy

have an adverse effect on the Group's results, financial standing and outlook.

#### The risk of changes of interest rates

The Group is exposed to the risk of changes of interest rates, mainly due to an existing interest debt. This risk results from fluctuation in the benchmark interest rate such as WIBOR for debt in PLN, EURIBOR for the debt in EUR and STIBOR for debt in SEK. Adverse changes of interest rates may adversely affect the results, financial situation and prospects of the Group.

#### Risk of the growing importance of alternative media

The trends in advertising, electronic transmission and storage of data, as well as Internet, may have an adverse effect on traditional print media, and in consequence, on the products of the Group and its customers. Continuation of these trends may adversely affect the results, financial situation and prospects of the Group.

pulp under framework agreements or one-time transaction and do not hedge against pulp price fluctuations. A part of pulp deliveries for our paper mills is realized from Pulp Mills of Rottneros Group. Neither does the Group hedge against the risk of increase of coal and fuel oil prices used at AP Mochenwangen mill. The risk of change of prices of products is connected primarily with changes of paper prices in markets where we sell our products. Any significant increase in the prices of one or more than one raw material and energy can have an adverse effect on the Group's results on operating activities and financial standing.

#### Risk of disturbance in production process

Our Group has four Paper Mills with ten production lines in total, with the aggregate annual production capacities of approx. 800,000 tons of paper and two Pulp Mills with the aggregate production capacities of 400,000 tons of pulp. Any lasting disturbance of the production process can be caused by a number of factors, including an emergency failure, human errors, unavailability of raw materials, a natural disaster and

other, which often are beyond our control. Any distortion, even relatively short, may have a material impact on our production and profitability and may involve significant costs such as repair, liability towards customers, whose orders we are not able to carry out and other expenditures.

#### Risk connected with our investment projects

The Group's investment projects in order to enhance the Group's production capacities generally require significant investments and relatively long period of implementation. Therefore, the market conditions in which we operate can change significantly between the time when we make a decision on making investments in increasing production capacities and the time when the increased production capacities become operational. A change of market conditions can lead to fluctuations of demand for our products, which may be too low in the context of the additional production capacities. The differences between the future demand and investments in new production capacities may lead to the increased production capacities not being fully used. This may have an adverse effect on the Group's operations and financial standing.

#### Risk connected with the Group's debt

Our Group has indebtedness mainly on account of a loan agreement with a consortium of banks (Bank Pekao S.A., Bank Zachodni WBK S.A. and mBank S.A.) dated 6th November 2012, of loans in Svenska Handelsbanken and Danske Bank as well as of leasing agreements.

Failure to keep the level of financial ratios (covenants) defined in the loan agreement and leasing agreements, or lack of prolongation by Svenska Handelsbanken of short-term loan agreements and factoring agreements, may give rise to breaches of the agreement. If an event of default occurs, it could lead in particular to bring in a state of maturity of our debt, the bank can take over control over critical assets such as the Paper Mills and/or Pulp Mills, loss of other collateralized assets, credibility reduction and a loss of access to external sources of finance, and consequently, a loss of financial liquidity, which may have an adverse effect on our business and outlook, and our stock prices.

#### Risk connected with insurance limits

In connection with the declining situation in paper industry and Arctic Paper Group results, our suppliers, particularly of such raw materials as pulp, may not fulfill the insurance limits (credited sales), and, as a result, lose the ability to offer favorable payment terms to Arctic Paper Group. Such situation may lead to worsening of financial situation and losing of financial liquidity by particular operating entities and, consequently, have an adverse influence on the situation in the whole Group.

#### Risk of limitations on natural gas supplies

The only supplier of natural gas used by AP Kostrzyn to generate thermal and electric energy for paper production purposes is Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG). Therefore, the availability and prices of natural gas have a significant effect on the operations and costs of paper production at AP Kostrzyn. Any distortions in gas supplies to the paper mill at Kostrzyn nad Odrą may have an adverse effect on the Group's production, operating results and financial standing.

#### Risk of loss of tax reliefs in connection with AP Kostrzyn operations

AP Kostrzyn enjoys a significant tax relief thanks to conducting its business activity within the Kostrzyńsko-Słubicka Special Economic Zone. The relief was granted until 2017 and depends on AP Kostrzyn's compliance with the statutory provisions, regulations and other conditions for using a tax relief, including the compliance with certain criteria related to employment and investments. Changes of tax regulations in Poland are particularly frequent. Changes in regulations concerning that tax relief or any breach by AP Kostrzyn of the conditions of the permit based on which the relief has been granted may result in the loss of the relief and have a material adverse effect on the Group's operating results and financial standing.

#### Risk connected with consolidation and liquidity of the key customers

Consolidation tendencies among our present and potential customers may result in the emergence of a more concentrated customer base consisting of several large customers. Those customers may take advantage of a more favorable negotiating position when negotiating conditions of

paper purchase or make a decision regarding change of a supplier and buy products of our competitors. Moreover, in connection with the worsening situation in polygraphy industry, our customers such as paper distributors, printing houses or publishers may not reach insurance limits (credit sales) or have problems with financial liquidity, which can result in their bankruptcy and might have an adverse impact on our financial results. The above factors can have an adverse effect on the Group's operating results and financial standing.

#### Risk connected with compliance with environmental regulations and adverse impact of the production process on the environment

The Group meets the environmental protection requirements, however, it is not certain that it will always perform its obligations and that in the future it will not incur significant costs or other material obligations in connection with those requirements or that it will be able to obtain all permits, approvals or other authorizations necessary for it to carry out its activities in the intended manner. Similarly, given that paper and pulp production involves potential threats related to waste discharged by Paper and Pulp mills or pollution with chemical substances, we cannot be certain that in the future the Group will not be held liable because of environmental pollution or that an event which will be a basis for holding the Group liable has not occurred yet. Thus, the Group may incur significant expenditures when having to remove pollution and reclaim land.

#### Risk connected with CO2 emission limits

Our Paper and Pulp Mills get carbon dioxide emission allowances for a given period. Emission allowances are granted as part of the European Union Emission Trading Scheme. If free of charge carbon dioxide allowances are eliminated and replaced with a system of buying emission

allowances against payment, the energy generation costs incurred by us will increase accordingly. Furthermore, we may be forced to incur other costs, which are now hard to predict, in connection with emission allowances or changes in legal regulations and requirements resulting from that. For that reason we may be forced to reduce the volume of energy generated or to increase the costs of production, which may have an adverse effect on our business, financial standing, operating results or development prospects.

#### Risk connected with the Company's ability to pay dividend

The Issuer is a holding company, thus its ability to pay dividend depends on the level of distributions it receives from operational subsidiaries and the level of its cash balances. Some of the Group's subsidiaries conducting operating activity may in certain periods be subject to limitations concerning distributions to the Issuer. It is not certain that such limitations will not have a material adverse effect on the Group's activities, operating results and ability to pay dividend.

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

## 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 Arctic Paper S.A. company governing and supervising bodies

In the first half of 2015, no changes in governing and supervising bodies of the Company occurred.

### 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 28/08/2015	Number of shares or rights thereto as at 13/05/2015	Change
<b>Management Board</b>			
Wolfgang Lübbert	-	-	-
Jacek Łoś	-	-	-
Per Skoglund	-	-	-
Małgorzata Majewska-Śliwa	-	-	-
Michał Sawka	-	-	-
<b>Supervisory Board</b>			
Rolf Olof Grundberg	12 000	12 102	(102)
Rune Roger Ingvarsson	-	-	-
Thomas Onstad	5 848 658	5 848 658	-
Roger Mattsson	-	-	-
Dariusz Witkowski	-	-	-
Mariusz Grendowicz	-	-	-

### Information on guarantees

As on 30th June 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 139,781 thousand;
  - a pledge on shares 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 1,471 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 119,333 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 total 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 collateral 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 was 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 given in the 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.

## Management Board's representations

### Accuracy and reliability of presented reports

Members of the Management Board of Arctic Paper S.A. declare that according to their best knowledge:

- Interim condensed consolidated financial statements of Arctic Paper S.A. Capital Group for the six months' period ended 30th June 2015 and the comparative information were prepared in accordance with applicable accounting principles and reflect the true, reliable and fair situation of assets and financial position of the Capital Group and its financial results for the period of six months of 2015,
- Management Board's report on the activities of Arctic Paper S.A. Capital Group to the report for the first half of 2015 contains a true picture of development, achievements and situation of Arctic Paper S.A. Capital Group, including a description of major threats and risks.

### Appointment of the Licensed Auditor of the Consolidated Financial Statements

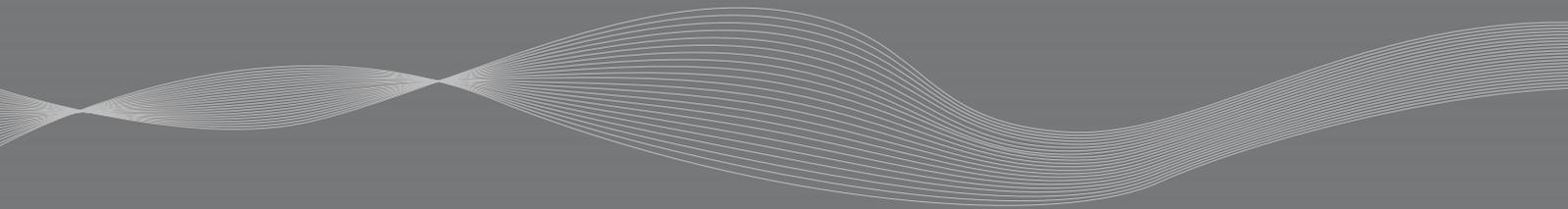
The Management Board Members of Arctic Paper S.A. hereby declares that Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp.k. - a company entitled to audit financial statements, the licensed auditor of the half-yearly condensed consolidated financial statements of Arctic Paper S.A. Capital Group, has been appointed in compliance with the relevant regulations and that both the auditor and the chartered accountants carrying out the audit meet the requirements to develop an impartial and independent opinion on the audited half-yearly condensed consolidated statements in compliance with the relevant regulations and professional standards.

Signatures of the Management Board Members

Position	Name and surname	Date	Signature
President of the Management Board Chief Executive Officer	Wolfgang Lübbert	28 August 2015	
Member of the Management Board Chief Financial Officer	Małgorzata Majewska-Śliwa	28 August 2015	
Member of the Management Board Chief Operating Officer	Per Skoglund	28 August 2015	
Member of the Management Board Chief Procurement Officer	Jacek Łoś	28 August 2015	
Member of the Management Board Sales Director	Michał Sawka	28 August 2015	



Interim condensed consolidated financial statements  
for the six months' period ended 30th June 2015  
together with independent auditor's opinion on the revision



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# Interim condensed consolidated financial statements and selected financial data

## Selected consolidated financial data

	For the period from 01.01.2015 to 30.06.2015 thousand PLN	For the period from 01.01.2014 to 30.06.2014 thousand PLN	For the period from 01.01.2015 to 30.06.2015 thousand EUR	For the period from 01.01.2014 to 30.06.2014 thousand EUR
Continuing operations				
Revenues	1 459 352	1 436 062	352 422	343 843
Operating profit (loss)	62 825	46 257	15 172	11 075
Profit (loss) before tax	50 502	31 310	12 196	7 497
Profit (loss) from continuing operations	51 890	24 178	12 531	5 789
Discontinued operations				
Profit (loss) from discontinued operations	(25 946)	(1 795)	(6 266)	(430)
Profit (loss) for the period	25 944	22 383	6 265	5 359
Profit (loss) attributable to equity holders of the parent	(7 181)	14 097	(1 734)	3 375
Net operating cash flow	55 890	61 321	13 497	14 682
Net investing cash flow	(23 349)	(32 717)	(5 639)	(7 834)
Net financing cash flow	(6 113)	(50 764)	(1 476)	(12 155)
Net change in cash and cash equivalents	26 428	(22 160)	6 382	(5 306)
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)	0,20	(0,03)	0,05
Diluted EPS (in PLN/EUR)	(0,10)	0,20	(0,03)	0,05
Average PLN/EUR rate*			4,1409	4,1765
	As at 30 June 2015 thousand PLN	As at 31 December 2014 thousand PLN	As at 30 June 2015 thousand EUR	As at 31 December 2014 thousand EUR
Assets	1 832 862	1 762 790	436 978	413 577
Long-term liabilities	395 285	447 152	94 241	104 909
Short-term liabilities	649 411	590 567	154 828	138 556
Liabilities directly associated with discontinued operations	50 788	-	12 109	-
Equity	737 378	725 071	175 801	170 113
Share capital	69 288	69 288	16 519	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)	10,64	10,46	2,54	2,46
Diluted book value per share (in PLN/EUR)	10,64	10,46	2,54	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**	-	-	4,1944	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 and prevailing on the last day of the given month.

\*\* - 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.

