FABRYKI MEBLI "FORTE" S.A.
CAPITAL GROUP

Full interim consolidated quarterly report
QSr 1/2013

Prepared in accordance with the International
Financial Reporting Standards

Ostrów Mazowiecka, 15 May 2013

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Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

SELECTED FINANCIAL DATA	**PLN**		**EUR**	
Financial data of condensed consolidated financial statements	**3 months ended 31 March 2013**	**3 months ended 31 March 2012**	**3 months ended 31 March 2013**	**3 months ended 31 March 2012**
Net revenues from sales of products, goods, materials and services	156,537	147,025	37,508	35,216
Operating profit / loss	17,960	11,449	4,303	2,742
Profit / loss before income tax	17,479	11,433	4,188	2,738
Net profit / loss for the period, attributable to the Shareholders of the Parent Company	13,793	9,101	3,305	2,180
Comprehensive income for the period	12,360	20,944	2,962	5,017
Net cash flows from operating activities	14,734	30,341	3,530	7,267
Net cash flows from investment activities	(2,314)	(2,209)	(554)	(529)
Net cash flows from financial activities	2,559	(8,791)	613	(2,106)
Net increase / decrease in cash and cash equivalents	14,979	19,341	3,589	4,633
Number of shares (number of items)	23,751,084	23,751,084	23,751,084	23,751,084
Profit / loss per ordinary share (in PLN/EUR)	0.58	0.38	0.14	0.09
	As at 31 March 2013	**As at 31 December 2012**	**As at 31 March 2013**	**As at 31 December 2012**
Total assets	505,409	484,127	120,986	118,421
Total liabilities	144,167	135,244	34,511	33,082
Long-term liabilities	50,267	48,263	12,033	11,805
Short-term liabilities	93,900	86,981	22,478	21,276
Parent Company shareholders' equity	357,578	345,234	85,598	84,447
Share capital	23,751	23,751	5,686	5,810
Book value per share (in PLN/EUR)	15.06	14.54	3.60	3.56

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

SELECTED FINANCIAL DATA		**PLN**		**EUR**
Financial data of condensed financial statements	**3 months ended 31 March 2013**	**3 months ended 31 March 2012**	**3 months ended 31 March 2013**	**3 months ended 31 March 2012**
Net revenues from sales of products, goods, materials and services	156,464	145,549	37,491	34,862
Operating profit / loss	15,996	9,657	3,833	2,313
Profit / loss before income tax	18,868	9,551	4,521	2,288
Profit / loss of the period	15,779	7,785	3,781	1,865
Comprehensive income for the period	14,206	19,929	3,404	4,773
Net cash flows from operating activities	13,209	27,910	3,165	6,685
Net cash flows from investment activities	940	(2,001)	225	(479)
Net cash flows from financial activities	2,558	(8,791)	613	(2,106)
Net increase / decrease in cash and cash equivalents	16,707	17,118	4,003	4,100
Number of shares (number of items)	23,751,084	23,751,084	23,751,084	23,751,084
Declared or paid out dividend per share (in PLN/EUR)	-	-	-	-
Profit / loss per ordinary share (in PLN/EUR)	0.66	0.33	0.16	0.08
	As at 31 March 2013	**As at 31 December 2012**	**As at 31 March 2013**	**As at 31 December 2012**
Total assets	494,975	472,430	118,489	115,559
Total liabilities	145,963	137,624	34,941	33,664
Long-term liabilities	49,572	47,826	11,867	11,699
Short-term liabilities	96,391	89,798	23,074	21,965
Equity	349,012	334,806	83,548	81,896
Share capital	23,751	23,751	5,686	5,810
Book value per share (in PLN/EUR)	14.69	14.10	3.52	3.45

Individual items of the financial statements have been translated at the rates specified in section 25 of the Additional Information to the consolidated quarterly report for QSr 1/2013.

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the reporting period ended 31 March 2013	31 March 2012
Continued operations		
Revenues from sales of products, goods and materials	155,093	145,678
Revenues from sales of services	1,444	1,347
Sales revenues	**156,537**	**147,025**
Cost of sales of sold products, goods and materials	(98,694)	(98,657)
Cost of sales of sold services	(3,840)	(878)
Cost of sales	**(102,534)**	**(99,535)**
Gross profit (loss) from sales	**54,003**	**47,490**
Other operating income	826	303
Selling costs	(29,759)	(29,360)
General administrative costs	(6,256)	(6,336)
Other operating costs	(854)	(648)
Operating profit / loss	**17,960**	**11,449**
Financial income	147	431
Financial costs	(628)	(447)
Profit (loss) on derivative financial instruments	**-**	**-**
Profit (loss) before income tax	**17,479**	**11,433**
Income tax expenses	(3,670)	(2,297)
Profit (loss) on continued operations of the period	**13,809**	**9,136**
Discontinued operations	-	-
Profit (loss) on discontinued operations of the period	**-**	**-**
Profit (loss) of the period	**13,809**	**9,136**
Attributable to:		
Shareholders of the Parent Company	**13,793**	**9,101**
Non-controlling interests	16	35
Profit (loss) per share attributable to shareholders of the Parent Company in the period (in PLN):		
- basic	0.58	0.38
- diluted	0.58	0.38

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the reporting period ended 31 March 2013	31 March 2012
Profit (loss) of the period	**13,809**	**9,136**
Other net comprehensive income, of which:	**(1,449)**	**11,808**
Items which in the future will not be reclassified to the profit and loss account	-	-
Items which in the future may be reclassified to the profit and loss account		
Foreign exchange differences on subsidiaries from consolidation	124	(336)
Incentive scheme	-	-
Hedge accounting	(1,942)	14,992
Income tax on other comprehensive income	369	(2,848)
Comprehensive income for the period	**12,360**	**20,944**
Attributable to:		
Shareholders of the Parent Company	12,344	20,909
Non-controlling interests	16	35

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 March 2013	As at 31 December 2012	31 March 2012
ASSETS			
Non-current assets	**251,170**	**252,922**	**235,777**
Tangible fixed assets	187,064	188,780	187,215
Intangible assets	16,202	16,094	756
Financial assets	1,132	1,276	1,735
Deferred tax assets	-	-	-
Investment properties	46,772	46,772	46,071
Prepayments	-	-	-
Current assets	**254,239**	**231,205**	**249,304**
Inventories	100,534	99,119	110,791
Trade and other receivables	97,973	89,590	85,974
Receivables due to derivative financial instruments	7,007	8,950	2,835
Income tax receivables	26	2	1,255
Prepayments	2,980	2,831	3,093
Financial assets	731	722	760
Cash and cash equivalents	44,988	29,991	44,596
TOTAL ASSETS	**505,409**	**484,127**	**485,081**
EQUITY AND LIABILITIES			
Total equity	**361,242**	**348,883**	**335,193**
Equity (attributable to shareholders of the Parent Company), of which:	**357,578**	**345,234**	**332,071**
Share capital	23,751	23,751	23,751
Share premium	111,646	111,646	111,646
Foreign exchange differences on subsidiaries from consolidation	492	368	498
Provisions from revaluation of hedging instruments	5,676	7,249	1,539
Incentive scheme	198	198	198
Other reserve capital	137,494	137,494	133,549
Retained earnings	78,321	64,528	60,890
Capital attributable to non-controlling interests	**3,664**	**3,649**	**3,122**
Long-term liabilities	**50,267**	**48,263**	**78,645**
Interest-bearing bank loans and borrowings	32,317	29,900	61,443
Deferred income tax provision	13,744	14,095	14,248
Provision for benefits after the employment period	2,208	2,206	1,986
Other provisions	40	38	289
Deferred revenues and accruals	104	110	128
Financial liabilities due to leases	1,854	1,914	551
Other long-term liabilities	-	-	-
Short-term liabilities	**93,900**	**86,981**	**71,243**
Trade and other liabilities	43,814	40,846	51,032
Liabilities due to financial derivative instruments	-	-	935
Current interest-bearing bank loans and borrowings	31,676	29,624	7,743
Income tax liabilities	2,615	453	2
Provisions and deferred revenues and accruals	14,787	14,930	9,662
Financial liabilities due to leases	1,008	1,128	1,869
Total liabilities	**144,167**	**135,244**	**149,888**
TOTAL EQUITY AND LIABILITIES	**505,409**	**484,127**	**485,081**

