

*Appendix to Resolution No 20/2016 of the Supervisory
Board of FABRYKI MEBLI "FORTE" S.A. of 19 April
2016*

**REPORT OF THE SUPERVISORY BOARD OF FABRYKI MEBLI "FORTE" JOINT STOCK
COMPANY IN THE FINANCIAL YEAR 2015**

The report of the Supervisory Board of FABRYKI MEBLI „FORTE” S.A. in the financial year 2015 covers as follows:

- I. Report on activity of the Supervisory Board in the financial year 2015
- II. The assessment of the Company's standing including the assessment of the internal control systems, risk management, compliance and a function of the internal audit.
- III. Assessment of the methods of fulfilling the information obligations by the Company concerning the application of the principles of corporate governance, defined in the Regulations of the Stock Exchange and the provisions concerning the the current and periodical information transferred by the issuers of the securities
- IV. Assessment of rationality of conducting the policy by the Company in terms of sponsoring and charity activity.

**I REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD IN THE
FINANCIAL YEAR 2015**

The Supervisory Board of FABRYKI MEBLI "FORTE" S.A. with its registered seat in Ostrów Mazowiecka (the Company) acts under generally binding provisions of law, in particular the Code of Commercial Companies, the Company's Articles of Association, the Regulations of the Supervisory Board and in accordance with the "Code of Best Practice for WSE Listed Companies" adopted by the Company, guided by the Company's reasonable interest and the good of its Shareholders. The Company declared the compliance with corporate governance contained in "Good Practices of the companies listed at SE 2016" applicable since 1st of January 2016.

In accordance with § 4 of the Regulations of the Supervisory Board, the Supervisory Board constantly supervises all fields of the Company's activity. In particular, its tasks include assessing the Company's financial statements and the Management Board's reports on the Company's operations from the point of view of their consistency with accounting books and documents as well as the actual state, as well as the Management Board's motions as to profit distribution or loss coverage, as well as submitting to the General Meeting the annual written report on the results of this assessment.

Members of the Supervisory Board, in particular the Chairman, were in constant contact with the Company's Management Board, carrying out consultations regarding individual fields of its activity. In the financial year 2015, the composition of the Supervisory Board was as follows:

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| - Zbigniew Mieczysław Sebastian | – Chairman of the Supervisory Board, |
| - Stefan Golonka | – Vice Chairman of the Supervisory Board, |
| - Tomasz Domagalski | – Member of the Supervisory Board |
| - Władysław Frasyński | – Member of the Supervisory Board, until 19 May 2015, |
| - Stanisław Krauz | – Member of the Supervisory Board,
– Member of the Supervisory Board, from the date of |
| - Jerzy Smardzewski | 19 May 2015. |

In connection with the resignation of Mr. Władysław Frasyński from the function of the Member of the Supervisory Board on 19th of May 2015 the Ordinary Meeting of Shareholders of FABRYKI MEBLI „FORTE” S.A. Mr. Jerzy Smardzewski was appointed for the Member of the Supervisory Board of the Company.

The criteria of independence, defined pursuant to the principle II.Z.4 „Good Practices of the Companies listed at SE 2016”, are fulfilled by the following members of the Supervisory Board: Stefan Golonka, Tomasz Domagalski and Jerzy Smardzewski.

In the reporting period, i.e. from 1 January 2015 to 31 December 2015, the Supervisory Board conducted nine meetings, including six by means of a written mode, during which it passed 37 resolutions concerning, among others:

1. Approval of the „Company Plan for the year 2015” and “Plan of the Company's Capital Group for the year 2015”
2. Approval of the „Developmental Plan of the Production capacity of FABRYKI MEBLI „FORTE” S.A. by 2021”
3. Approval of creation of the Company TANNE Sp. z o.o.,
4. Approval of the creation of the Company DYSTRI-FORTE Sp. z o.o.,
5. Expressing the consent for granting the loan for FORT-INVESTMENT Sp. z o.o.,
6. Expressing the consent for granting the loan for DYSTRI-FORTE Sp. z o.o.,
7. Expressing the consent for granting the security for DYSTRI-FORTE Sp. z o.o.,
8. Approval of the security granted by the Company for the liabilities incurred by DYSTRI-FORTE Sp. z o.o.,
9. Approval of the acquisition by FABRYKI MEBLI „FORTE” S.A. of shares in ANTWERP Sp. z o.o.,