## Interim condensed consolidated income statement

	Note	3 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2015 (unaudited)	3 months period ended 30 June 2014 (revised)	6 months period ended 30 June 2014 (revised)
Continuing operations					
Sales of products	10.1	688 249	1 459 352	693 135	1 436 062
Revenues		688 249	1 459 352	693 135	1 436 062
Cost of sales	10.2	(608 029)	(1 247 193)	(595 191)	(1 238 839)
Gross profit on sales		80 220	212 159	97 944	197 223
Selling and distribution expenses	10.3	(59 833)	(142 547)	(66 320)	(134 757)
Administrative expenses	10.4	(14 418)	(30 292)	(14 679)	(33 049)
Other operating income	10.5	13 922	41 406	14 741	29 016
Other operating expenses	10.6	(8 026)	(17 901)	(5 501)	(12 176)
Operating profit		11 865	62 825	26 185	46 257
Financial income	10.7	1 988	2 096	306	997
Financial cost	10.7	(982)	(14 419)	(7 704)	(15 944)
Profit before tax		12 872	50 502	18 788	31 310
Income tax	13	12 328	1 387	(4 498)	(7 132)
Net profit (loss) from continuing operations		25 200	51 890	14 290	24 178
Discontinued operations					
Profit (loss) from discontinued operations	9	(12 102)	(25 946)	(814)	(1 795)
Net profit (loss)		13 098	25 944	13 475	22 383
Attributable to:					
Equity holders of the parent		(3 529)	(7 181)	8 395	14 097
- profit (loss) from continuing operations		8 573	18 765	9 209	15 892
- profit (loss) from discontinued operations		(12 102)	(25 946)	(814)	(1 795)
Non-controlling interest		16 627	33 125	5 080	8 286
- profit (loss) from continuing operations		16 627	33 125	5 080	8 286
- profit (loss) from discontinued operations		-	-	-	-
		13 098	25 944	13 475	22 383
Earnings per share:					
- basic from the profit (loss) attributable to equity holders of the parent	14	(0,05)	(0,10)	0,12	0,20
- basic from the profit (loss) from continuing operations attributable to equity holders of the parent	14	0,12	0,27	0,13	0,23
- diluted from the profit (loss) attributable to equity holders of the parent	14	(0,05)	(0,10)	0,12	0,20
- diluted from the profit (loss) from the continuing operations attributable to equity holders of the parent	14	0,12	0,27	0,13	0,23

## Interim condensed consolidated statement of comprehensive income

	3 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2015 (unaudited)	3 months period ended 30 June 2014 (unaudited)	6 months period ended 30 June 2014 (unaudited)
Net profit for the period	13 098	25 944	13 475	22 383
Other comprehensive income				
Items to be recognized in profit/loss in future periods:				
Ex change difference on translation of foreign operations	15 806	2 099	(12 312)	(15 101)
Deferred tax	1 548	522	(1 576)	(182)
Valuation of derivatives	(8 956)	(3 933)	7 849	1 070
Items not to be recognized in profit/loss in future periods:				
Actuarial gains/ losses	868	868	(1 440)	(1 440)
Deferred tax on actuarial gains/(losses)	(243)	(243)	403	403
Other comprehensive income	9 023	(687)	(7 075)	(15 250)
Total comprehensive income	22 121	25 257	6 400	7 133
Total comprehensive income attributable to:				
Equity holders of the parent	349	(7 689)	4 070	3 348
Non-controlling interest	21 772	32 947	2 331	3 785

## Interim condensed consolidated balance sheet

	Note	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	15	707 267	726 448
Investment properties		3 982	3 982
Intangible assets	15	55 127	50 692
Shares in joint ventures		5 066	5 037
Other financial assets	18	997	2 088
Other non-financial assets	18	1 238	1 238
Deferred tax asset	13	53 169	54 259
		826 846	843 745
Current assets			
Inventories	16	365 897	376 486
Trade and other receivables	17	364 738	339 440
Corporate income tax receivables		9 934	6 524
Other non-financial assets	18	16 368	16 872
Other financial assets	18	-	21 312
Cash and cash equivalents	11	184 698	158 412
		941 635	919 045
Assets associated with discontinued operations		64 381	-
<b>TOTAL ASSETS</b>		<b>1 832 862</b>	<b>1 762 790</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent company			
Share capital	24	69 288	69 288
Share premium		447 638	472 748
Other reserves		134 479	136 557
Foreign currency translation		15 993	8 958
Retained earnings / Accumulated (unabsorbed) losses		(128 018)	(143 939)
Accumulated other comprehensive income associated with discontinued operations		(3 456)	-
		535 922	543 612
Non-controlling interest		201 456	181 459
<b>Total equity</b>		<b>737 378</b>	<b>725 071</b>
Non-current liabilities			
Interest-bearing loans, borrowings	19	236 449	269 138
Provisions	22	86 808	100 179
Other financial liabilities	20	36 971	37 241
Deferred tax liability	13	9 782	13 959
Accruals and deferred income	23	25 275	26 634
		395 285	447 152
Current liabilities			
Interest-bearing loans, borrowings	19	86 253	59 727
Provisions	22	378	8 794
Other financial liabilities	20	86 853	60 839
Trade and other payables	21	370 140	364 468
Income tax payable		396	524
Accruals and deferred income	23	105 391	96 215
		649 411	590 567
Liabilities directly associated with discontinued operations		50 788	-
<b>TOTAL LIABILITIES</b>		<b>1 095 483</b>	<b>1 037 719</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 832 862</b>	<b>1 762 790</b>

## Interim condensed consolidated cash flow statement

	Note	6 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2014 (unaudited)
<b>Cash flow from operating activities</b>			
Profit/(loss) before tax from continuing operations		50 502	31 310
Profit/(loss) before tax from discontinued operations		(26 184)	(3 349)
Profit/(loss) before tax		24 319	27 961
Adjustments for:			
Amortization and depreciation		60 409	57 666
Foreign exchange differences		(3 303)	3 439
Net interest		10 499	15 469
Gain/loss from investing activities		1 445	(1 916)
Increase / decrease in receivables and other non-financial assets		(44 774)	(69 943)
Increase / decrease in inventories		(32 013)	37 855
Increase / decrease in payables except for loans, borrowings and bonds		37 674	8 107
Change in accruals and prepayments		10 485	(19 020)
Change in provisions		(5 059)	4 701
Income tax paid		(5 593)	(1 528)
Derecognition of emission rights to CO <sub>2</sub>		145	(386)
Cogeneration certificates		(379)	(128)
Other		2 036	(955)
Net cash flow from operating activities		55 890	61 321
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment and intangibles		194	1 939
Purchase of property, plant and equipment and intangible assets		(44 193)	(34 656)
Bank deposit for the period over 6 months		20 651	-
Net cash flow from investing activities		(23 349)	(32 717)
<b>Cash flow from financing activities</b>			
Change in bank overdrafts		26 539	(7 385)
Repayment of finance lease liabilities		(1 433)	(1 410)
Repayment of other financial liabilities		(1 933)	(17 550)
Proceeds from other financial liabilities		24 874	8 513
Repayment of loans, borrowings and bonds		(30 743)	(17 461)
Dividends for non-controlling interest		(12 950)	-
Interest paid		(10 468)	(15 471)
Net cash flow from financing activities		(6 113)	(50 764)
Net increase/(decrease) in cash and cash equivalents		26 428	(22 160)
Net foreign exchange differences		668	(657)
Cash and cash equivalents at the beginning of the period		158 412	118 033
Cash and cash equivalents at the end of the period	11	185 508	95 216

## Interim condensed consolidated statement of changes in equity

	Attributable to equity holders of the parent company						Total	Non-controlling interest	Total equity
	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings (losses)	Accumulated other comprehensive income associated with discontinued operations			
As at 1 January 2015	69 288	472 748	8 958	136 557	(143 939)	-	543 612	181 459	725 071
Net profit/(loss) for the period	-	-	-	-	(7 181)	-	(7 181)	33 125	25 944
Other comprehensive income	-	-	946	(2 079)	625	-	(508)	(179)	(687)
Total comprehensive income	-	-	946	(2 079)	(6 556)	-	(7 689)	32 947	25 257
Profit/loss distribution	-	(25 110)	-	-	25 110	-	-	-	-
Payment of dividend to non-controlling interest	-	-	-	-	-	-	-	(12 950)	(12 950)
Discontinued operations	-	-	6 089	-	(2 633)	(3 456)	-	-	-
As at 30 June 2015 (unaudited)	69 288	447 638	15 993	134 479	(128 018)	(3 456)	535 922	201 456	737 378

Atributable to equity holders of the parent 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	-	-	-	-	14 097	14 097	8 286	22 383
Other comprehensive income	-	-	(9 497)	(216)	(1 037)	(10 750)	(4 501)	(15 250)
Total comprehensive income	-	-	(9 497)	(216)	13 061	3 348	3 785	7 133
Profit/loss distribution	-	(179 911)	-	-	179 911	-	-	-
As at 30 June 2014 (unaudited)	69 288	472 748	8 635	132 481	(164 044)	519 108	159 558	678 665

## 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 fine 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 six months of 2015 amounted to PLN 1,459 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 S.A. Previously they were owned by Trebruk AB (formerly Arctic

Paper AB), the parent company of Arctic Paper S.A. 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 OMX 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.

The interim condensed consolidated financial statements of the Group comprise income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the period of six months ended 30th June 2015 and includes comparative data for six months' period ended 30th June 2014. The interim condensed consolidated financial statements of the Group comprise also balance sheet as on 30th June 2015 and as on 31st December 2014.

Moreover, statement of comprehensive income, income statement, as well as notes to statement of comprehensive income and income statement comprise data for three months' period ended 30th June 2015 and comparative data for three months' period ended 30th June 2014, which have not been subjected to independent auditor's revision or audit.

### Business activities

The main area of the 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 June 2015 41,356,449 shares of the Company, which constitute 59.69% of its share capital and representing 59.69% 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			
			28 August 2015	30 June 2015	13 May 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%
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-Heverlee	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 Milan	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, Ørestads Boulevard 73 2300 Kopenhagen	Trading services	100%	100%	100%	100%
Arctic Paper France SAS	France, 43 rue de la Breche aux Loups,	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-1414 Trollasen	Trading services	100%	100%	100%	100%
Arctic Paper Sverige AB	Szweden, Kurodsvagen 9, 451 55 Uddevalla	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%

Entity	Registered office	Business activities	Share in equity			
			28 August 2015	30 June 2015	13 May 2015	31 December 2014
Arctic Paper Investment GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Holding company	100%	100%	100%	100%
Arctic Paper Finance AB (previous Arctic Energy Sverige AB)	Sweden, Box 383, 401 26 Göteborg	Holding company	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%	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%
Rottneros AB	Sweden, 820 21 Vallvik	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%
Utansjö Bruk AB	Sweden, Harnosand	Dormant entity	51,27%	51,27%	51,27%	51,27%
Vallviks Bruk AB	Sweden, Vallvik	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, Ryga	Company for purchase of timber	51,27%	51,27%	51,27%	51,27%

\* - entities formed for purpose of acquisition of Arctic Paper Mochenwangen GmbH

\*\* - entity formed for purpose of acquisition of Grycksbo Paper Holding AB

As on 30th June 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 June 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.

Until the date of publishing of the hereby report, 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 June 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 17th September 2014.

Until the date of publishing of the hereby report, 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 June 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 28th August 2015.

#### 5. Basis of preparation of consolidated financial statements

The hereby interim 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 interim 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.

The hereby interim 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.

The 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.

#### 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 as investments in subsidiaries, in compliance with IAS 21, are recognized in the consolidated financial statements in other comprehensive income.

The following exchange rates were used for valuation purposes:

	As at 30 June 2015	As at 31 December 2014
USD	3,7645	3,5072
EUR	4,1944	4,2623
SEK	0,4558	0,4532
DKK	0,5622	0,5725
NOK	0,4775	0,4735
GBP	5,9180	5,4648
CHF	4,0412	3,5447

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

	01/01 - 30/06/2015	01/01 - 30/06/2014
USD	3,7150	3,0466
EUR	4,1409	4,1765
SEK	0,4435	0,4665
DKK	0,5554	0,5596
NOK	0,4790	0,5045
GBP	5,6571	5,0846
CHF	3,9275	3,4194

## 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 Verwaltungen and Arctic Paper Immobilienverwaltung have been presented as profit/(loss) from discontinued operations in the consolidated income statement for the periods of three and six months ended 30th June 2015. According to the requirements of International Financial Reporting Standards, appropriate changes of comparable data has been performed for the periods of three

and six months ended 30th June 2014 (for more information see note 9 of the hereby condensed consolidated financial statements).

In the first half 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, and production of pulp in two pulp mills.

The Group identifies four 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.
- **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 business operations of Arctic Paper S.A. and Arctic Paper Finance AB.