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED CASH FLOW STATEMENT

	As at		
	31 March 2013	**31 December 2012**	**31 March 2012**
Cash flows from operating activities			
Profit / (loss) of the period	**13,793**	**34,498**	**9,101**
Total adjustments by:	**941**	**37,047**	**21,240**
(Profit)/loss of non-controlling interests	16	561	35
Amortisation and depreciation	4,079	15,509	3,833
Foreign exchange (gains)/losses	1,326	(5,294)	(4,349)
Net interest and dividends	250	1,288	403
(Profit)/loss on investment activities	2	844	6
Change in the valuation of derivative financial instruments	369	(4,188)	(2,848)
Change in receivables	(8,382)	7,063	9,407
Change in inventories	(1,415)	11,155	(513)
Change in liabilities, excluding loans and borrowings	3,035	841	11,956
Change in accruals and deferrals	(299)	4,305	(947)
Change in provisions	(347)	3,706	3,665
Income tax paid	(1,545)	(4,986)	(1,048)
Current tax recognised in the profit and loss account	3,682	7,283	1,640
Foreign exchange differences	170	(343)	-
Other adjustments	-	(697)	-
Net cash from operating activities	**14,734**	**71,545**	**30,341**
Cash flows from investment activities			
Sale of tangible fixed assets and intangible assets	38	1,322	2
Purchase of tangible fixed assets and intangible assets	(2,514)	(30,658)	(2,393)
Disposal of financial assets	-	-	-
Purchase of financial assets	-	-	-
Dividends received	-	7	-
Interest received	15	95	28
Repayment of borrowings granted	147	622	154
Borrowings granted	-	-	-
Other investment inflows	-	-	-
Other investment outflows	-	-	-
Net cash from investment activities	**(2,314)**	**(28,612)**	**(2,209)**
Cash flows from financial activities			
Inflows from loans and borrowings taken out	5,443	22,041	624
Repayment of loans/borrowings	(2,361)	(38,294)	(8,248)
Repayment of liabilities due to leases	(287)	(2,768)	(778)
Dividends paid to shareholders of the Parent Company	-	(17,813)	-
Dividend paid to non-controlling interests	-	-	-
Interest paid	(237)	(1,483)	(389)
Other financial inflows	**1**	28	-
Other financial outflows	-	**(1)**	-
Net cash from financial activities	**2,559**	**(38,290)**	**(8,791)**
Net increase (decrease) in cash and cash equivalents	**14,979**	**4,643**	**19,341**
Net foreign exchange differences (from translation of opening balances)	(18)	107	(200)
Opening balance of cash	**29,991**	**25,455**	**25,455**
Closing balance of cash, of which:	**44,988**	**29,991**	**44,596**
of limited disposability	-	-	-

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for 3 months ended 31 March 2013

	Attributable to the shareholders of the Parent Company									
	Share capital	**Share premium**	**Foreign exchange differences on subsidiaries from consolidation**	**Incentive scheme**	**Retained earnings/(accumulated losses)**	**Provisions from revaluation of hedging instruments**	**Other reserve capital**	**Total**	**Equity of non-controlling interests**	**Total equity**
As at 1 January 2013	**23,751**	**111,646**	**368**	**198**	**64,528**	**7,249**	**137,494**	**345,234**	**3,649**	**348,883**
Changes in accounting policy	-	-		-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2013 after adjustments	**23,751**	**111,646**	**368**	**198**	**64,528**	**7,249**	**137,494**	**345,234**	**3,649**	**348,883**
Payment of dividend for 2012	-	-	-	-	-	-	-	-	-	-
Reclassification to reserve capital	-	-	-	-	-	-	-	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	-	-	-	-	-	-
Exchange rate differences and other costs associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the period	**-**	**-**	**124**	**-**	**13,793**	**(1,573)**	**-**	**12,344**	**16**	**12,360**
As at 31 March 2013	**23,751**	**111,646**	**492**	**198**	**78,321**	**5,676**	**137,494**	**357,578**	**3,664**	**361,242**

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for 3 months ended 31 March 2012

	Attributable to the shareholders of the Parent Company									
	Share capital	**Share premium**	**Foreign exchange differences on subsidiaries from consolidation**	**Incentive scheme**	**Retained earnings/(accumulated losses)**	**Provisions from revaluation of hedging instruments**	**Other reserve capital**	**Total**	**Equity of non-controlling interests**	**Total equity**
As at 1 January 2012	**23,751**	**111,646**	**834**	**198**	**51,788**	**(10,605)**	**133,549**	**311,161**	**3,087**	**314,248**
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2012 after adjustments	**23,751**	**111,646**	**834**	**198**	**51,788**	**(10,605)**	**133,549**	**311,161**	**3,087**	**314,248**
Payment of dividend for 2011	-	-	-	-	-	-	-	-	-	-
Reclassification to reserve capital	-	-	-	-	-	-	-	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	-	-	-	-	-	-
Exchange rate differences and other costs associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the period	**-**	**-**	**(336)**	**-**	**9,101**	**12,144**	**-**	**20,909**	**35**	**20,944**
As at 31 March 2012	**23,751**	**111,646**	**498**	**198**	**60,890**	**1,539**	**133,549**	**332,071**	**3,122**	**335,193**

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 12 months ended 31 December 2012

	Attributable to the shareholders of the Parent Company									
	Share capital	**Share premium**	**Foreign exchange differences on subsidiaries from consolidation**	**Incentive scheme**	**Retained earnings/(accumulated losses)**	**Provisions from revaluation of hedging instruments**	**Other reserve capital**	**Total**	**Equity of non-controlling interests**	**Total equity**
As at 1 January 2012	**23,751**	**111,646**	**834**	**198**	**51,788**	**(10,605)**	**133,549**	**311,161**	**3,087**	**314,248**
Changes in accounting policy		-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2012 after adjustments	**23,751**	**111,646**	**834**	**198**	**51,788**	**(10,605)**	**133,549**	**311,161**	**3,087**	**314,248**
Payment of dividend for 2012	-	-	-	-	(17,813)	-	-	(17,813)	-	**(17,813)**
Reclassification to reserve capital	-	-	-	-	(3,945)	-	3,945	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	-	-	-	-	1	**1**
Exchange rate differences and other costs associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	**(466)**	-	**34,498**	**17,854**	-	**51,886**	**561**	**52,447**
As at 31 December 2012	**23,751**	**111,646**	**368**	**198**	**64,528**	**7,249**	**137,494**	**345,234**	**3,649**	**348,883**

ADDITIONAL INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2013

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

1. General information

The Fabryki Mebli FORTE S.A. Capital Group (the "Group") consists of Fabryki Mebli FORTE S.A. and its subsidiaries (see Note 2). The Group's condensed interim consolidated financial statements covers the period of 3 months ended 31 March 2013, and contains the following comparative data: for the condensed interim consolidated profit and loss account, the condensed interim consolidated statement of comprehensive income and for the condensed interim consolidated cash flow statement – for the period of 3 months ended 31 March 2012, and for the condensed interim consolidated statement of financial situation and for the condensed interim consolidated statement of changes in equity – for the period of 3 months ended 31 March 2012 and for the year ended 31 December 2012.