10. Approval of acquisition by FABRYKI MEBLI „FORTE” S.A. of stocks of ANTWERP Spółka z ograniczoną odpowiedzialnością – XXXIV – Spółka komandytowo – akcyjna,
11. Expressing the consent for lodging by FABRYKI MEBLI „FORTE” S.A. a non-pecuniary contribution to ANTWERP Spółka z ograniczona odpowiedzialnością – XXXIV – Spółka komandytowo-akcyjna,
12. Expressing the consent for concluding by the Company the license agreement with ANTWERP Spółką z ograniczona odpowiedzialnością – XXXIV – Spółka komandytowo-akcyjną.
13. Establishing a unified text of the Company's Articles,
14. Establishing the number of Members of the Company's Management Board,
15. Establishing the conditions of fulfilling the function by the Members of the Company's Management Board and changing the terms and conditions of appointing for the Members of the Management Board,
16. Granting an additional bonus for the Member of the Management Board and payment of advances for Members of the Management Board,
17. Assessment of the Financial Report of the Company and Report of the Management Board on the Company's activity in the financial year 2015,
18. The assessment of the consolidated Financial Report and the Management Board's Report on the activity of the Capital Group FABRYK MEBLI „FORTE” S.A. in the financial year 2015,
19. Assessment of the petition of the Management Board as to the division of the net profit of the Company for the financial year 2015 and payment of the dividend,
20. Acceptance of the Report on the activity of the Company's Supervisory Board in 2015
21. Assessment of the current issues being the subject of the resolutions of the sessions of the Ordinary Meeting of Shareholders
22. Fulfilling the conditions to grant the warrants of D series falling for the Entitled Persons in I year of duration of the Incentive Program II,
23. Defining the Persons Entitled and number of warrants of D series falling for the Entitled Persons and submitting the offer of covering the warrants of D series
24. Expressing the consent for the purchase of the real estate.

The activities of the Supervisory Board in the year 2015 concentrated around matters of material importance for the operations of the Company. The Supervisory Board carefully observed all aspects of the Company's activity and the activities of the Management Board. The scope of activities subject to control, consultations and opinions of the Supervisory Board included significant fields of activity, such as assessing financial statements and the Management Board's reports on the Company's operations, and approving and consenting to the Management Board's performance of certain activities reserved for the competence of the Supervisory Board. The Supervisory Board analysed the Company's financial results, the course of the investment process and matters regarding key projects implemented by the Company's Management Board in the year 2015 on a regular basis.

Opinions expressed by the Supervisory Board were favourably received by the Company's General Meeting, which adopted decisions in accordance with the Supervisory Board's recommendations.

Taking into account the resolution of the Annual General Meeting of FABRYKI MEBLI "FORTE" S.A. adopted on 22 June 2011, the Supervisory Board serves as the audit committee.

The Supervisory Board conscientiously fulfilled the tasks of a specialised body exerting control over the management of the Company on behalf of the shareholders. The Supervisory Board is composed of individuals with vast experience and professionalism, who possess the potential which allows to analyse the information received from the Company. Also the participation of independent Members of the Supervisory Board in the activities was a guarantee of using objective assessment criteria for issues submitted for analysis by the Board.

The Supervisory Board, as a group of experts, also performed advisory functions to the Management Board, contributing their knowledge and experience and offering support in the decisions made.

The Supervisory Board reliably and efficiently supervised the actions of the Management Board and expresses a positive view of its activities in the financial year 2015.

II ASSESSMENT OF THE COMPANY'S STANDING INCLUDING THE ASSESSMENT OF INTERNAL CONTROL SYSTEMS, RISK MANAGEMENT, COMPLIANCE AND INTERNAL AUDIT.

The Company's Management Board is responsible for conducting the accountancy of the Company in accordance with the Act of 29th of September 1994 on accountancy (J. Of L. No. 121 it. 591 as amended) and International Standards of Financial Reporting and for the system of internal control, risk management and effectiveness of functioning of these systems in the process of preparing financial reports. The content-related supervision over the preparation process of financial reports and periodical reports of the Company is executed by the Member of the Management Board responsible for Financial Issues. The Management Board in the process of current process of management and directing the Company as well as in the phase of preparing the periodical reports, makes on a currently basis, during the whole financial period, a periodical review of the factors significant for the company. In order to assure reliability and correctness of the process of preparing and developing the financial reports, a number of control mechanisms were designed and implemented which are an integral part of the reporting system. The mechanisms involve, in particular, using the review of the reporting data on a permanent basis with the accounts, analytical data and other documents constituting the basis to

prepare the financial reports and applicable law provisions in the scope of accountancy and preparing financial reports.

The company has proper procedures for preparing the financial reports aiming at assuring the completeness and correctness of including all economic transactions in a given scope.

Monitoring completeness of economic events is supported by the system for electronic flow of documents V-desk. The access to the electronic flow of documents is available for all employees of the Company.