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 six months' period ended 30th June 2015 and represents the situation as on 30th June 2015.

### Six months' period ended 30th June 2015 and as on 30th June 2015

	Continuing Operations						Total continuing operations
	Uncoated	Coated	Pulp	Other	Total	Eliminations	
<b>Revenues</b>							
Sales to external customers	759 073	326 898	373 382	-	1 459 352	-	1 459 352
Inter-segment sales	1 612	10 399	30 217	21 706	63 934	(63 934)	-
<b>Total segment revenues</b>	<b>760 685</b>	<b>337 297</b>	<b>403 598</b>	<b>21 706</b>	<b>1 523 286</b>	<b>(63 934)</b>	<b>1 459 352</b>
<b>Segment's Result</b>							
EBITDA	38 409	(14 208)	91 531	3 007	118 739	(1 841)	116 898
Interest Income	5 120	87	-	1 159	6 366	(5 499)	867
Interest Costs	(6 252)	(3 165)	-	(6 380)	(15 797)	4 833	(10 964)
Amortization and depreciation	(25 070)	(13 246)	(15 630)	(126)	(54 073)	-	(54 073)
Impairment of non-financial assets	-	-	-	(23 272)	(23 272)	23 272	-
Positive FX and other financial income	3 122	-	-	48 726	51 848	(50 618)	1 230
Negative FX and other financial costs	(4 402)	(998)	(887)	(2)	(6 290)	2 834	(3 455)
<b>Profit before tax</b>	<b>10 926</b>	<b>(31 530)</b>	<b>75 014</b>	<b>23 112</b>	<b>77 522</b>	<b>(27 020)</b>	<b>50 502</b>
Segment assets	1 084 423	311 208	502 383	280 780	2 178 794	(468 549)	1 710 246
Segment liabilities	644 505	380 461	134 005	276 166	1 435 138	(400 224)	1 034 914
Capital expenditures	(29 194)	(1 959)	(6 209)	(577)	(37 939)	-	(37 939)
Shares in joint ventures	5 066	-	-	-	5 066	-	5 066

- Revenues from inter-segment transactions are excluded on consolidation.
- Segment result does not include financial income (PLN 2,096 thousand of which PLN 867 thousand is interest income) and financial costs (PLN 14,419 thousand of which PLN 10,964 thousand is interest costs), amortization and depreciation (PLN 54,073 thousand), as well as income tax charges (PLN +1,387 thousand). However, segment result includes inter-segment sales profit (PLN 1,841 thousand).

- Segment assets and liabilities do not include deferred tax asset and liability (deferred tax asset of PLN 53,169 thousand, deferred tax liability of PLN 9,782 thousand) as these positions are managed in the Group level.

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 June 2015 and represents the situation as on 30th June 2015.

### Three months' period ended 30th June 2015 and as on 30th June 2015

	Continuing Operations						Total continuing operations
	Uncoated	Coated	Pulp	Other	Total	Eliminations	
<b>Revenues</b>							
Sales to external customers	346 963	160 275	181 011	-	688 249	-	688 249
Inter-segment sales	646	4 409	14 539	11 285	30 879	(30 879)	-
<b>Total segment revenues</b>	<b>347 609</b>	<b>164 684</b>	<b>195 550</b>	<b>11 285</b>	<b>719 129</b>	<b>(30 879)</b>	<b>688 249</b>
<b>Segment's Result</b>							
EBITDA	7 034	(6 398)	38 976	1 443	41 055	(2 156)	38 899
Interest Income	2 688	49	0	609	3 345	(2 687)	658
Interest Costs	(1 981)	(1 484)	-	(3 108)	(6 572)	1 341	(5 231)
Amortization and depreciation	(12 614)	(6 592)	(7 767)	(61)	(27 034)	-	(27 034)
Impairment of non-financial assets	-	-	-	(23 272)	(23 272)	23 272	-
Positive FX and other financial income	3 223	-	-	47 787	51 010	(49 679)	1 330
Negative FX and other financial costs	1 479	1 413	(440)	(1)	2 451	1 797	4 249
<b>Profit before tax</b>	<b>(172)</b>	<b>(13 012)</b>	<b>30 770</b>	<b>23 398</b>	<b>40 984</b>	<b>(28 113)</b>	<b>12 872</b>
Segment assets	1 084 423	311 208	502 383	280 780	2 178 794	(468 549)	1 710 246
Segment liabilities	644 505	380 461	134 005	276 166	1 435 137	(400 224)	1 034 914
Capital expenditures	(23 075)	(1 414)	(4 421)	(405)	(29 315)	-	(29 315)
Shares in joint ventures	5 066	-	-	-	5 066	-	5 066

- Revenues from inter-segment transactions are excluded on consolidation.
- Segment result does not include financial income (PLN 1,988 thousand of which PLN 658 thousand is interest income) and financial costs (PLN 982 thousand of which PLN 5,231 thousand is interest costs), amortization and depreciation (PLN 27,034 thousand), as well as income tax charges (PLN +12,328 thousand). However, segment result includes inter-segment sales profit (PLN 2,156 thousand).
- Segment assets and liabilities do not include deferred tax asset and liability (deferred tax asset of PLN 53,169 thousand, deferred tax liability of PLN 9,782 thousand) as these positions are managed in the Group level.

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 six months' period ended 30th June 2014 and represents the situation as on 31st December 2014.

### Six months' period ended 30th June 2014 and as on 31st December 2014

	Continuing Operations						Total continuing operations
	Uncoated	Coated	Pulp	Other	Total	Eliminations	
<b>Revenues</b>							
Sales to external customers	741 444	338 445	356 172	-	1 436 062	-	1 436 062
Inter-segment sales	1 748	9 867	21 000	19 919	52 534	(52 534)	-
<b>Total segment revenues</b>	<b>743 193</b>	<b>348 312</b>	<b>377 172</b>	<b>19 919</b>	<b>1 488 595</b>	<b>(52 534)</b>	<b>1 436 062</b>
<b>Segment's Result</b>							
EBITDA	53 448	7 192	37 894	4 685	103 219	(657)	102 562
Interest Income	5 964	65	-	1 212	7 241	(6 862)	380
Interest Costs	(12 307)	(3 655)	(933)	(5 459)	(22 354)	8 238	(14 116)
Amortization and depreciation	(27 408)	(13 696)	(15 148)	(52)	(56 305)	-	(56 305)
Impairment of non-financial assets	-	-	-	(6 006)	(6 006)	6 006	-
Positive FX and other financial income	1 388	509	-	500	2 397	(1 780)	617
Negative FX and other financial costs	(2 416)	(65)	-	(670)	(3 152)	1 324	(1 828)
<b>Profit/(loss) before tax</b>	<b>18 668</b>	<b>(9 650)</b>	<b>21 813</b>	<b>(5 790)</b>	<b>25 041</b>	<b>6 269</b>	<b>31 310</b>
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	1 618 533	(594 773)	1 023 760
Capital expenditures	(14 340)	(4 473)	(14 461)	(16)	(33 290)	-	(33 290)
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 997 thousand of which 380 PLN is interest income) and financial costs (PLN 15,944 thousand of which PLN 14,116 thousand is interest costs), amortization and depreciation (PLN 56,305 thousand), as well as income tax charges (PLN -7,132 thousand). However, segment result includes inter-segment sales profit (PLN 657 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.
- Assets and liabilities of 'Uncoated' segment include assets and liabilities of Mochenwangen 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 June 2014 and represents the situation as on 31st December 2014.

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

Continuing Operations							Total continuing operations
Uncoated	Coated	Pulp	Other	Total	Eliminations		
<b>Revenues</b>							
Sales to external customers	349 348	165 891	177 896	-	693 135	-	693 135
Inter-segment sales	795	4 603	11 400	10 617	27 415	(27 415)	-
<b>Total segment revenues</b>	<b>350 143</b>	<b>170 494</b>	<b>189 296</b>	<b>10 617</b>	<b>720 550</b>	<b>(27 415)</b>	<b>693 135</b>
<b>Segment's Result</b>							
EBITDA	27 294	3 228	21 541	1 863	53 927	402	54 329
Interest Income	3 028	46	0	632	3 706	(3 452)	254
Interest Costs	(6 017)	(1 742)	(460)	(2 745)	(10 964)	4 141	(6 823)
Amortization and depreciation	(13 847)	(6 805)	(7 465)	(27)	(28 143)	-	(28 143)
Impairment of non-financial assets							
Positive FX and other financial income	997	334	-	315	1 646	(1 595)	51
Negative FX and other financial costs	(1 621)	(29)	-	(370)	(2 020)	1 139	(881)
<b>Profit/(loss) before tax</b>	<b>9 834</b>	<b>(4 967)</b>	<b>13 616</b>	<b>(6 338)</b>	<b>12 146</b>	<b>6 642</b>	<b>18 788</b>
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	1 618 533	(594 773)	1 023 760
Capital expenditures	(9 326)	(1 651)	(10 066)	3	(21 040)	-	(21 040)
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 306 thousand of which 254 PLN is interest income) and financial costs (PLN 7,704 thousand of which PLN 6,823 thousand is interest costs), amortization and depreciation (PLN 28,143 thousand), as well as income tax charges (PLN -4,498 thousand). However, segment result includes inter-segment sales loss (PLN -402 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.
- Assets and liabilities of 'Uncoated' segment include assets and liabilities of Mochenwangen 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 June 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 June 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 six months ended 30th June 2015 and 30th June 2014.

The tables below present appropriate financial data of discontinued operations:

	6 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2014 (audited)
Revenues and costs of discontinued operations		
Revenues	121 027	122 313
Cost of sales	(131 698)	(115 132)
Gross profit on sales	(10 671)	7 182
Selling and distribution expenses	(11 956)	(11 432)
Administrative expenses	(3 441)	(3 810)
Other operating income	928	5 475
Other operating expenses	(87)	(128)
Operating profit	(25 227)	(2 714)
Financial income	327	11
Financial costs	(1 284)	(647)
Profit before tax	(26 184)	(3 349)
Income tax	238	1 554
Profit (loss) from discontinued operations	(25 946)	(1 795)
Earnings per share:		
– basic from the profit (loss) from discontinued operations attributable to equity holders of the parent	(0,37)	(0,03)
– diluted from the profit (loss) from the discontinued operations attributable to equity holders of the parent	(0,37)	(0,03)

	As at 30 June 2015 (unaudited)	
Net assets associated with discontinued operations		
<hr/>		
Assets associated with discontinued operations		
Inventories	44 066	
Trade and other receivables	17 591	
Corporate income tax receivables	122	
Other non-financial assets	713	
Other financial assets	1 079	
Cash and cash equivalents	810	
	<hr/> 64 381	
Liabilities directly associated with discontinued operations		
Provisions	16 196	
Other financial liabilities	861	
Trade and other payables	29 612	
Income tax payable	101	
Accruals and deferred income	4 018	
	<hr/> 50 788	
Net assets associated with discontinued operations	13 593	
Accumulated other comprehensive income associated with discontinued operations		
Translation reserve	(6 089)	
Actuarial gains/ losses	2 633	
	<hr/> (3 456)	
	6 months period ended 30 June 2015	6 months period ended 30 June 2014
Cash flow from discontinued operations		
Net cash flow from operating activities	(9 592)	(8 737)
Net cash flow from investing activities	2 595	9 973
Net cash flow from financing activities	7 286	(2 705)
	<hr/> 289	<hr/> (1 468)

## 10. Revenue and expenses

### 10.1. Income from sales of products

Income from sales of products amounted in the first half of 2015 to PLN 1,459,352 thousand, which means an increase compared to the corresponding period of the previous year by PLN 23,290 thousand. Income from paper sales amounted to PLN 1,085,971 thousand (340 thousand tons), while pulp

sales income amounted to PLN 373,382 thousand. In the first half of 2014, income from paper sales amounted to PLN 1,079,890 thousand (339 thousand tons), while income from pulp sales amounted to PLN 356,172 thousand.

## 10.2. Cost of sales

In the first half of 2015, cost of sales amounted to PLN 1,247,193 thousand, which is an increase compared to the corresponding period of the previous year by PLN 8,354

thousand. The main reason for the cost increase was increase of pulp prices in Paper Mills.

## 10.3. Selling expenses

In the first half of 2015, selling expenses amounted to PLN 142,547 thousand, which is an increase compared to the corresponding period of the previous year by PLN 7,790

thousand. The main reason for the increase of selling expenses was increased impairment of trade receivables, particularly from companies of PaperlinX group.

## 10.4. Administrative expenses

In the first half of 2015, administrative expenses amounted to PLN 30,292 thousand, which is a decrease compared to the corresponding period of the previous year by PLN 2,757 thousand.

The decrease of administrative expenses resulted mainly from reduction of costs related to services rendered to the Group by external advisors.