Fabryki Mebli FORTE S.A. ("Parent Company", "Company") was established by Notarial Deed of 25 November 1993. The Parent Company's seat is located in Ostrowia Mazowiecka, ul. Biała 1.

The Parent Company is entered into the Register of Businesses of the National Court Register maintained by the District Court, 14th Commercial Division of the National Court Register (former 21st Commercial Division), under KRS number 21840.

The Parent Company was granted the Statistical Identification Number (REGON): 550398784.

The duration of the Parent Company and entities included in the Capital Group is unlimited.

Main activities of the Parent Company include:

- manufacture of furniture,
- conducting trade activities domestically and abroad,
- provision of services in the scope of marketing, promotion, organisation of exhibitions, conferences.

2. Composition of the Group

As at 31 March 2013, the Fabryki Mebli "FORTE" S.A. Capital Group is composed of:

Parent Company:

Fabryki Mebli "FORTE" S.A. as the parent company conducts its business through four domestic Branches:

- Ostrów Mazowiecka ul. Biała 1 – HQ – the head office of the Company together with the Management Board and the manufacturing plant;
- Suwałki ul. Północna 30 – manufacturing plant;
- Białystok ul. Generała Andersa 11 – manufacturing plant;
- Hajnówka ul. 3-go Maja 51 – manufacturing plant;

and furniture stores in Wrocław, Bydgoszcz, Toruń, Przemyśl and Białystok.

The Parent Company together with other entities forms the Capital Group. As at 31 March 2013, the Capital Group was composed of:

– consolidated subsidiaries:

Subsidiaries (full consolidation method):	Registered office	Scope of activities	Percentage share of the Group in the capital as at 31 March 2013
MV Forte GmbH	Erkelenz (Germany)	Dealership	100%
Forte Möbel AG	Baar (Switzerland)	Dealership	99%
Kwadrat Sp. z o.o.	Bydgoszcz	Real property service and lease	77.01%
*Galeria Kwadrat Sp. z o.o.	Bydgoszcz	Management of real property	77.01%
TM Handel Sp. z o.o. SKA	Ostrów Mazowiecka	Purchase, sale and management of real property, advisory services regarding conducting business activity and management	100%
**Fort Investment Sp. z o.o.	Ostrów Mazowiecka	Purchase, sale and management of real property, advisory services regarding conducting business activity and management	100%

* indirectly related company – 100% subsidiary of Kwadrat Sp. z o.o.
** indirectly related company – 100% subsidiary of TM Handel Sp. z o.o. SKA

– Other subsidiaries are excluded from consolidation due to insignificant impact of their financial data on the consolidated statements.

Other entities	Registered office	Scope of activities	Percentage share of the Group in the capital as at 31 March 2013
Forte Baldai UAB	Vilnius (Lithuania)	Dealership	100%
Forte SK s.r.o.	Bratislava (Slovakia)	Dealership	100%

Forte Furniture Ltd.	Preston, Lancashire (United Kingdom)	Dealership	100%
Forte Iberia SLU	Valencia (Spain)	Dealership	100%
Forte Mobilier SARL	Lyon (France)	Dealership	100%
Forte Mobila SRL	Bacău (Romania)	Dealership	100%
TM Handel Sp. z o.o.	Warsaw	Advisory services regarding conducting business activity and management	100%

As at 31 March 2013 and as at 31 December 2012, the percentage of total voting rights held by the Parent Company in the subsidiaries corresponded to the percentage held in the share capital of those entities.

Changes made to the composition of the Group during the reporting period

In the period of 3 months ended 31 March 2013, no changes occurred in the structure of the Group.

3. Composition of the Management Board of the Parent Company

Composition of the Management Board of the Parent Company as at 31 March 2013:

- Maciej Formanowicz – President of the Management Board
- Robert Rogowski – Vice-President of the Management Board
- Gert Coopmann – Member of the Management Board
- Klaus Dieter Dahlem – Member of the Management Board

Since 31 March 2013 until the day of approving these financial statements no changes were made in the composition of the Management Board.

4. Basis for preparation of the consolidated financial statements

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 and the International Financial Reporting Standards ("IFRS") endorsed by the EU.

These condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

These condensed consolidated financial statements are presented in the Polish zlotys ("PLN") and all figures, unless otherwise stated, are expressed in PLN thousand ("PLN '000").

These consolidated financial statements were drawn up with the assumption of the Group continuing as a going concern in the foreseeable future. As at the date of approval of these financial statements, no facts or circumstances were identified that would indicate a threat to the continuation of activities by the Group for at least 12 months after the end of the reporting period as a result of any intended or compulsory discontinuation or significant limitation in the activities of the Group.

These condensed interim consolidated financial statements have been prepared in accordance with the same accounting policy and calculation methods as the last annual financial statements. Hence, they do not include information and disclosures required in full financial statements and should be read together with the annual consolidated financial statements for the financial year ended 31 December 2012.

5. Changes in accounting policy / principles of presenting data in financial statements and error corrections

In the present financial statements, the Company changed the method of presentation of the comparative data in the cash flow statement. Under operating activities, income tax is disclosed under two items: income tax paid and income tax recognised as current liability in profit or loss. The table below presents the change of comparative data:

	31 March 2012 is	31 March 2012 change	31 March 2012 was
Change in receivables	9,407	(1,569)	10,976
Change in liabilities, excluding loans and borrowings	11,956	(2)	11,958
Income tax paid	(1,048)	(69)	(979)
Current tax recognised in the profit and loss account	1,640	1,640	-

The following new or changed standards and interpretations issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee are effective as of 1 January 2013:

- IFRS 13 *Fair value measurement*
- Amendments to IAS 19 *Employee benefits*
- Amendments to IAS 1 *Presentation of items of Other Comprehensive Income*
- Amendments to IFRS 7 *Disclosures – Offsetting financial assets and financial liabilities*
- Interpretation of IFRIC 20 *Stripping costs in the production phase of a surface mine*
- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards *(Annual Improvements 2009–2011)*
- Amendments to IFRS 1

Their application had no impact on the result and financial situation of the Group, and only resulted in changes to the applied accounting policy or potential expansion of the scope of necessary disclosures or change of terminology used.

Main consequences of applying new regulations:

- IFRS 13 *Fair value measurement*

The new standard was published on 12 May 2011 and its aim was to facilitate the use of fair value measurement by reducing the complexity of solutions and increasing consistency in the use of fair value methods. The standard clearly states the purpose of such measurement and precisely defines the fair value.

The application of the new standard has no significant impact on the Group's financial statements.

- Amendments to IAS 19 *Employee benefits*

Amendments to IAS 19 were published on 16 June 2011 and they are effective for annual periods beginning on or after 1 January 2013. The amendments remove the possibility of delaying the recognition of profits and losses known as the "corridor approach". Also, they improve the presentation of changes in the balance sheet, resulting from employee benefit plans, and necessary estimates presented in other comprehensive income, and they extend the scope of related required disclosures.

The application of the new standard has no significant impact on the Group's financial statements.

- Amendments to IAS 1 *Presentation of items of Other Comprehensive Income*

Amendments to IAS 1 were published on 16 June 2011 and they are effective for annual periods beginning on or after 1 July 2012. The changes pertain to grouping the positions of other comprehensive income which may be reclassified to the profit and loss account. Moreover, the changes introduce the possibility to present the positions of other comprehensive income and positions of the profit and loss statement as one or two separate statements.

The Group applies the amended IAS. The application of the new standard has no significant impact on the Group's financial statements.