The Company implemented the investment procedure which allows for executing the full supervision over each stage of planning and realizing the investment.

The Company manages the risk with reference to the process of preparing the financial reports also by means of current monitoring changes in the provisions and external regulations concerning the reporting requirements and preparing themselves to introduce them with a significant time advance.

Annual and mid-half financial reports are subject to independent audit and review by the Company's auditor. The results of the audit are presented by the auditor to the Company's management at the summary meetings.

The procedures of the internal control applicable in the Company and the system of risk management significant for the Company. The Supervisory Board assesses as the coherent, stable and effectively acting tools allowing to limit the risk connected with the current activity significantly.

The Company is aware of the risk connected with the activity conducted and implemented the control mechanisms allowing to manage the risk and maintain them on acceptable level, in production departments and in other areas of activity. The Supervisory Board positively assesses the system of internal control applicable in the Company in 2015 and the system of risk management significant for the Company stating that their functioning limits the main risk of the Company's activity.

In the opinion of the Supervisory Board, the Company's situation is stable. The Supervisory Board does not see any real threats to the functioning of the Company, and the financial results achieved for 2014 should be considered satisfactory.

In the Company the unit was established responsible for the realization of the tasks of the internal audit. The regulation of the audit was developed defining the principles of operation of the unit and conducting the audits in the Company and Capital Group. Currently there are intensive works lasting over developing and preparing the methodology and principles of conducting audits and plan of audits.

The Supervisory Board recognizes that it would be purposeful to conduct the analysis of consistency of the activity conducted by FABRYKI MEBLI „FORTE” S.A. with the law provisions.

III ASSESSMENT OF THE METHOD OF FULFILLING THE INFORMATION OBLIGATIONS BY THE COMPANY CONCERNING THE USAGE OF THE PRINCIPLES OF CORPORATE GOVERNANCE DEFINED IN THE REGULATIONS OF THE STOCK EXCHANGE AND THE PROVISIONS CONCERNING THE CURRENT AND PERIODICAL INFORMATION TRANSFERRED BY THE ISSUERS OF THE SECURITIES.

The Supervisory Board assessed the realization method of the information obligations by the Company concerning the corporate governance, defined in the regulations of the Warsaw Stock Exchange S.A. in Warsaw and the provisions concerning the current and periodical information transferred by the issuers of the securities.

FABRYKI MEBLI „FORTE” S.A. complies with the principles of corporate governance and realizes the information obligations defined in the provisions concerning the current and periodical information transferred by the issuers of the securities. The Company published in the EBI system the report concerning the scope of application of „Good Practices of the Companies Listed at WSE 2016”, from which it clearly results that a vast majority of the detailed principles has been applied by the Company. At the same time, the Company indicated and justified which detailed principles are not applied. In the text of the document „STATEMENT ON APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE BY FABRYKI MEBLI FORTE S.A. IN 2015” constituting an integral part of the annual report for 2015 the Management Board of FABRYKI MEBLI „FORTE” S.A. in accordance with the requirements of the principles of the corporate governance indicated in detail and described which recommendations from „Good Practices of the Companies listed at WSE 2016” it does not use.

The Company published on its website the information and documents defined in the collection „Good Practices of the Companies listed at WSE”.

FABRYKI MEBLI „FORTE” S.A. shall transfer with the use of the ESPI system and publishes at its website all current and periodical reports.

In the opinion of the Supervisory Board of FABRYKI MEBLI „FORTE” S.A. it properly and reliably fulfills the information obligations concerning the application of the principles of the corporate governance, defined in the Regulations of the Warsaw Stock Exchange Warsaw S.A. and the regulations concerning the current and periodical information transferred by the issuers of the securities.

IV ASSESSMENT OF RATIONALITY OF THE CHARITY AND SPONSORING ACTIVITY CONDUCTED BY THE COMPANY

In 2015 the Company concentrated its activity of sponsoring and charity nature mainly on supporting the initiatives aiming at levelling the social differences and counteracting the social exclusion of children and the youth which were especially talented, needing help and being in a difficult life situation.

The Company undertook numerous initiatives and actions which supported broadly understood education and comprehensive development of a young generation. The involvement in the development of culture, preservation of cultural output and national heritage and institutions and cultural events, which were located, first of all, in the places of conducting professional activity of the Company.

In the opinion of the Supervisory Board the sponsoring and charity activity conducted by FABRYKI MEBLI „FORTE” S.A. constitutes an important element of shaping the positive image of the Company as socially responsible, in being particular involved in education and shaping the young generation.

Signature:

Zbigniew Sebastian

Chairman of the Supervisory Board of FABRYKI MEBLI “FORTE” S.A.