## 10.5. Other operating income

Other operating income in the first half of 2015 amounted to PLN 41,406 thousand, which means an increase compared to the corresponding period of the previous year by PLN 12,389 thousand.

Other operating income comprised mainly revenues from heat and electricity sales and revenues from sales of other materials

and CO2 emission rights. The increase of other operating income in the current period resulted primarily from sales of CO2 emission rights and other material.

## 10.6. Other operating cost

In the first half of 2015, other operating cost amounted to PLN 17,901 thousand, which means an increase compared to the corresponding period of the previous year by PLN 5,725 thousand.

Other operating cost comprise mainly costs of sales of heat and electricity as well as other materials. Higher other operating cost in the first half of 2015 resulted mainly from cost of sales of other materials.

## 10.7. Financial income and cost

In the first half of 2015, financial income and cost amounted respectively to PLN 2,096 thousand and PLN 14,419 thousand, which means, compared to the corresponding period of the previous year, an increase of income of PLN 1,099 thousand and a decrease of cost by PLN 1,525 thousand.

Changes in financial income and cost result primarily from net presentation of foreign exchange differences. In the first half of

2015, the Group recorded an excess of positive exchange differences over negative exchange differences in the amount of PLN 1,230 thousand, while in the analogous period of the previous year the result was PLN 473 thousand. Moreover, the decrease of financial cost in the current period of 2015 resulted from the decrease of financial interest.

## 11. Cash and cash equivalents

For the purpose of the interim condensed consolidated cash flow statement, cash and cash equivalents consist of the positions defined below:

	As at 30 June 2015 (unaudited)	As at 30 June 2014 (unaudited)
Cash at bank and in hand	170 192	88 593
Short-term deposits	14 083	6 000
Cash in transit	423	623
Cash and cash equivalents in consolidated balance sheet	184 698	95 216
Cash at bank and in hand from discontinued operations	810	-
Cash and cash equivalents in consolidated cash flow statement	185 508	95 216

## 12. Dividend paid and proposed

### 12.1. Dividend paid and proposed by Arctic Paper S.A.

Dividend is paid based on the net profit presented in the standalone annual financial statements of Arctic Paper S.A. 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 the consortium of banks (Bank Pekao S.A., Bank Zachodni WBK S.A. and mBank S.A.) and Arctic Paper S.A. together with its subsidiaries, i.e. Arctic Paper Kostrzyn S.A., Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH, 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 of the Company, which took place on 29th June 2015, did not decide for payment of dividend.

### 12.2. Dividend paid by Rottneros AB

On 20th May 2015 the Shareholders Meeting of Rottneros AB adopted resolution regarding payment of dividend in the amount of SEK 0.40 per share. The dividend was paid to Arctic Paper S.A. as well as to non-controlling interests who hold shares of Rottneros AB.

## 13. Income tax

### 13.1. Tax expenses

Major components of income tax expense for the three and six months' periods ended 30th June 2015 and the corresponding periods of the previous year are as follows:

	3 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2015 (unaudited)	3 months period ended 30 June 2014 (unaudited)	6 months period ended 30 June 2014 (unaudited)
<b>Consolidated income statement</b>				
<u>Current income tax</u>				
Current income tax charge	266	(992)	(119)	(173)
Adjustments in respect of current income tax of previous years	-	-	-	-
<u>Deferred income tax</u>				
Relating to origination and reversal of temporary differences	12 062	2 379	(4 379)	(6 959)
Income tax expense from continuing operations reported in consolidated income statement	12 328	1 387	(4 498)	(7 132)
<b>Consolidated statement of changes in equity</b>				
<u>Current income tax</u>				
Tax effect of costs related to increase in share capital	-	-	-	-
Income tax benefit/ (income tax expense) reported in equity	-	-	-	-
<b>Consolidated statement of other comprehensive income</b>				
<u>Deferred income tax</u>				
Deferred tax in respect of valuation of hedging instruments	1 305	279	(1 172)	221
Derecognition of deferred tax asset originally recognised in equity	-	-	-	-
Income tax benefit / (income tax expense) reported in other comprehensive income	1 305	279	(1 172)	221

### 13.2. Asset/liability of deferred income tax

The deferred tax asset as on 30th June 2015 and 31st December 2014 amounted respectively to PLN 53,169 thousand and PLN 54,259 thousand. The deferred tax asset is recognized mainly on tax losses carried forward to use in future and in connection with acquisition of Rottneros Group.

The deferred tax liability as on 30th June 2015 and 31st December 2014 amounted respectively to PLN 9,782

thousand and PLN 13,959 thousand. The deferred tax liability is recognized mainly on evaluation difference of non-current assets, which arose particularly on acquisition of AP Grycksbo, and different useful lives applied for accounting and tax purposes.

## 14. Earnings per share

Earnings per share ratio is established by dividing the net profit/ (loss) 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/ (loss) 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 June 2015 (unaudited)	6 months period ended 30 June 2015 (unaudited)	3 months period ended 30 June 2014 (revised)	6 months period ended 30 June 2014 (revised)
Net profit (loss) from continuing operations attributable to equity holders of the parent	8 573	18 765	9 209	15 892
Profit (loss) from discontinued operations attributable to equity holders of the parent	(12 102)	(25 946)	(814)	(1 795)
Net profit (loss) attributable to equity holders of the parent	(3 529)	(7 181)	8 395	14 097
Number of ordinary shares - A series	50 000	50 000	50 000	50 000
Number of ordinary shares - B series	44 253 500	44 253 500	44 253 500	44 253 500
Number of ordinary shares - C series	8 100 000	8 100 000	8 100 000	8 100 000
Number of ordinary shares - E series	3 000 000	3 000 000	3 000 000	3 000 000
Number of ordinary shares - F series	13 884 283	13 884 283	13 884 283	13 884 283
Total number of shares	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	(0,05)	(0,10)	0,12	0,20
– basic from the profit (loss) from continuing operations attributable to equity holders of the parent	0,12	0,27	0,13	0,23
Diluted profit/(loss) per share (in PLN)				
– from the profit (loss) for the period attributable to equity holders of the parent	(0,05)	(0,10)	0,12	0,20
– from the profit (loss) from continuing operations attributable to equity holders of the parent	0,12	0,27	0,13	0,23

## 15. Property, plant & equipment and intangibles as well as impairment

### 15.1. Property, plant & equipment and intangibles

Net value of property, plant & equipment as on 30th June 2015 amounted to PLN 707,267 thousand and was lower by PLN 19,181 thousand comparing to 31st December 2014. The value of acquired property, plant & equipment in the

analyzed period amounted to PLN 33,104 thousand (for the 6-months' period ended 30th June 2014 amounted to PLN 32,758 thousand). Net amount of property, plant & equipment sold or disposed of for the 6-months' period ended 30th June

2015 totaled PLN 1,013 thousand (for the 6-months' period ended 30th June 2014 amounted to PLN 86 thousand). Amortization charge for the 6-months' period ended 30th June 2015 amounted to PLN 53,166 thousand (for the 6-months' period ended 30th June 2014 amounted to PLN 56,918 thousand). Impairment allowance on property, plant & equipment for the six months' period ended 30th June 2015 amounted to PLN 0 thousand (for the six months' period ended 30th June 2014: PLN 0 thousand). Exchange rate differences for the six months' period ended 30th June 2015 amounted to PLN +1,894 thousand (for the 6-months' period ended 30th June 2014 amounted to PLN -12,612 thousand). Net value of intangible assets as on 30th June 2015 amounted to PLN 55,127 thousand and was higher by PLN 4,435 thousand compared to 31st December 2014. The value of acquired intangible assets in the analyzed period amounted to PLN 10,111 thousand (for the six months' period ended 30th June 2014 it amounted to PLN 749 thousand). Net result on

sales or disposal of intangible assets for the 6-months' period ended 30th June 2015 amounted to PLN 4,504 thousand (for the 6-months' period ended 30th June 2014 amounted to PLN 0 thousand). Amortization charge for the 6-months' period ended 30th June 2015 amounted to PLN 907 thousand (for the 6-months' period ended 30th June 2014 it amounted to PLN 748 thousand). Impairment allowance on intangibles for the six months' period ended 30th June 2015 amounted to PLN 0 thousand (for the six months' period ended 30th June 2014: PLN 0 thousand). Exchange rate differences recorded for the 6-months' period ended 30th June 2015 amounted to PLN -265 thousand (for the 6-months' period ended 30th June 2014 amounted to PLN -961 thousand).

Revenue from sales of property, plant & equipment and intangible assets (excluding revenues from sale of cogeneration certificates) in the first half of 2015 amounted to PLN 194 thousand (in the first half of 2014: PLN 1,939 thousand).

## 15.2. Impairment of non-financial assets

The analysis of premises for impairment as on 30th June 2015 proved that there was no need for performance of impairment test on non-financial non-current assets and

introduction of impairment allowances. Therefore, the amount of impairment allowances as on 30th June 2015 did not change compared to 31st December 2014.

## 16. Inventories

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Raw materials (at cost)	190 743	166 699
Work-in-progress (at cost of development)	11 134	9 453
Finished goods and goods for resale, of which:		
At cost / cost of development	148 664	178 567
At net realisable value	15 224	21 187
Prepayments for supplies	132	580
<b>Total inventories, at the lower of cost (or costs of development) and net realisable value</b>	<b>365 897</b>	<b>376 486</b>
Inventory write-down	6 898	7 961
Inventory before write-down	372 795	384 447

As on 30th June 2015, net inventories amounted to PLN 365,897 thousand (as on 31st December 2014: PLN

376,486, including inventories of Mochenwangen Group: PLN 45,109 thousand). As on 30th June 2015, impairment of

inventories amounted to PLN 6,898 thousand (as on 31st December 2014: PLN 7,961 thousand, including impairment of Mochenwangen Group: PLN 3,374 thousand). As on 30th June 2015, stock of finished products worth PLN 15,224

thousand were valued at net sales price (as on 31st December 2014 amounted to PLN 21,187 thousand, including finished products of Mochenwangen Group: PLN 5,765 thousand).

## 17. Trade receivables and other receivables

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Trade receivables	331 035	293 554
Budget receivables - VAT receivables	12 240	31 295
Other receivables from third parties	18 302	11 461
Other receivables from related parties	3 161	3 130
<b>Total receivables, net</b>	<b>364 738</b>	<b>339 440</b>
Doubtful debts allowance	33 843	20 157
<b>Total receivables, gross</b>	<b>398 581</b>	<b>359 597</b>

Trade receivables and other receivables amounted as on 30th June 2015 to PLN 364,738 thousand (as on 31st December 2014: PLN 339,440 thousand, including receivables of Mochenwangen Group: PLN 21,556 thousand). The increase of trade receivables and other receivables was due mainly to rise of trade receivables reported by Paper and Pulp Mills.

Impairment of receivables amounted as on 30th June 2015 to PLN 33,843 thousand (31st December 2014: PLN 20,157 thousand, including impairment of Mochenwangen Group: PLN 785 thousand). The increase of impairment in 2015 is mainly related to the threat to solvency of companies from PaperlinX group.

## 18. Other non-financial and financial assets

Other short-term non-financial assets as on 30th June 2015 and as on 31st December 2014 amounted respectively to PLN 16,368 thousand and PLN 16,872 thousand (including other short-term non-financial assets of Mochenwangen Group: PLN 41 thousand). This item includes mainly costs accounted in time and its changes result from adjustment of value of these costs.

Other long-term non-financial assets as on 30th June 2015 and 31st December 2014 amounted respectively to PLN 1,238 thousand and PLN 1,238 thousand.

Other short-term financial assets amounted to PLN 0 thousand as on 30th June 2015 and PLN 21,312 thousand as on 31st December 2014. This item includes value of future contracts' positive assessment and bank deposits for the period longer than three months.

Other long-term financial assets as on 30th June 2015 amounted to PLN 997 thousand and as on 31st December 2014 amounted to PLN 2,088 thousand (including other long-term financial assets of Mochenwangen Group: PLN 1,096 thousand).

## 19. 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 repayment of debt in Danske Bank in the total amount of PLN 30,743 thousand, and increased its debt under overdrafts towards the aforementioned consortium of banks and Svenska Handelsbanken in the amount of PLN 26,539 thousand.

Other changes in the amount of loans and borrowings as on 30th June 2015 compared to 31st December 2014 result

mainly from the changes of balance sheet evaluation.

## 20. Other financial liabilities

As on 30th June 2015, other financial liabilities amounted to PLN 123,824 thousand (of which long-term PLN 36,971 thousand and short-term PLN 86,853 thousand). As on 31st December 2014, other financial liabilities amounted to PLN 98,080 thousand (including long-term PLN 37,241 thousand and short-term PLN 60,839 thousand). Short-term financial liabilities as on 31st December 2014 included liabilities of Mochenwangen Group in the amount of PLN 1,144 thousand. Other financial liabilities comprise liabilities under factoring agreements, lease liabilities and negative measurement of hedging instruments. Increase of other financial liabilities was related mostly to the factoring agreements of AP Munkedals

and AP Grycksbo with Svenska Handelsbanken, where as on 30th June 2015 other financial liabilities on the grounds thereof amounted to PLN 70,056 thousand (31st December 2014: PLN 46,627 thousand).