- Amendments to IFRS 7 *Disclosures – Offsetting financial assets and financial liabilities*

Amendments to IAS 7 were published on 16 December 2011 and are applied to annual periods starting on or after 1 January 2013. Without changing the general principles related to compensating assets and financial liabilities, the scope of disclosures related to mutually compensated amounts was extended. Also, a requirement was introduced for broader (more transparent) disclosures related to credit risk management using received or issued securities (pledges).

The Group has applied the amended IFRS since 1 January 2013.

The application of the new standard has no significant impact on the Group's financial statements.

- Interpretation of IFRIC 20 *Stripping costs in the production phase of a surface mine*

The interpretation of IFRIC 20 was issued on 19 October 2011 and it is applied to annual periods starting on or after 1 January 2013. The interpretation includes guidelines for recognising the cost of removing external layers of ground to gain access to raw materials extracted in surface mines.

The application of the new standard has no significant impact on the Group's financial statements.

- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards *(Annual Improvements 2009–2011)*

On 17 May 2012, further amendments were published to seven standards, resulting from the draft amendments to the International Financial Reporting Standards published in June 2011. They primarily apply to annual periods starting on or after 1 January 2013 (depending on the standard).

The Group will apply the amended standards in the scope of amendments made starting 1 January 2013, unless a different period of entry into force is provided for.

The application of the new standards will not have any significant impact on the Group's financial statements.

- Amendments to IFRS 1

Amendments to IFRS 1 were published on 13 March 2012 and are applied to annual periods starting on or after 1 January 2013. The aim of these amendments is to enable exemptions for companies applying IFRS for the first time from full retrospective application of all IFRS when such companies use government loans with interest rate below market rates.

The application of the new standard has no significant impact on the Group's financial statements.

Moreover, in these financial statements the Group for the first time applied the following standards or their amendments, using the effective dates set by the European Commission, which were different from those set by the International Accounting Standards Board.

- Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates*

Amendments to IFRS 1 were published on 20 December 2010 and are applied to annual periods starting on or after 1 July 2011. The amendments concern the reference to the fixed date "1 January 2004" as the first time adoption of IFRS and change it to "the first time adoption of IFRS" in order to eliminate the need for restatement of transactions that occurred before the date of transition to IFRS. Moreover, some guidances have been added to the standard about the re-adoption of IFRS in the periods that follow periods of significant hyperinflation, preventing full compliance with IFRS.

The amended IFRS 1 has no impact on the Group's financial statements.

- Amendment to IAS 12 *Deferred tax: Recovery of underlying assets*

Amendment to IAS 12 was published on 20 December 2010 and is applied to annual periods starting on or after 1 January 2012. The change clarifies, among other things, the method of valuation of deferred tax assets and provisions in the case of investment properties measured using the fair value model in IAS 40 Investment Property. As a result of the amendments, SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets is accordingly withdrawn. The amended IAS 12 has no impact on the Group's financial statements.

6. Amendments to existing standards and new regulations which are not in effect for periods starting from 1 January 2012.

In these financial statements the Group did not decide to apply early the published standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee but have not yet come into force as at the balance sheet date:

- IFRS 9 *Financial instruments*

The new standard was published on 12 November 2009 and it is the first step of the IASB aimed at replacing IAS 39 *Financial Instruments: recognition and measurement*. After its publication, the new standard was subject to further work and it was partially amended. The new standard will become effective on 1 January 2015.

The Group will apply the new standard starting 1 January 2015.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact of the application of the new standard.

- IFRS 10 *Consolidated Financial Statements*

The new standard was published on 12 May 2011 and is to replace interpretation SIC 12 *Consolidation – Special Purpose Entities* and some of the provisions of IAS 27 *Consolidated and Separate Financial Statements*. The standard defines the notion of control as a determining factor of whether an entity should be covered by consolidated financial statements and contains guidelines helping to determine whether an entity exercises control or not.

The Group will apply the new standard starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact

of the application of the new standard.

- IFRS 11 *Joint arrangements*

The new standard was published on 12 May 2011 and is to replace interpretation *SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers* and *IAS 31 Interests In Joint Ventures*. The standard emphasises the rights and obligations resulting from a joint agreement regardless of its legal form and eliminates inconsistency in reporting through specific methods of settling shares in jointly controlled entities.

The Group will apply the new standard starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact

of the application of the new standard.

- IFRS 12 *Disclosure of Interests in Other Entities*

The new standard was published on 12 May 2011 and contains requirements regarding disclosures of information concerning connections between entities.

The Group will apply the new standard starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact of the application of the new standard.

- IAS 27 *Separate Financial Statements*

The new standard was published on 12 May 2011 and results primarily from the transfer of some of the provisions of the existing IAS 27 to the new IFRS 10 and IFRS 11. The standard contains requirements in the scope of presentation and disclosures in separate financial statements of investments in associates, subsidiaries and joint ventures. The standard replaces the existing IAS 27 *Consolidated and Separate Financial Statements.*

The Group will apply the new standard starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact of the application of the new standard.

- IAS 28 *Investments in Associates and Joint Ventures*

The new standard was published on 12 May 2011 and regards settling investments in associates. It also determines the requirements for using the equity method in investments in associates and in joint entities. The standard replaces the existing IAS 28 *Investments in Associates and Joint Ventures.*

The Group will apply the new standard starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact of the application of the new standard.

- Amendments to IAS 32 *Offsetting financial assets and financial liabilities*

Amendments to IAS 32 were published on 16 December 2011 and are applied to annual periods starting on or after 1 January 2014. These amendments are a reaction to the existing incoherence in applying criteria for offsetting which exist in IAS 32.

The Group will apply the amended IAS starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact of the application of the changed standard.

- Guidelines regarding transitional provisions (amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidelines were published on 28 June 2012 and contain additional information with regard to the application of IFRS 10, IFRS 11 and IFRS 12, which includes the presentation of comparative data in the case of using the above-mentioned standards.

The Group will apply the amendments starting 1 January 2014.

As at the date of preparation of these financial statements, it is not possible to reliably estimate the impact of the application of the introduced amendments.

The IFRS in the form approved by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB) except for the below-listed standards, interpretations and amendments to them, which as at the date of approval of these financial statements for publication had not yet been adopted for application by the EU:

- IFRS 9 *Financial Instruments*, published on 12 November 2009 (as amended),
- IFRS 10 *Consolidated Financial Statements,* published on 12 May 2011,
- IFRS 11 *Joint Arrangements*, published on 12 May 2011,
- IFRS 12 *Disclosure of Interests in Other Entities,* published on 12 May 2011,
- IAS 27 *Separate financial statements*, published on 12 May 2011,
- IAS 28 *Investments in Associates and Joint Ventures,* published on 12 May 2011,
- Amendments to IAS 32 *Offsetting financial assets and financial liabilities,* published on 16 December 2011,
- Guidelines regarding transitional provisions (amendments to IFRS 10, IFRS 11 and IFRS 12) published on 28 June 2012.

7. Foreign exchange differences

Transactions expressed in foreign currencies are converted to PLN at the exchange rate applicable as at the date of the transaction.

As at the balance sheet date, monetary assets and liabilities denominated in currencies other than Polish zlotys are converted to PLN at the average exchange rate of the National Bank of Poland applicable as at end of the reporting period. The resulting exchange rate differences are recognised under financial income/costs respectively or, in the cases provided for in the accounting policy, capitalised in the value of assets. Non-monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost are disclosed at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency and measured at fair value are converted at the exchange rate applicable as at the date of the measurement at fair value.

Financial statements of foreign entities are translated to the Polish currency in the following manner:

- individual balance sheet items – at the average rate determined by the National Bank of Poland as at the balance sheet date;
    - Möbelvertrieb Forte GmbH – EUR – 4.1774
    - Forte Möbel AG – CHF – 3.4323
- individual items of the profit and loss account – at the exchange rate constituting the arithmetic mean of average exchange rates determined by the National Bank of Poland as of the date ending each month.
    - Möbelvertrieb Forte GmbH – EUR – 4.1734
    - Forte Möbel AG – CHF – 3.4008

The foreign exchange differences arising from the translation to the presentation currency are recognised directly under equity, as a separate item. On disposal of a foreign operation, accumulated deferred foreign exchange differences recognised under equity and relating to that particular foreign operation are recognised in the profit and loss account.

8. Seasonality of operations

Seasonality can be observed in the Group's sales revenues.

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The value of sales revenues achieved in the presented reporting periods is presented below:

Revenues from sales of products, materials, goods and services	Sales revenues	% share
Q1 2013	156,537	-
Q1 2012	147,025	26.23%
Total for 2012	**560,531**	

9. Information on operating segments

The Parent Company does not identify operating segments within the meaning of IFRS 8.

10. Changes in accounting estimates

As at 31 March 2013, the Group made the following changes in accounting estimates in comparison to 31 December 2012 and 31 March 2012:

Changes in provisions

Provisions		**As at**	
	31 March 2013	**31 December 2012**	**31 March 2012**
Deferred tax assets	-	-	-
Deferred income tax provision	13,744	14,095	14,248
Benefits after the employment period	2,208	2,206	1,986
Other provisions	40	38	289

Provisions and deferred revenues and accruals

		As at	
Long-term deferred revenues and accruals	**31 March 2013**	**31 December 2012**	**31 March 2012**
Long-term deferred income due to:			
Subsidy to tangible fixed assets purchased	104	110	128

Short-term deferred revenues and accruals	**31 March 2013**	**31 December 2012**	**31 March 2012**
Accruals due to			
Commissions	1,518	1,744	1,698
Bonuses for customers	7,382	7,572	4,941
Bonuses	1,567	1,670	896
Leaves	1,289	1,263	375
Balance sheet audit costs	89	143	16
External services	2,083	1,707	1,185
Warranty repairs	759	759	489
Other	76	48	38
Deferred income due to:			
Subsidy to tangible fixed assets purchased	24	24	24
	14,787	**14,930**	**9,662**

The amount of PLN 7,382 thousand is a provision created by the Group for future bonuses payable due to sales to customers particularly from the German and Austrian markets. The bonuses will be paid by setting them off against payments occurring after the balance sheet date.

The amount of PLN 2,083 thousand is a provision created by the Group for the costs of external services, in particular: transportation, marketing, insurance of receivables and utilisation services.

Change in write-downs on assets

	31 March 2013	**31 December 2012**	**31 March 2012**
Write-downs on short-term receivables	1,603	1,667	1,211
Write-downs on tangible fixed assets	3	41	41
Write-downs on inventories	3,294	3,294	3,930

Write-downs on receivables

Write-downs on receivables	**2013**
Write-down as at 1 January	1,667
Creation	-

Used	10
Release	54
Write-down as at 31 March	**1,603**

Write-downs on tangible fixed assets

Write-downs on tangible fixed assets	**2013**
Write-down as at 1 January	41
Creation	-
Used	-
Release	38
Write-down as at 31 March	**3**

Write-downs on inventories
Changes in write-downs on inventories were as follows:

Write-downs on inventories	**2013**
Write-down as at 1 January	3,294
Creation	-
Used	-
Release	-
Write-down as at 31 March	**3,294**

11. Tangible fixed assets

The carrying amount of machinery and equipment used as at 31 March 2013 by the Group on the basis of financial leases and lease agreements with the option to buy is PLN 4,237 thousand, of which PLN 2,091 thousand relates to the lease of machinery and equipment, PLN 1,734 thousand – to the lease of means of transport, and PLN 412 thousand – to the lease of other tangible fixed assets (as at 31 December 2012: PLN 4,739 thousand, and as at 31 March 2012: PLN 9,699 thousand).

Assets pledged as security

Land and buildings with the carrying amount of PLN 69,579 thousand (as at 31 December 2012: PLN 69,738 thousand, and as at 31 March 2012: PLN 66,980 thousand) are covered by mortgages established to secure bank loans of the Group.

Additionally, machinery and equipment with the carrying amount of PLN 35,309 thousand are subject to a registered pledge (as at 31 December 2012: PLN 36,619 thousand, and as at 31 March 2012: PLN 40,584 thousand).

The value of the capitalised external financing costs in the reporting period ended 31 March 2013 was PLN 13 thousand (as at 31 December 2012: PLN 139 thousand, and as at 31 March 2012: PLN 38 thousand).

Capital commitments
As at 31 March 2013, the Group's capital commitments are PLN 340 thousand (as at 31 December 2012: PLN 408 thousand, and as at 31 March 2012: PLN 536 thousand). This amount concerns primarily the expenditures on tangible fixed assets under construction and the purchase of machinery and equipment.

Purchase and sale
In the period of 3 months ended 31 March 2013, the Group purchased tangible fixed assets with a value of PLN 2,012 thousand (in the comparative period ended 31 March 2012: PLN 2,158 thousand) and sold tangible fixed assets with a net value of PLN 7 thousand (in the comparative period ended 31 March 2012: PLN 3 thousand).

The most important investment outlays include the purchase of real property located in Bydgoszcz in ul. Grudziądzka with a surface area of 828 sq. m for PLN 1,020 thousand by Galeria Kwadrat Company.

12. Intangible assets

Expenditure on research and development

In the reporting period ended 31 March 2013, the Group made expenditure on research and development recognised in the profit and loss account in the amount of PLN 151 thousand (in the comparative period ended 31 December 2012: PLN 1,116 thousand, as at 31 March 2012: PLN 222 thousand).

Due to the completion of development projects, intangible assets have increased by PLN 152 thousand (in the comparative period ended 31 December 2012 by the amount of PLN 409 thousand, whereas in the reporting period ended 31 March 2012 by PLN 178 thousand).

Purchase and sale
In the period of 3 months ended 31 March 2013, the Group purchased intangible fixed assets with a value of PLN 152 thousand (in the comparative period ended 31 December 2012: PLN 15,808 thousand, as at 31 March 2012: PLN 177 thousand).

Description of securities established on intangible assets
No securities are established on the intangible assets of the Group.

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Intangible assets with indefinite useful life
The only intangible asset with indefinite useful life is a trademark. The Parent Company was unable to determine the period of use of the trademark, because there is no foreseeable limit of the period during which it expects to reap economic benefits from the sale under the FORTE trademark. The Parent Company plans to continue its efforts to increase revenues from the sale of FORTE branded goods, and hence, to continue increasing its market recognition.

13. Non-current assets classified as available for sale

As at 31 March 2013, the Group did not have non-current assets classified as available for sale.

14. Provisions from revaluation of financial instruments

		As at	
	31 March 2013	**31 December 2012**	**31 March 2012**
Opening balance of accumulated result on cash flow hedging financial instruments	7,249	(10,605)	(10,605)
Amount recognised in equity in the reporting period due to hedging transactions	(1,942)	22,042	14,992
Amount reclassified to the profit and loss account due to:	-	-	-
- ineffectiveness of the transactions implemented	-	-	-
- implementation of transactions subject to hedging	-	-	-
- discontinuance of hedge accounting	-	-	-
Deferred income tax	369	(4,188)	(2,848)
Closing balance of accumulated result on cash flow hedging financial instruments	**5,676**	**7,249**	**1,539**

15. Dividend paid and proposed

On 29 April 2013, the Management Board of the Parent Company announced the proposed resolutions for the Annual General Meeting (current report No 8/2013) recommending the allocation of net profit for 2012 in the amount of PLN 31,873 thousand for the payment of dividends in the amount of PLN 22,564 thousand and for supplementary capital in the amount of PLN 9,309 thousand. On 13 May 2013, the proposal of the Management Board regarding the payment of dividends has been approved by the Supervisory Board. In the case of approval of resolutions by the General Meeting, the dividend will be paid on 02 July 2013 and it shall amount to PLN 0.95 per 1 share.