During the reporting period the Group repaid a part of financial lease liabilities in the amount of PLN 1,433 thousand.

Other differences in value of other financial liabilities as on 30th June 2015, compared to 31st December 2014, result mainly from valuation of hedging instruments of future currency sale/purchase transactions as well as transactions of electricity purchases and SWAP transactions.

## 21. Trade liabilities and other liabilities

The value of trade and other liabilities as on 30th June 2015 amounted to PLN 370,140 thousand (as on 31st December 2014: PLN 364,468 thousand, including liabilities of Mochenwangen Group: PLN 28,118 thousand). The increase

of this position compared to the amount as at the end of the previous year was caused by the increase of trade liabilities in Paper and Pulp Mills.

## 22. Changes in provisions

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Long-term provision		
Pension provision	85 440	96 954
Other provision	1 367	3 226
	86 808	100 179
Short-term provision	378	8 794
Long-term provision	86 808	100 179

As on 31st December 2014, the retirement provisions, other long-term provisions and other short-term provisions of the Group amounted respectively to PLN 11,726 thousand, PLN 1,867 thousand and PLN 5,968 thousand. Decrease of short-term provision in the first half of 2015 results from use of this provision for restructuring of logistics in one of the distribution companies.

## 23. Accruals

As on 30th June 2015, accruals amounted to PLN 130,666 thousand, including short-term PLN 105,391 thousand. As on 31st December 2014, accruals amounted to PLN 122,849 thousand, including short-term PLN 96,215 thousand (short-term accruals of Mochenwangen Group amounted to PLN 2,439 thousand). Main items of accruals are subsidies from state institutions, amounting to PLN 27,993 thousand,

including long-term PLN 25,275 thousand (31st December 2014: PLN 29,353 thousand, including long-term PLN 26,634 thousand) as well as short-term liabilities towards employees, mainly holiday benefits, which as on 30th June 2015 amounted to PLN 64,514 thousand (PLN 60,211 thousand as on 31st December 2014, excluding accruals of Mochenwangen Group).

## 24. Equity securities

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Share capital		
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	69 288

	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 June 2015 (unaudited)		69 287 783	69 287 783

## 25. Financial instruments

The Company has the following financial instruments: cash, bank deposits, bank loans, receivables, liabilities of financial

leases, as well as SWAP interest contracts, forward currency contracts, and forward contracts for the purchase of electricity.

## 25.1. Fair values of each class of financial instruments

The table below shows the comparison of the carrying amounts and fair values of all financial instruments of the Group, by class and categories of financial assets and liabilities:

	Category compliant with IAS 39	Book value		Fair value	
		As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
<b>Financial Assets</b>					
Trade and other receivables	<i>L&amp;R</i>	352 498	308 145	352 498	308 145
Hedging instruments		912	906	912	906
Other financial assets (excluding loans and hedging instruments)	<i>L&amp;R</i>	86	22 493	86	22 493
Cash and cash equivalents	<i>FVTPL</i>	184 698	158 412	184 698	158 412
<b>Financial Liabilities</b>					
Interest bearing bank loans and borrowings therein:	<i>OFL</i>	322 702	328 865	322 702	328 865
- long-term	<i>OFL</i>	236 449	269 139	236 449	269 139
- short-term	<i>OFL</i>	86 253	59 726	86 253	59 726
Financial lease liabilities and hire purchase agreements, therein:		32 344	33 412	32 344	33 412
- long-term		29 432	30 554	29 432	30 554
- short-term		2 912	2 857	2 912	2 857
Trade and other financial payables	<i>OFL</i>	324 429	340 294	324 429	340 294
Hedging instruments		21 231	16 705	21 231	16 705

Used abbreviations:

HTM	- Financial assets held to maturity
FVTPL	- Financial assets/liabilities measured at fair value through profit & loss
L&R	- Loans and receivables
HFS	- Financial assets held for sale
OFL	- Other financial liabilities measured at amortized cost

Framework of fair value of financial instruments held by the Group, as on 30th June 2015 and as on 31st December 2014, is presented below:

	Level	Level	Level
30 June 2015	1	2	3
<b>Financial assets at fair value through comprehensive income</b>			
Hedging instruments	-	912	-
<b>Other financial assets</b>			
Trade and other receivables	-	-	352 498
Other financial assets (excluding loans and hedging instruments)	-	-	86
Cash and cash equivalents	-	-	184 698
<b>Financial liabilities valued through comprehensive income</b>			
Hedging instruments	-	21 231	-
<b>Other financial liabilities</b>			
Interest bearing bank loans and borrowings	-	-	322 702
Financial lease liabilities and hire purchase agreements	-	-	32 344
Trade and other financial payables	-	-	324 429
<hr/>			
	Level	Level	Level
31 December 2014	1	2	3
<b>Financial assets at fair value through comprehensive income</b>			
Hedging instruments	-	906	-
<b>Other financial assets</b>			
Trade and other receivables	-	-	308 145
Other financial assets (excluding loans and hedging instruments)	-	-	22 493
Cash and cash equivalents	-	-	158 412
<b>Financial liabilities valued through comprehensive income</b>			
Hedging instruments	-	16 705	-
<b>Other financial liabilities</b>			
Interest bearing bank loans and borrowings	-	-	328 865
Financial lease liabilities and hire purchase agreements	-	-	33 412
Trade and other financial payables	-	-	340 294

## 25.2. Interest rate risk

In the table below presented is the carrying value of financial instruments of the Group exposed to interest rate risk, divided by particular maturity profiles:

30 June 2015

Floating rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
<b>Other financial liabilities</b>							
Obligations under finance lease and hire purchase contracts	2 912	2 920	3 011	2 990	2 974	17 537	32 344
<b>Loans and borrowings:</b>							
PLN bank overdraft in Bank Polska Kasa Opieki S.A.	19 847	-	-	-	-	-	19 847
PLN bank overdraft in mBank S.A.	6 149	-	-	-	-	-	6 149
PLN bank overdraft in BZ WBK	12 969	-	-	-	-	-	12 969
PLN bank loan in Bank Polska Kasa Opieki S.A.	4 915	4 252	19 456	-	-	-	28 622
EUR bank loan in Bank Polska Kasa Opieki S.A.	1 246	1 246	5 153	-	-	-	7 645
PLN bank loan in mBank S.A.	6 201	6 293	28 138	-	-	-	40 632
EUR bank loan in mBank S.A.	3 075	3 075	12 717	-	-	-	18 866
PLN bank loan in BZ WBK	3 799	3 855	17 249	-	-	-	24 904
EUR bank loan in BZ WBK	1 189	1 189	4 916	-	-	-	7 293
SEK bank loan in SHB	13 261	-	-	-	-	-	13 261
Sum loans and borrowings	72 649	19 908	87 630	-	-	-	180 187
TOTAL	75 561	22 828	90 641	2 990	2 974	17 537	212 531

30 June 2015

Fixed rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
<b>Loans and borrowings:</b>							
Loan from the owner of the main shareholder in EUR	112	16 778	-	-	-	-	16 890
Loan from the owner of the main shareholder in EUR	469	-	-	-	42 012	-	42 481
PLN bank loan in Bank Polska Kasa Opieki S.A.	4 189	4 252	19 033	-	-	-	27 474
EUR bank loan in Bank Polska Kasa Opieki S.A.	2 914	2 914	12 053	-	-	-	17 880
PLN bank loan in BZ WBK	3 492	3 543	15 853	-	-	-	22 888
EUR bank loan in BZ WBK	2 428	2 428	10 045	-	-	-	14 902
TOTAL	13 604	29 915	56 984	-	42 012	-	142 515

31 December 2014

Floating rate

**Other financial liabilities**

Obligations under finance lease and hire purchase contracts

<1 year 1-2 years 2-3 years 3-4 years 4-5 years >5 years Total

2 857 2 917 2 958 2 977 2 940 18 763 33 412

**Loans and borrowings:**

PLN bank overdraft in Bank Polska Kasa Opieki S.A.	9 068	-	-	-	-	-	9 068
PLN bank overdraft in mBank S.A.	3 258	-	-	-	-	-	3 258
PLN bank loan in Bank Polska Kasa Opieki S.A.	4 297	4 221	21 289	-	-	-	29 807
EUR bank loan in Bank Polska Kasa Opieki S.A.	1 392	1 266	5 999	-	-	-	8 657
PLN bank loan in mBank S.A.	6 303	6 247	31 415	-	-	-	43 965
EUR bank loan in mBank S.A.	3 250	3 124	14 615	-	-	-	20 989
PLN bank loan in BZ WBK	3 870	3 787	19 105	-	-	-	26 762
EUR bank loan in BZ WBK	1 335	1 208	5 728	-	-	-	8 271
SEK bank loan in SHB	13 281	-	-	-	-	-	13 281
SEK bank loan in Danske Bank	13 596	-	-	-	-	-	13 596
Sum loans and borrowings	59 647	19 853	98 153	-	-	-	177 653
TOTAL	62 504	22 770	101 111	2 977	2 940	18 763	211 065

31 December 2014

Fixed rate

<1 year 1-2 years 2-3 years 3-4 years 4-5 years >5 years Total

**Loans, borrowings:**

Loan from the owner of the main shareholder in EUR	112	17 049	-	-	-	-	17 161
Loan from the owner of the main shareholder in EUR	444	-	-	-	43 124	-	43 568
PLN bank loan in Bank Polska Kasa Opieki S.A.	4 173	4 220	21 160	-	-	-	29 553
EUR bank loan in Bank Polska Kasa Opieki S.A.	2 961	2 961	13 728	-	-	-	19 650
PLN bank loan in BZ WBK	3 518	3 557	17 828	-	-	-	24 903
EUR bank loan in BZ WBK	2 468	2 468	11 441	-	-	-	16 377
TOTAL	13 676	30 255	64 157	-	43 124	-	151 212

### 25.3. Hedge accounting

As on 30th June 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 FX forward derivatives in order to hedge a part of currency inflows in EUR connected with export sales and purchase of USD and PLN, as well as 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.
- 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.

- 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 and 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 connected with export sales,

- 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 USD 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 part of the future highly probable cash flows resulting from purchases of electricity denominated in EURO
Hedging instruments	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, untill 31.12.2016
Hedged amount	3.2 mln EUR
Forward ratio	9.04 EUR/SEK

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 the cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a part of the future highly probable cash flows resulting from export sales
Hedging instruments	Hedging instruments are FX forward transactions in which the Company commits to sell USD for SEK
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, untill 31.12.2015
Hedged amount	1.0 mln USD
Forward ratio	8.54 USD/SEK

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 the cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a part of the future highly probable cash flows resulting from export sales
Hedging instruments	Hedging instruments are FX forward transactions in which the Company commits to sell EUR for USD
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 29.12.2015
Hedged amount	17.4 mln EURO
Forward ratio	from 1.0731 to 1.1802 EUR/USD

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 the cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a part of the future highly probable cash flows resulting from export sales
Hedging instruments	Hedging instruments are FX forward transactions in which the Company commits to sell EUR for SEK
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 31.12.2015
Hedged amount	3.0 mln EUR
Forward ratio	from 9.4825 to 9.4838 EUR/SEK

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 the cash flow variations related to the planned sales in foreign currencies
Hedge item	The hedged item is a part of the future highly probable cash flows resulting from export sales
Hedging instruments	Hedging instruments are FX forward transactions in which the Company commits to sell EUR for PLN
Forward contract parameters	
Trade date	2 015
Delivery date	depending on the contract, until 29.12.2015
Hedged amount	6.0 mln EUR
Forward ratio	4.2150 EUR/PLN

## 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 the cash flow variations related to electricity purchases
Hedge item	The hedged item is a part of the future highly probable cash flows resulting from electricity purchases
Hedging instruments	Hedging instruments are forward transactions for electricity purchases on the Nord Pool Stock Exchange
Forward contract parameters	
Trade date	depending on the contract, since 02.01.2012
Delivery date	depending on the contract, until 31.12.2018
Hedged amount	717.000 MWh
Forward price	from 27.45 to 42.40 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 the 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	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 7.9 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	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 28.4 mln PLN and 23.7 mln PLN
SWAP interest rate	3,71%

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

	As at 30 June 2015		As at 31 December 2014	
	(unaudited)	(unaudited)	(audited)	(audited)
	Assets	Liabilities	Assets	Liabilities
FX forward	912	113	906	-
SWAP	-	2 150	-	2 966
Electricity forward	-	18 968	-	13 739
Total hedging derivatives	912	21 231	906	16 705

## 26. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, financial leases and hire purchase contracts, cash and short-term deposits. 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.