16. Earnings per share

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	For the 3 months ended	
	31 March 2013	**31 March 2012**
Net profit (loss) from continued operations	13,809	9,136
Loss from discontinued operations	-	-
Net profit (loss)	13,809	9,136
Net profit (loss) attributed to normal shareholders, applied to calculate diluted earnings per share	13,809	9,136

	For the 3 months ended	
	31 March 2013	**31 March 2012**
Weighted average number of issued ordinary shares, applied to calculate basic earnings per share	23,751,084	23,751,084
Impact of dilution:		
Bonds convertible into shares	-	**-**
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share	23,751,084	23,751,084

In the period between the balance sheet date and the date of compiling these financial statements, no other transactions on ordinary shares or potential ordinary shares occurred.

17. Financial instruments

During the reporting period, there were no changes in the classification of financial instruments and no movements between individual financial instruments fair value hierarchy levels.

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18. Hedge accounting and other derivative financial instruments Fair value of foreign exchange contracts

As at 31 March 2013, the fair value of foreign exchange contracts that meet the criteria for hedge accounting amounted to PLN 7,007 thousand and as the effective value it was recognised in total in the provisions from revaluation and receivables from derivative financial instruments.

The following table contains data on the fair values and the related settlement dates, as well as summary information on the amount (volume) that constitutes the basis of future payments and the price of execution of effective forward contracts.

Currency	Amount in currency	Type of transaction	Date of conclusion	Date of performance	Forward exchange rate	Name of the Bank	Fair value
EUR	20,000	Put Option	08.2011	04.2013-08.2013	4.0000-4.1000	PKO BP S.A.	141
EUR	20,000	Call Option	08.2011	04.2013-08.2013	4.6070-4.7470	PKO BP S.A.	(6)
EUR	20,000	Put Option	06.2012	01.2014-05.2014	4.3000	PKO BP S.A.	2,435
EUR	20,000	Call Option	06.2012	01.2014-05.2014	4.9830-5.1400	PKO BP S.A.	(43)
EUR	16,000	Put Option	03.2013	09.2014-02.2015	4.2000	PKO BP S.A.	1,332
EUR	16,000	Call Option	03.2013	09.2014-02.2015	4.7110-4.7580	PKO BP S.A.	(923)
Total							**2,936**
EUR	4,000	Put Option	10.2011	09.2013	4.4000	ING Bank Śląski	737
EUR	4,000	Call Option	10.2011	09.2013	4.8850-4.8910	ING Bank Śląski	(1)
EUR	12,000	Put Option	01.2012	10.2013-12.2013	4.4000	ING Bank Śląski	2,178
EUR	12,000	Call Option	01.2012	10.2013-12.2013	5.1600-5.2276	ING Bank Śląski	(1)
Total							**2,913**
EUR	6,000	Put Option	04.2012	01.2014-03.2014	4.3000	HSBC Bank Polska S.A.	725
EUR	6,000	Call Option	04.2012	01.2014-03.2014	4.8100-4.8850	HSBC Bank Polska S.A.	(38)
Total							**687**
EUR	14,000	Put Option	01.2013	06.2014-12.2014	4.1500-4.2000	BRE Bank S.A.	1,049
EUR	14,000	Call Option	01.2013	06.2014-12.2014	4.6660-4.8000	BRE Bank S.A.	(578)
Total							**471**

19. Related party transactions

Commercial transactions

The following table presents the total amounts of transactions concluded with related parties not included in the consolidation, for the period of 3 months ended 31 March 2013 and 31 March 2012 and for the year ended 31 December 2012, respectively.

Related party		Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Subsidiaries:					
Forte Baldai UAB	31.03.2013	-	-	154	-
	31.12.2012	120	-	151	-
	31.03.2012	126	-	233	-
Forte SK S.r.o.	31.03.2013	112	500	819	158
	31.12.2012	204	2,169	901	167
	31.03.2012	15	548	1,357	179
Forte Furniture Ltd.	31.03.2013	-	117	-	40
	31.12.2012	-	589	-	48
	31.03.2012	-	142	-	45
Forte Iberia S.l.u.	31.03.2013	6	186	-	63
	31.12.2012	-	707	-	12
	31.03.2012	-	192	-	-

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Forte Mobilier S.a.r.l.	31.03.2013	-	-	141	-
	31.12.2012	-	-	136	-
	31.03.2012	-	1	111	-
Forte Mobila S.r.l.	31.03.2013	2	115	2,185	52
	31.12.2012	1,050	235	2,554	30
	31.03.2012	262	55	3,007	18
TM Handel Sp. z o.o.	31.03.2013	8,947	1,617	8,300	1,508
	31.12.2012	32,860	3,985	9,946	1,645
	31.03.2012	6,327	290	7,615	166
Total	**31 March 2013**	**9,067**	**2,535**	**11,599**	**1,821**
	31 December 2012	**34,234**	**7,685**	**13,688**	**1,902**
	31 March 2012	**6,730**	**1,228**	**12,323**	**408**

Transactions with related parties regard the sales of products, goods and services and purchases of services.

Loans and borrowings to related parties
All loans granted together with interest due accrued as at the end of the reporting period are presented in the above note as receivables from related parties.
On 4 March 2013, the Parent Company concluded the loan agreement with the subsidiary Galeria Kwadrat with its registered office in Bydgoszcz, for the amount of PLN 1,254 thousand. The maturity date for the whole loan was set for 30 June 2020, interest payable on a quarterly basis.

Joint venture in which the Parent Company is a venturer
The Group's Parent Company does not conduct joint ventures.

Terms and conditions of transactions with related parties
All transactions with related parties are conducted under the terms used by the Group in relations with unrelated entities.

20. Transactions involving the Management Board, key managerial staff and members of their immediate families.

Incentive Scheme for the Members of the Management Board of the Parent Company and the issue of series A, B and C subscription warrants with the exclusion of the pre-emptive right to series A, B and C subscription warrants

On 22 June 2011, the Annual General Meeting of FABRYKI MEBLI "FORTE" S.A. approved the introduction of an incentive scheme for Members of the Company Management Board ("Incentive Scheme").

The purpose of the Incentive Scheme is to strive for the development of the Company and its subsidiaries ("Capital Group") by creating incentive mechanisms for individuals responsible for management, which would relate to financial results of the Capital Group and the increase in value of the Parent Company's shares.

This scheme is settled through the issue of capital instruments in exchange for the services provided – a total of 450,000 registered subscription warrants of the Parent Company in three series. As at the start date of the Scheme, the issue price for all series was PLN 11.90. The weighted average strike price of warrants (common for all series) was set in the resolution of the Supervisory Board of 27 October 2011 at PLN 11.52 per share. Each warrant entitles to a subscription for one series G share at issue price. The vesting period for Series A expired at the end of 2011, while the vesting period for Series B expired as the end of 2012.

The table below presents the scope of the adopted incentive scheme for unrealised Series, in accordance with the agreed Rules of the Incentive Scheme.

	C series
Number of subscription warrants	150,000
Vesting period	01.01.2013 – 31.12.2013
Issue price of the Series G shares	PLN 11.52
Conditions for entitlement to acquire warrants	1/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2013 as compared to the average price of the Company's shares on the WSE in December 2012 2/ increase by at least 10% of net profit per Company's share as at 31 December 2013 as compared to the result as at 31 December 2012 3/ serving as a Member of the Management Board for at least six months in the given period and remaining at the position at the end of the given period, as well as obtaining acknowledgement of fulfilment of duties of the Member of the Management Board of the Company during the given period

The increase of net profit per Parent Company's share, which is the condition for offering warrants due for that period, is determined on the basis of the consolidated annual financial statements of the Capital Group, reviewed by a certified auditor and approved by a resolution of the Parent Company's Annual General Meeting.

Rights from warrants may be exercised no sooner than after a year from the formal decision regarding their subscription and no later than 30 November 2015.

Each series of the incentive scheme is treated as a separate scheme within the meaning of IFRS 2.

The number and weighted average prices of warrants execution are as follows:

	Number of warrants	**weighted average strike price**
As at 01.01.2013	150,000	11.52
Granted in 2012	-	-
Redeemed/expired in 2012	150,000	11.52
Executed in 2012	-	-
As at 30.03.2012	150,000	11.52
Available for execution as at 31.03.2013	-	-

The Parent Company indirectly determined the fair value of service received in exchange for its own capital instruments, by reference to the fair value of awarded capital instruments.

The Black-Scholes model was used to estimate the fair value of warrants. In the model, expected variability of 27.25% was used based on historical variability. It was assumed that the expected dividend rate would not be different from the dividend for the year preceding the issue of warrants, i.e. 7.74%. The risk-free rate of 4.5451% was used, which is also applied in the valuation of derivative instruments.

The model applied provided the following information on the fair value of the scheme:

- Weighted average fair value of warrants as at the valuation date is PLN 1.42 per warrant.

Due to the fact that as at 31 December 2012 the non-market condition of net profit growth per share of the Parent Company, established on the basis of the consolidated annual financial statements of the Capital Group, was not met, the Capital Group has adopted a zero number of warrants as remaining to be executed on this day. Thus, the value of the total cost recognised in the reporting period ended 31 December 2012 amounted to PLN 0.00.

Participation of senior executives in the employee share programme
None occurred during the reporting period.

21. Changes in the composition of the Supervisory Board

In the reporting period, the composition of the Supervisory Board did not change.

22. Significant events after the reporting period.

None.

23. Off-balance sheet items

On 27 March 2013, the Parent Company issued four guarantees for loans taken out by FURNIREX Sp. z o.o. with its registered seat in Hajnówka to finance a technological investment to a total amount of PLN 18,299 thousand. FURNIREX Sp. z o.o. made an offer to the Parent Company, according to which it will invest the funds received under the technological loans in modern investments, which will be located in a production area in Hajnówka leased from FORTE. FURNIREX Sp. z o.o. will use modern technologies to provide services of processing entrusted material for FORTE.
Guarantees were made to BRE Bank S.A. and are valid to 30 June 2018.

24. Directors' report on the activities of the Issuer's Capital Group

Group performance and basic economic and financial parameters:

Description	**3 months ended 31 March 2013 in PLN '000**	**3 months ended 31 March 2012 in PLN '000**	**% change**
Sales revenues	156,537	147,025	6.5%
Cost of sales	(102,534)	(99,535)	3.0%
Gross profit from sales	54,003	47,490	13.7%
Gross sales margin %	34.5%	32.3%	
Selling costs	(29,759)	(29,360)	1.4%
General administrative costs	(6,256)	(6,336)	(1.3%)
Operating profit (EBIT)	17,960	11,449	56.9%
EBITDA	22,039	15,282	44.2%
Profit before income tax	17,479	11,433	52.9%

Net profit	13,809	9,136	51.1%
Net sales margin %	8.8%	6.2%	

- In the first quarter of 2013, FORTE Group generated sales revenues in the amount of PLN 156.5 million compared to PLN 147 million in the same period in 2012 (an increase of 6.5%).

  The level of revenues was mainly influenced by the increase in sales volume, in particular on the German market, key for the operations of the Group, and on the Polish market, second largest market in terms of the size. It should be noted that the Group achieved a better sales result than in the previous year in all sales channels, and the incoming orders for future periods indicate that such growth will continue in further months.

- The Group recorded an increase in gross margin profitability (34.5% vs. 32.3% in the first quarter of 2012); the gross sales margin increased by 14%, from PLN 47.5 million to PLN 54.0 million.

  The main reasons for the improvement in profitability are: positive impact of increased production scale on unit costs, advantageous situation on the basic raw materials prices market (continued trend of decreasing prices observed in previous quarters) and good results of budget discipline in leading functional areas.

  The Group consistently implements projects aimed at reducing process costs; currently, the main projects include: change of the logistics model for production planning (increased average production series volume for a product despite a wider range of the product offered), optimisation of customer order processing (process automation), central system for the optimisation of sections in the board cutting process.

- Selling costs were PLN 29.8 million and despite significant growth in sales they remained on the level similar to the previous period in the previous year. The selling costs to revenues ratio was 19.0% against 20.0% in the previous year.

  The main item in this group of costs is transportation costs, in the case of which the ratio of these costs to sales revenues improved. In Q1 2013 it was 6.5% for the export market compared to 7.2% in the corresponding period last year.

- General costs of the Group remained on a stable level of PLN 6.3 million vs. PLN 6.4 million in the comparative period. General costs to sales revenues ratio was 4.0% against 4.3% in the same period last year.

- In the first quarter of 2013, the Group recorded a very significant increase in operating profit (57%), which was an overall effect of: the sales growth, unit manufacturing cost and selling costs and general administrative costs remaining on the stable level.

  Operating profit was PLN 18 million (11.5% of revenues), vs. PLN 11.4 million (7.8% of revenues) in the first quarter of 2012.

- The net profit generated in the reporting period amounted to PLN 13.8 million (8.8% of revenues), as compared with PLN 9.1 million in the corresponding period of the previous year (6.2%).

Characteristics of the balance sheet structure	**31 March 2013**		**31 December 2012**		**% change**
	in PLN '000	% of the balance sheet total	in PLN '000	% of the balance sheet total	**2013/2012**
Non-current assets	251,170	49.7%	252,922	52.2%	(0.7%)
Current assets	254,239	50.3%	231,205	47.8%	9.9%
Total assets	**505,409**	**100%**	**484,127**	**100%**	**4.4%**
Equity	361,242	71.5%	348,883	72.0%	3.5%
Long-term liabilities and provisions	50,267	9.9%	48,263	10.0%	4.2%
Short-term liabilities and provisions	93,900	18.6%	86,981	18.0%	8.0%
Total equity and liabilities	**505,409**	**100%**	**484,127**	**100%**	**4.4%**

After Q1 2013, the Group recorded an increase in the balance sheet total by PLN 21.3 million.

On the assets side, the increase relates mainly to receivables and cash. Trade and other receivables increased by PLN 8.4 million. It is associated with an increase in sales in the current periods in relation to the end of 2012. The Group implements a consistent policy of controlling the timeliness of receivables, as a result of which the receivables turnover ratio has decreased to 48 days compared with 52 days at the end of 2012.

There was a slight decrease in non-current assets, resulting from the surplus of depreciation over investment outlays.

On the liabilities side, due to the profits of the period, there was an increase in equity vs. assets of 3.5%.

Trade and other liabilities increased by PLN 3.0 million. Increase compared to the end of 2012 is mainly due to the increase in production. The Group settles its all liabilities on a timely basis. Liabilities due to bank loans after Q1 2013 increased by PLN 4.5 million. The increase in bank loans balance arises from the Group's foreign exchange risk management policy. By taking out loans in EUR, the Group balances the balance sheet currency exposure, thus limiting the impact of volatility in the EUR/PLN on the financial results of the Group.