## 27. 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.

## 28. Contingent liabilities and contingent assets

As on 30th June 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 1,471 thousand (PLN 670 thousand) in Arctic Paper Grycksbo AB and of SEK 747 thousand (PLN 340 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 1,488 thousand);
- a bank guarantee in favor of Skatteverket Ludvika in the amount of SEK 135 thousand (PLN 62 thousand);
- guarantees granted by the companies of Rottneros Group in the total amount of SEK 3,000 thousand (PLN 1,367 thousand),
- a guarantee in favor of Södra Cell International AB, the supplier of pulp, in the total amount of SEK 12,000 thousand (PLN 5,470 thousand).

## 29. Legal claims

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

## 30. Tax settlements

### Arctic Paper Kostrzyn S.A.

Arctic Paper Kostrzyn S.A. has been conducting business in the Kostrzynsko-Slubicka Specjalna Strefa Ekonomiczna (SEZ) business zone since 25 August 2006.

Tax settlements, together with other areas of legal compliance (e.g. customs or foreign exchange law) are subject to review and investigation by a number of authorities, which are entitled to impose severe fines, penalties and interest charges. The lack of reference to well established regulations in Poland results in a lack of clarity and integrity in the regulations. Frequent contradictions in legal interpretations both within government bodies and between companies and government bodies create uncertainties and conflicts. These facts create

tax risks in Poland that are substantially more significant than those typically found in countries with more developed tax systems.

Tax authorities may examine the accounting records within up to five years after the end of the year in which the final tax payments were performed. Consequently, the Group may be subject to additional tax liabilities, which may arise as a result of additional tax audits. In Group's opinion, as on 30th June 2015, there is no need to create additional provisions to cover recognized and countable tax risk.

### 31. Investment commitments

As on 30th June 2015, the Group bound itself to make expenditures of no less than PLN 10,000 thousand for property, plant & equipment (as on 31st December 2014: PLN 10,000 thousand). The amount will be distributed for purchase of new machinery and technical devices.

### 32. Related parties disclosures

Arctic Paper S.A. Group's related parties are:

- Thomas Onstad – major shareholder of Arctic Paper S.A., holding directly and indirectly more than 50% of shares in the initial capital of the Company,
- Nemus Holding AB – parent entity of Arctic Paper S.A. Group since 3rd September 2014,
- Centrum Finansowo-Księgowe PROGRESSIO s.c. – related to a Member of the Management Board

Transactions with related parties are set on an arm's length basis.

The table below presents the total values of transactions with related parties entered into during the 6-months' period ended 30th June 2015 and as on 30th June 2015:

Data for the period from 1 January 2015 to 30 June 2015 and as at 30 June 2015 (PLN thousand)

Related party	Sales to related parties	Purchases from related parties	Interest – financial income	Interest – financial costs	Receivables		Payables to related parties
					from related parties	Loans granted	
Nemus Holding AB	-	507	-	-	3 161	-	507
Thomas Onstad	-	-	-	1 945	-	-	59 371
CFK Progressio s.c.	-	85	-	-	-	-	21
<b>Total</b>	-	<b>592</b>	-	<b>1 945</b>	<b>3 161</b>	-	<b>59 899</b>

The table below presents the total values of transactions with related parties entered into during the 6-months' period ended 30th June 2014 and as on 31st December 2014:

Data for the period from 1 January 2014 to 30 June 2014 and as at 31 December 2014 (PLN thousands)

Related party	Sales to related parties	Purchases from related parties	Interest – financial income	Interest – financial costs	Receivables		Payables to related parties
					from related parties	Loans granted	
Nemus Holding AB	-	-	-	-	3 130	-	-
Thomas Onstad	-	-	-	708	-	-	60 729
CFK Progressio s.c.	-	37	-	-	-	-	13
<b>Total</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>708</b>	<b>3 130</b>	<b>-</b>	<b>60 742</b>

### 33. 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 approved by the EU and the usage of emission rights by each of the five entities in 2013, 2014 and in the first half 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)	(76 659)					
Amount purchased	-	-	-					
Amount sold	-	-	-					
Amount unused	306 448	263 932	289 725					

(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)	(6 862)					
Amount purchased	-	-	7					
Amount sold	-	-	(100 000)					
Amount unused	67 262	107 325	43 162					

(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)	(98 503)					
Amount purchased	78 861	128 700	61 150					
Amount sold	-	(105 105)	-					
Amount unused	1 398	3	-					

(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 Rottheros' 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)	(12 158)					
Amount purchased	-	-	-					
Amount sold	-	-	-					
Amount unused	90 522	101 986	119 766					

\* - 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

## 34. Government grants and operations in Special Economic Zone

### 34.1. Government grants

In the first half of 2015, the Group companies did not receive any subsidies.

### 34.2. Operations in Special Economic Zone

Arctic Paper Kostrzyn S.A. operates in the Kostrzyńsko-Słubicka Specjalna Special Economic Zone (the „KSSSE”) and based on the permission issued by the Kostrzyńsko – Słubicka Special Economic Zone S.A. benefits from the company income 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 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 is proclaimed bankrupt.

Based on the permit issued on 25th August 2006, Arctic Paper Kostrzyn S.A. may benefit from exemption until the day SEZ ceases its operation, i.e. 31st December 2026. The prerequisite 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 – Stubicka 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 did not change in the reporting period. The Group was subjected to an inspection by the authorized authorities. The inspection concerned checking of all conditions explained in the permission and returned favorable results.

During the period from 25th August 2006 to 30th June 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 51,664 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 June 2015 amounted to PLN 23,143 thousand.

### 35. Significant events after balance sheet date

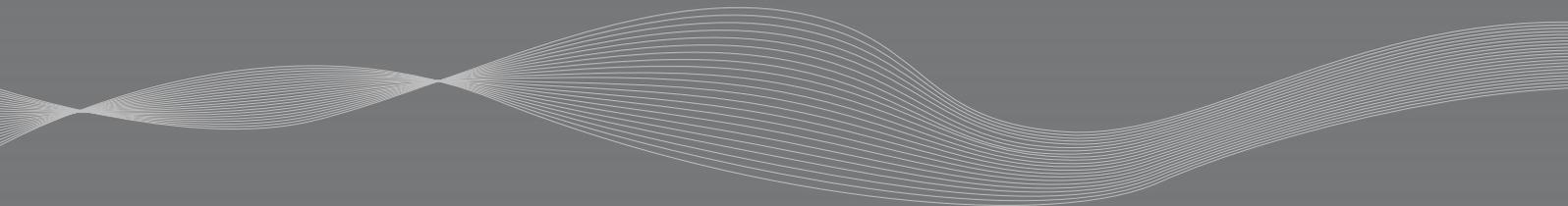
From 30th June 2015 until the day of the hereby report, no other material events occurred which would need to be disclosed in the hereby report, apart from those which have been disclosed in the previous sections of the report.

Signatures of Members of the Management Board

Position	Name and surname	Date	Signature
President of the Management Board Chief Executive Officer	Wolfgang Lübbert	28 August 2015	
Member of the Management Board Chief Financial Officer	Małgorzata Majewska-Śliwa	28 August 2015	
Member of the Management Board Chief Operating Officer	Per Skoglund	28 August 2015	
Member of the Management Board Chief Procurement Officer	Jacek Łoś	28 August 2015	
Member of the Management Board Sales Director	Michał Sawka	28 August 2015	



Interim condensed standalone financial statements  
for the six months' period ended 30th June 2015



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## Interim condensed standalone financial statements and selected financial data

### Selected standalone financial data

	For the period from 01.01.2015 to 30.06.2015 PLN thousand	For the period from 01.01.2014 to 30.06.2014 PLN thousand	For the period from 01.01.2015 to 30.06.2015 EUR thousand	For the period from 01.01.2014 to 30.06.2014 EUR thousand
Sales revenues	70 133	20 162	16 937	4 828
Operating profit (loss)	24 437	(2 657)	5 901	(636)
Profit (loss) before tax	23 112	(3 590)	5 581	(860)
Profit (loss) from continuing operations	23 112	(3 590)	5 581	(860)
Profit (loss) for the period	23 112	(3 590)	5 581	(860)
Net operating cash flow	(12 781)	144	(3 086)	34
Net investing cash flow	19 980	-	4 825	-
Net financing cash flow	(703)	(705)	(170)	(169)
Net change in cash and cash equivalents	6 496	(561)	1 569	(134)
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)	0,33	(0,05)	0,08	(0,01)
Diluted EPS (in PLN/EUR)	0,33	(0,05)	0,08	(0,01)
Average PLN/EUR rate*			4,1409	4,1765
	As at June 2015 PLN thousand	As at 31 December 2014 PLN thousand	As at June 2015 EUR thousand	As at 31 December 2014 EUR thousand
Assets	964 126	936 635	229 860	225 104
Long-term liabilities	196 221	227 109	46 782	54 582
Short-term liabilities	79 945	44 632	19 060	10 727
Equity	687 960	664 893	164 019	159 795
Share capital	69 288	69 288	16 519	16 652
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)	9,93	9,60	2,37	2,31
Diluted book value per share (in PLN/EUR)	9,93	9,60	2,37	2,31
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**	-	-	4,1944	4,1609

\* - 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.

## Interim condensed standalone income statement

	Note	3 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2015 (unaudited)	3 months period ended 30 June 2014 (unaudited)	6 months period ended 30 June 2014 (unaudited)
Continuing operations					
Sales of services		11 487	21 936	10 200	19 502
Interest income from subsidiaries	11.1	203	413	262	521
Dividend income	15	47 784	47 784	140	140
Sales revenues		59 474	70 133	10 601	20 162
Cost of interest to subsidiaries	11.1	(2 125)	(4 417)	(2 388)	(4 746)
Gross profit on sales		57 349	65 716	8 213	15 416
Other operating income		113	245	23	191
Selling and distribution costs		(987)	(1 907)	(924)	(1 852)
Administrative expenses		(9 003)	(17 131)	(5 604)	(11 350)
Other operating expenses		(14 082)	(22 486)	(4 220)	(5 063)
Operating profit / (loss)		33 390	24 437	(2 512)	(2 657)
Finance income		(141)	639	619	450
Finance costs		(983)	(1 964)	(1 402)	(1 383)
Profit / (loss) before tax		32 266	23 112	(3 295)	(3 590)
Income tax		-	-	-	-
Net profit (loss) from continuing operations		32 266	23 112	(3 295)	(3 590)
Discontinued operations					
Profit (loss) for the period from discontinued operations		-	-	-	-
Net profit (loss) for the period		32 266	23 112	(3 295)	(3 590)
Earnings per share:					
- basic from the profit (loss) for the period		0,47	0,33	(0,05)	(0,05)
- basic from the profit (loss) from continuing operations for the period		0,47	0,33	(0,05)	(0,05)

## Interim condensed standalone statement of comprehensive income

	Note	3 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2015 (unaudited)	3 months period ended 30 June 2014 (unaudited)	6 months period ended 30 June 2014 (unaudited)
Net profit (loss) for the period		32 266	23 112	(3 295)	(3 590)
Other comprehensive income					
Items to be recognised in profit/loss in future periods:					
Exchange difference on translation of foreign operations	21.3	(100)	(46)	273	328
Other comprehensive income		(100)	(46)	273	328
Total comprehensive income		32 165	23 067	(3 022)	(3 262)

## Interim condensed standalone balance sheet

	Note	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	18	1 343	677
Intangible assets		1 323	1 319
Investment in subsidiaries	12	824 042	827 190
Other non-financial assets		874	869
		827 582	830 055
Current assets			
Trade and other receivables	16	80 918	45 320
Income tax receivables		260	167
Other financial assets	19	27 672	41 714
Other non-financial assets		2 592	771
Cash and cash equivalents	13	25 103	18 607
		136 544	106 579
<b>TOTAL ASSETS</b>		<b>964 126</b>	<b>936 635</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	21.1	69 288	69 288
Share premium	21.4	447 641	472 751
Other reserves	21.5	147 871	147 871
Foreign currency translation	21.3	472	517
Retained earnings / Accumulated (unabsorbed) losses	21.6	22 689	(25 533)
Total equity		687 960	664 893
Non-current liabilities			
Interest bearing borrowings and loans	20	194 230	225 168
Provisions		871	866
Deferred tax liability		-	-
Other non-current liabilities		374	300
Accruals and deferred income		747	776
		196 221	227 109
Current liabilities			
Current provisions		378	826
Interest bearing borrowings and loans	20	346	551
Trade payables	22	72 699	36 026
Other financial liabilities		152	102
Other current liabilities		1 960	1 733
Income tax payables		-	35
Accruals and deferred income		4 410	5 360
		79 945	44 632
<b>TOTAL LIABILITIES</b>		<b>276 166</b>	<b>271 741</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>964 126</b>	<b>936 635</b>

## Interim condensed standalone cash flow statement

	Note	6 months period ended 30 June 2014 (unaudited)	6 months period ended 30 June 2013 (unaudited)
<b>Cash flow from operating activities</b>			
Profit (loss) before taxation		23 112	(3 590)
Adjustments for:			
Amortization and depreciation		126	52
Gain / (loss) from foreign exchange differences		(335)	327
Impairment of assets		4 524	1 592
Net interest and dividends		698	708
Increase / decrease in receivables and other non-financial assets		(38 801)	5 369
Increase / decrease in payables except for loans, borrowings and bonds		36 900	(3 475)
Change in accruals and prepayments		(979)	(1 668)
Change in provisions		(443)	(25)
Income tax paid		(128)	577
Increase / decrease in loans to subsidiaries		(37 456)	277
Other		-	-
Net cash flow from operating activities		(12 781)	144
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(671)	-
Short-term deposit		20 651	-
Net cash flow from investing activities		19 980	-
<b>Cash flow from financing activities</b>			
Interest paid		(703)	(767)
Proceeds from finance lease liabilities		-	62
Net cash flow from financing activities		(703)	(705)
Net increase/(decrease) in cash and cash equivalents		6 496	(561)
Cash and cash equivalents at the beginning of the period		18 607	9 018
Cash and cash equivalents at the end of the period	13	25 103	8 457

## Interim condensed standalone statement of changes in equity

### Atributable to equity holders of the Company

	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
Foreign currency translation	-	-	(46)	-	-	(46)
Net profit/(loss) for the period	-	-	-	-	23 112	23 112
Total comprehensive income	-	-	(46)	-	23 112	23 067
Profit distribution	-	(25 110)	-	-	25 110	-
As at 30 June 2015 (unaudited)	69 288	447 641	472	147 871	22 689	687 960

Atributable to equity holders of the Company

	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)	690 044
Other comprehensive income for the period	-	-	328	-	-	328
Net profit for the period	-	-	-	-	(3 590)	(3 590)
Total comprehensive income	-	-	328	-	(3 590)	(3 262)
Profit distribution	-	(179 910)	-	-	179 910	-
Issuance of shares	-	-	-	-	-	-
As at 30 June 2014 (unaudited)	69 288	472 752	520	147 871	(3 648)	686 783

## Additional explanatory notes

### 1. General information

Arctic Paper S.A. („the Company”, „the Entity”) was incorporated on the basis of a Notarial Deed dated 30th April 2008, that has publicly traded shares.

On 8th June 2010, by the power of the resolution of the Ordinary Shareholders Meeting, the seat of the Company was changed from Kostrzyn nad Odrą to Poznań, Jana Henryka Dąbrowskiego 334A. The change was registered by the Polish Register Court on 14th July 2010.

The interim condensed financial statements of the Company cover the 6-months' period ended 30th June 2015 and contain comparative data for the 6-months' period ended 30th June 2014 and as on 31st December 2014.

Statement of comprehensive income, income statement and respective notes cover the 3-months' period ended 30th June 2015 and contain comparative data for the 3-months' period

ended 30th June 2014 – this data was not subject to review or audit by an independent auditor.

The Company is entered in the Register of Entrepreneurs kept by the District Court in Poznań – Nowe Miasto i Wilda, 8th Commercial Department of the National Court Register, Entry No. KRS0000306944.

The Company was granted statistical REGON number 080262255.

The Company has an unlimited period of operation.

The main area of the Company's business activity is holding activities.

The direct parent company of Arctic Paper S.A. is Nemus Holding AB. The ultimate parent company of the whole Arctic Paper Group is Incarta Development S.A.

### 2. Basis of preparation of the interim condensed financial statements

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

The hereby interim condensed financial statements have been prepared based on the assumption that the Company will

continue as going concern in the foreseeable future. As on the day of approval of the hereby financial statements, no circumstances have been found to indicate any threat to continuation of the Company's business activities.

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

### 3. Identification of consolidated financial statements

The Company prepared interim condensed consolidated financial statements for the 6-months' period ended 30th June 2015, which have been approved for publishing by the Management Board on 28th August 2015.

#### 4. Composition of the Management Board of The Company

As on 30th June 2015, the following persons constituted the 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.

Until the date of publishing of the hereby report, there were no changes in the composition of the Management Board of the Company.

#### 5. Composition of the Supervisory Board of the Company

As on 30th June 2015, the following persons constituted the 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 17th September 2014.

Until the date of publishing of the hereby report, there were no changes in the composition of the Supervisory Board of the Company.

#### 6. Approval of the financial statements

On 28th August 2015, the hereby interim condensed financial statements of the Company for the six months' period ended 30th June 2015 were approved for publishing by the Management Board.

## 7. Investments of the Company

The Company has investments in the following subsidiaries:

Entity	Registered office	Business activities	Share in capital of subsidiaries		
			28 August 2015	30 June 2015	31 December 2014
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%
Arctic Paper Investment AB	Szwecja, Box 383, 401 26 Göteborg	Holding company	100%	100%	100%
Arctic Paper UK Limited	Great Britain, Quadrant House, 47 Croydon Road, Caterham, Surrey	Trading services	100%	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Vardemara iela 33-20, Riga LV-1010	Trading services	100%	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 72, 20457 Hamburg	Trading services	100%	100%	-
Arctic Paper Benelux S.A.	Belgium, Ophemstraat 24, B-3050 Oud-Heverlee	Trading services	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Technoparkstrasse 1, 8005 Zurich	Trading services	100%	100%	100%
Arctic Paper Italia srl	Italy, Via Cavriana 7, 20 134 Mediolan	Trading services	100%	100%	100%
Arctic Paper Ireland Limited	Ireland, 4 Rosemount Park Road, Dublin 11	Trading services	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Ørestads Boulevard 73 2300 Kopenhagen	Trading services	100%	100%	100%
Arctic Paper France SAS	France, 43 rue de la Breche aux Loups, 75012 Paris	Trading services	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading services	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainburgerstrasse 34A, A-1030 Wien	Trading services	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Biskupia 39, 04-216 Warszawa	Trading services	100%	100%	100%
Arctic Paper Norge AS	Norway, Rosenholmsveien 25, NO-1414 Trollasen	Trading services	100%	100%	100%
Arctic Paper Sverige AB	Sweden, Kurodsvagen 9, 451 55 Uddevalla	Trading services	100%	100%	100%
Arctic Paper East Sp. z o.o.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Trading services	100%	100%	100%
Arctic Paper Investment GmbH	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Holding company	99,8%	99,8%	99,8%
Arctic Paper Finance AB	Szwecja, Box 383, 401 26 Göteborg	Holding company	100,0%	100,0%	100,0%
Rotneros AB	Sweden, 820 21 Vallvik	Holding company	51,27%	51,27%	51,27%

As on 30th June 2015 and 31st December 2014, the percentage of voting rights held by the Company in subsidiaries corresponds to the percentage held in equity of these entities.

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 the Management Board's Report on its operations ("Other material information"). On of the elements of the program is active search for a buyer of Arctic Paper Mochenwangen mill, and in the meantime evaluation of the possibility of undertaking actions towards further reduction of losses generated by this mill, including gradual cease of production.

## 8. Significant accounting principles

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual 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 Company has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

## 9. Seasonality

The Company's activities are not of seasonal nature, therefore the results presented by the Company do not fluctuate significantly during the year.

## 10. Business segments information

Arctic Paper S.A. is a holding company, which provides services mainly for companies from the Group. The Company operates in one segment, the results are evaluated by the Management Board on the basis of financial statements.

The table below presents geographical split of revenue from sale of services, interest on loans and dividend income for the 6-months' periods ended 30th June 2015 and 30th June 2014.

	Continuing operations	
	6 months period ended 30 June 2015 (unaudited)	6 months period ended 30 June 2014 (unaudited)
<b>Segment information</b>		
Poland	45 943	10 245
Foreign countries:		
- Sweden	23 666	9 904
- Other	524	13
<b>Total</b>	<b>70 133</b>	<b>20 162</b>

The geographic split of revenue is based on the countries of subsidiaries' seats.

## 11. Income and cost

### 11.1. Interest income and interest cost

Interest income comprises income arising from interest on loans granted to other companies of the Group.

Interest cost comprises cost arising from interest on loans received from other companies of the Group and is presented as cost of sales.

## 12. Investments in subsidiaries

The value of investments in subsidiaries as on 30th June 2015 and 31st December 2014 presented as below:

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Arctic Paper Kostrzyn S.A.	442 535	442 535
Arctic Paper Munkedals AB	88 175	88 175
Arctic Paper Investment AB, whereof:	178 133	178 132
<i>Arctic Paper Investment AB (shares)</i>	278 444	278 443
<i>Arctic Paper Investment AB (loans)</i>	82 709	82 709
<i>Arctic Paper Investment AB (impairment)</i>	(183 020)	(183 020)
Arctic Paper Investment GmbH	-	-
<i>Arctic Paper Investment GmbH (shares)</i>	110 576	101 683
<i>Arctic Paper Investment GmbH (impairment)</i>	(110 576)	(101 683)
Arctic Paper Sverige AB	-	-
<i>Arctic Paper Sverige AB (shares)</i>	11 721	11 721
<i>Arctic Paper Sverige AB (impairment)</i>	(11 721)	(11 721)
Arctic Paper Danmark A/S	5 539	5 539
Arctic Paper Deutschland GmbH	4 977	4 977
Arctic Paper Norge AS	-	3 194
<i>Arctic Paper Norge AS (shares)</i>	3 194	-
<i>Arctic Paper Norge AS (impairment)</i>	(3 194)	-
Arctic Paper Italy srl	738	738
Arctic Paper UK Ltd.	522	522
Arctic Paper Polska Sp. z o.o.	406	406
Arctic Paper Benelux S.A.	387	387
Arctic Paper France SAS	326	326
Arctic Paper Espana SL	196	196
Arctic Paper Papierhandels GmbH	194	194
Arctic Paper East Sp. z o.o.	102	102
Arctic Paper Baltic States SIA	64	64
Arctic Paper Schweiz AG	61	61
Arctic Paper Finance AB	68	23
Arctic Paper Ireland Ltd.	3	3
Rottneros AB	101 616	101 616
<b>Total</b>	<b>824 042</b>	<b>827 190</b>

The value of investment in subsidiaries is stated at historical cost.

In the first half of 2015, Arctic Paper S.A. performed an increase of reserve capital in Arctic Paper Investment GmbH in the amount of EUR 705 thousand and USD 1,594 thousand. The value of shares in Arctic Paper Investment increased under these transactions by PLN 8,893 thousand and amounted to PLN 110,576 thousand. However, in its accounting books, Arctic Paper S.A. reports value of shares in

Arctic Paper Investment GmbH in the amount of PLN 0 thousand because of the impairment allowances of financial assets.

Moreover, the Company performed an impairment allowance of Arctic Paper Norge AS shares in the amount of PLN 3,194 thousand.

### 13. Cash and cash equivalents

For the purpose of the interim condensed statement of cash flows, cash and cash equivalent comprise the following:

	As at 30 June 2015 (unaudited)	As at 30 June 2014 (unaudited)
Cash at bank and in hand	11 020	9 230
Short-term deposits	14 083	9 377
Total	25 103	18 607

### 14. Dividend paid and proposed

Dividends are paid based on the net profit presented in the 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 supplementary capital to finance possible losses. At least 8% of the profit for the financial year shown in 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 the supplementary and reserve capital is determined by Shareholders Meeting; however, the part of the supplementary capital 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 this report, 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 section '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 the consortium of banks (Bank Pekao S.A., Bank Zachodni WBK S.A. and mBank S.A.) and Arctic Paper S.A. together with its subsidiaries, i.e. Arctic Paper Kostrzyn S.A., Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH, 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 of the Company, which took place on 29th June 2015, did not decide for payment of dividend.

### 15. Dividends received

In the amount of dividend income as recognized in the financial statements included was the income on the grounds of dividend from:

- Arctic Paper France SAS in the amount of PLN 522 thousand,

- Arctic Paper Kostrzyn SA in the amount of PLN 33,622 thousand,
- Rottneros AB in the amount of PLN 13,640 thousand.

## 16. Trade receivables and other receivables

The increase of trade receivables and other receivables, reported as on 30th June 2015, compared to 31st December 2014 (by PLN 35,598 thousand), results mainly from the fact that since January 2015 a logistics center has started its operations within the Company's structures, therefore

transportation services rendered to Group companies are invoiced to the Company and then re-invoiced to the mills. Because of the significant amounts of transportation services it has been reflected both in trade receivables and trade liabilities of the Company.

## 17. Income tax

Due to the uncertainty regarding the possible utilization of tax losses incurred in years 2009-2013 in the next years, the Management Board decided that no deferred tax asset will be recognized for that purpose. Additionally, for the same reason,

the Management Board decided not to recognize a deferred tax asset for other temporary differences.

Because of tax losses from previous years, the Company did not pay corporate income tax in six months of 2015.

## 18. Property, plant & equipment

### 18.1. Purchase and sales

During the 6-months' period ended 30th June 2015, the Company acquired items of property, plant and equipment with a value of PLN 795 thousand (during the 6-months'

period ended 30th June 2014: PLN 159 thousand), which were financed with financial leases.

### 18.2. Impairment and other allowances

In the current period and in the analogous period of the previous year, the Company did neither recognize nor reversed impairment write-downs of fixed assets.

## 19. Other financial assets

Other financial assets comprise loans granted to subsidiaries together with calculated interest.

In the first half of 2015, the Company granted loans to Arctic Paper Mochenwangen GmbH in the amount of EUR 2,400 thousand (PLN 9,856 thousand), which were fully covered with an impairment allowance of receivables.

Moreover, on 26th June 2015 the Company granted a loan to Arctic Paper Investment AB in the amount of SEK 16,000 thousand (PLN 7,293 thousand) for the purpose of financing of the current operations of Arctic Paper Grycksbo AB.

In the first half of 2015, there were no other changes in the amount of loans granted by Arctic Paper S.A., apart from calculated interest.

## 20. Interest bearing loans and borrowings

On 24h June 2015, the Company performed a settlement of contractual capital and interest of the loan granted by Arctic Paper Kostrzyn S.A. in the amount of PLN 33,622 thousand with the amount of dividend due to the Company.

In the first half of 2015, there were no other changes in the amount of loans and borrowings taken, apart from calculated interest (interest calculated on the loan from Arctic Paper

Kostrzyn S.A. amounted as on 30th June 2015 to PLN 4,417 thousand, while as on 30th June 2014 it amounted to PLN 4,746 thousand). Other changes result from balance sheet evaluation of the loan from Mr. Thomas Onstad (EUR 4,000 thousand) and Arctic Paper Finance AB (EUR 10,000 thousand).

## 21. Share capital and supplementary/reserve capitals

### 21.1. Share capital

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Share capital		
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	69 288

	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 June 2015 (unaudited)		69 287 783	69 287 783

## 21.2. Shareholders with significant shareholding

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
<b>Thomas Onstad</b>		
Share in equity	8,44%	8,44%
Share in votes	8,44%	8,44%
<b>Nemus Holding AB</b>		
Share in equity	59,69%	59,69%
Share in votes	59,69%	59,69%
<b>Other shareholders</b>		
Share in equity	31,87%	31,87%
Share in votes	31,87%	31,87%

## 21.3. Exchange differences on translation of foreign operations

The functional currency of the Company's foreign branch is Swedish krona.

As on the balance sheet date, assets and liabilities of foreign branch are translated into functional currency of the Company using foreign exchange rate prevailing on the balance sheet date and its statement of comprehensive income is translated to functional currency using weighted

average exchange rate for particular financial period. The exchange differences arising on the translation are presented in other comprehensive income and accumulated in a separate item of equity.

## 21.4. Share premium

During the 6-months' period ended 30th June 2015, share premium decreased by PLN 25,110 thousand and as on 30th June 2015 amounted to PLN 447,641 thousand.

In compliance with Resolution no 8 of the Ordinary Shareholders Meeting dated 29th June 2015, the Company's loss for 2014 in the amount of PLN 25,110 thousand was covered from share premium.

## 21.5. Other reserve capitals

Other reserve capitals amounted to PLN 147,871 thousand as on 30th June 2015 and did not change compared to 31st December 2014.

## 21.6. Undistributed financial result and limitations in dividend payment

In accordance with provisions of the Code of Commercial Companies, the Company is obliged to establish a supplementary capital to finance losses. At least 8% of the profit for the financial year shown in standalone financial statements of the 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 company. The use of the supplementary and reserve capital is determined by Shareholders Meeting; however, the part of the supplementary capital equal to one third of the share capital can be used only to finance the losses shown in the financial statements and cannot be distributed to other purposes.

On 29th June 2015, the Ordinary Shareholders Meeting adopted resolution no 8 regarding covering the loss for

financial year 2014 in the amount of PLN 25,110 thousand from the Company's supplementary capital.

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

## 22. Trade liabilities

Significant increase of trade liabilities of the Company, compared to as at the end 2014, resulted mainly from high amount of transportation services purchased by the logistics center (see note 16)

## 23. Financial instruments

The Company does not have any significant financial instruments, except for cash in hand and cash at bank, loans and borrowings, trade receivables and trade liabilities.

### 23.1. Fair value of individual classes of financial instruments

The following table presents comparison of carrying amounts and fair values of all financial instruments of the Company, divided by individual classes and categories of assets and liabilities.

	Category complaint with IAS 39	Book value		Fair value		Level of fair value compliant with IFRS 13
		As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014	
<b>Financial Assets</b>						
Other financial assets (long-term)	L&R	-	-	-	-	3
Trade and other receivables	L&R	80 918	50 475	80 918	50 475	3
Other financial assets (short-term)	L&R	27 672	41 714	27 672	41 714	3
<b>Financial Liabilities</b>						
Interest bearing bank loans and borrowings	OFL	194 576	225 718	194 576	225 718	3
Trade and other payables	OFL	74 811	37 861	74 811	37 861	3

Used abbreviations:

HTM - Financial assets held to maturity

FVTPL - Financial assets/liabilities measured at fair value through profit & loss

L&R - Loans and receivables

HFS - Financial assets held for sale

OFL - Other financial liabilities measured at amortized cost

Due to the lack of possibility to make a reliable valuation, the Company has not conducted a valuation of non-listed shares at fair value for comparison purposes. In Management Board's opinion, fair values of other financial instruments does not significantly differ from book values.

## 23.2. Interest rate risk

In the table below presented are the carrying values of financial instruments of the Company exposed to interest rate risk, divided by particular maturity profiles:

30 June 2015

Floating rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans granted to related parties	20 176	-	7 293	-	-	-	27 469
Loans received from related parties				135 508	-	-	135 508
<b>Total</b>	<b>20 176</b>	<b>-</b>	<b>7 293</b>	<b>135 508</b>	<b>-</b>	<b>-</b>	<b>162 977</b>

30 June 2015

Fixed rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans received from related persons	-	-	16 778	41 944	-	-	58 722
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16 778</b>	<b>41 944</b>	<b>-</b>	<b>-</b>	<b>58 722</b>

31 December 2014

Floating rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans granted to related parties	20 403	-	-	-	-	-	20 403
Loans received from related parties	-	-	-	-	165 495	-	165 495
<b>Total</b>	<b>20 403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165 495</b>	<b>-</b>	<b>185 898</b>

31 December 2014

Fixed rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans received from related persons	-	-	-	17 049	42 623	-	59 672
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 049</b>	<b>42 623</b>	<b>-</b>	<b>59 672</b>

## 24. Financial risk management objectives and principles

The Company's principal financial instruments comprise cash and loans and borrowings received and granted within the Group. The main purpose of these instruments is to raise finances for the Company's operation or provide financial support to subsidiaries. The Group also holds other financial instruments such as trade receivables and trade liabilities that

arise directly in the course of conducting business activity of the Company.

The principle applied by Company currently and throughout the whole period covered by these interim condensed financial statements is not trading financial instruments.

The main risks arising from the Company'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 – these principles are presented

below. The Company also monitors market prices risk of its financial instruments.

## 25. Capital management

The primary objective of capital management of the Company and the Group's companies is to ensure that they maintain strong credit ratings and healthy capital ratios in order to support their businesses and maximize value for

their shareholders. In the opinion of the Management Board, there were no significant changes compared to annual statement for 2014 regarding the objectives and the principles of capital management.

## 26. Contingent liabilities and contingent assets

Contingent liabilities of the Company relate to the guarantee of a bank loan taken by Arctic Paper Kostrzyn S.A. on 6th

November 2012 from the consortium of banks: Polska Kasa Opieki S.A., Bank Zachodni WBK S.A. and mBank S.A.

## 27. Related parties transactions

The table below presents total values of transactions with related parties concluded during the 6-months' periods ended 30th June 2015 and 30th June 2014 and as on 30th June 2015 and 31st December 2014:

Related party		Sales to related parties	Purchases from related parties	Interest – financial revenues	Interest – financial costs	Receivables from related parties including overdue	Borrowings receivables	Payables to related parties	Borrowings payables	
<u>Parent company:</u>										
Trebruk AB	2015					-				
	2014					-				
Nemus Holding AB	2015					3 173		507		
	2014	23	1 366			3 154				
Thomas Onstad	2015				698			112	16 778	
	2014				708				17 167	
<u>Subsidiaries:</u>										
Arctic Paper Kostrzyn S. A.	2015	12 329	4 417			62 146		3 576	135 508	
	2014	10 109	5		4 746	36 229		2 761	165 495	
Arctic Paper Munkedals AB	2015	5 105		413		4 943	20 176			
	2014	4 754		508		2 346	20 403			
Arctic Paper Grycksbo AB	2015	5 032				9 679				
	2014	4 642				3 202				
Arctic Paper Mochenwangen GmbH	2015	153		117		4 902	4 902	9 856		
	2014	417				4 105	4 105			
Arctic Paper Investment GmbH	2015			553		6 669	6 669	40 994		
	2014			601		1 152	1 152	41 631		
Arctic Paper Investment AB	2015						82 709	346		
	2014						82 709	344		
Arctic Paper Deutschland GmbH	2015	17						67		
	2014	19	89					69		
Arctic Paper Papierhandels GmbH	2015	10								
	2014	10						11		
Arctic Paper Sverige AB	2015	34				359		246		
	2014	20	25			1				
Arctic Paper Danmark A/S	2015	16				234				
	2014	12								
Arctic Paper Norge AS	2015	10				187				
	2014	7	25					25		
Arctic Paper Italia srl	2015	5						-		
	2014	6		13						
Arctic Paper Espana SL	2015	2								
	2014	3								
Arctic Paper Benelux S.A.	2015	11				12				
	2014	12				1				
Arctic Paper France SAS	2015	11								
	2014	14				14				
Arctic Paper Baltic States SIA	2015	3				2				
	2014	2				2				
Arctic Paper Schweiz AG	2015	8						250		
	2014	8								
Arctic Paper UK Ltd.	2015	11				11				
	2014	12				12				
Arctic Paper Ireland Ltd.	2015									
	2014									
Arctic Paper Polska Sp. z o.o.	2015	10								
	2014	11	62							
Arctic Paper East Sp. z o.o.	2015	2				18				
	2014	2				17				
Arctic Energy Sverige AB	2015				1 246	30	7 293	514	41 944	
	2014	21	20			29		45	43 056	
<u>Other entities</u>										
Progressio s.c.	2015		85					21		
	2014		37					13		
<b>Total</b>	<b>2015</b>	<b>22 769</b>	<b>4 502</b>	<b>1 082</b>	<b>1 945</b>	<b>92 366</b>	<b>11 572</b>	<b>161 028</b>	<b>5 639</b>	<b>194 230</b>
	<b>impairment allowances presented as shares in subsidiaries</b>	<b>(150)</b>		<b>(669)</b>		<b>(13 295)</b>		<b>(50 850)</b>		
	<b>2014 after consideration of impairment allowances and change of presentation</b>	<b>22 619</b>	<b>4 502</b>	<b>413</b>	<b>1 945</b>	<b>79 071</b>	<b>11 572</b>	<b>27 469</b>	<b>5 639</b>	<b>194 230</b>
	<b>2014</b>	<b>20 103</b>	<b>1 628</b>	<b>1 122</b>	<b>5 453</b>	<b>50 265</b>	<b>5 257</b>	<b>144 743</b>	<b>3 268</b>	<b>225 718</b>
	<b>impairment allowances presented as shares in subsidiaries</b>	<b>(635)</b>		<b>(1 194)</b>		<b>(5 155)</b>		<b>(41 631)</b>		
	<b>2014 after consideration of impairment allowances and change of presentation</b>	<b>19 468</b>	<b>1 628</b>	<b>(72)</b>	<b>5 453</b>	<b>45 110</b>	<b>5 257</b>	<b>20 403</b>	<b>3 268</b>	<b>225 718</b>

## 28. Events after the reporting period

There were no significant events after balance sheet date, which should have been disclosed in this report, except for the occurrences reported earlier in the hereby report.

### *Signatures of the Members of the Management Board*

Position	Name and surname	Date	Signature
President of the Management Board Chief Executive Officer	Wolfgang Lübbert	28 August 2015	
Member of the Management Board Chief Financial Officer	Malgorzata Majewska-Śliwa	28 August 2015	
Member of the Management Board Chief Operating Officer	Per Skoglund	28 August 2015	
Member of the Management Board Chief Procurement Officer	Jacek Łoś	28 August 2015	
Member of the Management Board Sales Director	Michał Sawka	28 August 2015	

Headquarters

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