The Group maintains very high financial liquidity. The balance of cash as at the end of the report period was PLN 15 million.

24.1. Description of factors and events having a significant impact on the financial results.

In addition to the factors listed in item 24 there were no other unusual or particularly significant factors and events that could impact the Group's financial results.

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

24.2. Information on the issue, redemption and repurchase of securities.

Did not occur.

24.3. The opinion of the Management Board regarding the possibility of fulfilling the previously published forecasts of results for a given year.

The Issuer did not publish financial result forecasts for 2013.

24.4. Information on shareholders having, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's general meeting as of the date of submission of the quarterly report.

Item	Shareholder	Number of shares and votes held	% in the share capital	% in the total number of votes
1.	MaForm Holding AG	7,013,889	29.53%	29.53%
2.	Amplico Otwarty Fundusz Emerytalny	4,213,495	17.74%	17.74%
3.	ING Otwarty Fundusz Emerytalny	1,500,000	6.32%	6.32%
4.	ENO Holding GmbH	1,462,358	6.16%	6.16%
5.	VITA Holding GmbH	1,333,549	5.61%	5.61%
6.	REVILO Holding GmbH	1,217,666	5.13%	5.13%

24.5. Summary of the number of the Issuer's shares or rights to shares held by the members of the Issuer's management and supervisory authorities as at the date of submission of the quarterly report.

- Zbigniew Sebastian – Chairman of the Supervisory Board – 300 shares with a nominal value of PLN 1 each,
- Dariusz Bilwin – Proxy – 1,500 shares with a nominal value of PLN 1 each.

24.6. Information on pending proceedings before court, arbitration panel or public administration body.

The Issuer is not a party to the proceedings in which the value of the dispute would constitute, individually or collectively, 10% of its equity.

24.7. Information on conclusion by the Issuer or its subsidiary of one or more transactions with related parties.

All transactions with related parties are conducted under the terms used by the Issuer in relations with unrelated entities. Detailed information about transactions with capital-related entities are included in note 19.

24.8. Information on granting by the Issuer or Issuer's subsidiary a loan or borrowing surety or a guarantee – in total to one entity or a subsidiary – if the total value of the existing sureties or guarantees is equal to at least 10% of the Issuer's shareholders' equity.

Did not occur.

24.9. Other information considered by the Issuer as important in the assessment of the Issuer's personnel, asset and financial standing, financial result and changes to such items; information relevant to the assessment of the Issuer's ability to fulfil obligations

None.

24.10. Information on factors which, in the Issuer's opinion, will affect performance of the Issuer and its Capital Group during at least the following quarter.

The Management Board believes that the financial results of the Group in the coming months will be influenced mainly by external factors: economic conditions, the development of consumer demand on serviced markets, situation on the markets of strategic raw materials, customers' financial condition and variability of EUR exchange rate, as well as the effectiveness of internal operations conducted continuously with the aim of increasing sales.

The level of incoming orders is higher than in the previous year. However, the Group is prepared to ensure the timely delivery of the increased number of orders both in terms of manufacture and logistics.

Prices of the basic raw materials, particularly chipboard, are important from the point of view of the Group's results. The Group does not expect significant changes in raw material prices in the coming months.

The financial situation of the business partners and their ability to timely settle their liabilities significantly affects the possibility of cooperation. The Group more and more often encounters problems of reduction of and refusal to grant insurance limits for existing and potential customers.

24.11. Events that occurred after the date of preparation of the financial statements that were not included in these statements, but which may have a significant impact on the future financial results of the Issuer.

None.

Condensed interim consolidated financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

25. Currency exchange rates

Individual items of assets and liabilities were converted at the average FX rate of the National Bank of Poland as of 31 March 2013, 31 December 2012 and 31 March 2012, amounting to: PLN 4.1774, PLN 4.0882 and PLN 4.1616 against 1 EUR.

Individual items of the profit and loss account and the cash flow statement were converted at the rate being an arithmetic mean of the rates of the National Bank of Poland as at the last day of each month in the period of 3 months ended 31 March 2013 and 31 March 2012, and amounting to: PLN 4.1734 and PLN 4.1750 against 1 EUR, respectively.

President of the Management Board **Maciej Formanowicz**	**Vice President of the Management Board** **Robert Rogowski**
Member of the Management Board **Klaus Dieter Dahlem**	**Member of the Management Board** **Gert Coopmann**

Ostrów Mazowiecka, 15 May 2013

FABRYKI MEBLI "FORTE" S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2013

Prepared in accordance with the International Financial Reporting Standards

Ostrów Mazowiecka, 15 May 2013

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

PROFIT AND LOSS ACCOUNT

	For the reporting period ended	
	31 March 2013	**31 March 2012**
Continued operations		
Revenues from sales of products, goods and materials	155,247	144,299
Revenues from sales of services	1,217	1,250
Sales revenues	**156,464**	**145,549**
Cost of sales of sold products, goods and materials	(101,726)	(97,954)
Cost of sales of sold services	(916)	(878)
Cost of sales	**(102,642)**	**(98,832)**
Gross profit (loss) from sales	**53,822**	**46,717**
Other operating income	795	275
Selling costs	(31,718)	(30,818)
General administrative costs	(6,051)	(5,880)
Other operating costs	(852)	(637)
Operating profit / loss	**15,996**	**9,657**
Financial income	3,437	323
Financial costs	(565)	(429)
Profit (loss) on derivative financial instruments	**-**	**-**
Profit (loss) before income tax	**18,868**	**9,551**
Income tax expenses	(3,089)	(1,766)
Profit (loss) on continued operations of the period	**15,779**	**7,785**
Discontinued operations	-	-
Profit (loss) on discontinued operations of the period	**-**	**-**
Profit (loss) of the period	**15,779**	**7,785**
Profit (loss) per share attributable to the period (in PLN):		
- basic	0.66	0.33
- diluted	**0.66**	**0.33**

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

STATEMENT OF COMPREHENSIVE INCOME

	For the reporting period ended	
	31 March 2013	**31 March 2012**
Profit (loss) of the period	**15,779**	**7,785**
Other net comprehensive income, of which:	**(1,573)**	**12,144**
Items which in the future will not be reclassified to the profit and loss account		
Items which in the future may be reclassified to the profit and loss account	**(1,573)**	**12,144**
Incentive Scheme	**-**	**-**
Hedge accounting	(1,942)	14,992
Income tax on other comprehensive income	369	(2,848)
Comprehensive income for the period	**14,206**	**19,929**

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 March 2013	As at 31 December 2012	31 March 2012
ASSETS			
Non-current assets	**242,631**	**244,474**	**227,711**
Tangible fixed assets	185,247	188,107	186,596
Intangible assets	16,200	16,092	753
Financial assets	11,433	10,524	11,139
Investment properties	29,751	29,751	29,223
Current assets	**252,344**	**227,956**	**244,483**
Inventories	100,395	99,119	110,791
Trade and other receivables	97,526	90,015	85,251
Receivables due to derivative financial instruments	7,007	8,950	2,835
Income tax receivables	-	-	947
Deferred revenues and accruals	2,889	2,341	2,969
Financial assets	1,205	957	822
Cash and cash equivalents	43,322	26,574	40,868
TOTAL ASSETS	**494,975**	**472,430**	**472,194**
EQUITY AND LIABILITIES			
Total equity	**349,012**	**334,806**	**322,822**
Share capital	23,751	23,751	23,751
Share premium	111,646	111,646	111,646
Provisions from revaluation of hedging instruments	5,676	7,249	1,539
Business combination capital	(1,073)	(1,073)	(1,073)
Incentive Scheme	198	198	198
Other reserve capital	137,494	137,494	133,550
Retained earnings	71,320	55,541	53,211
Long-term liabilities	**49,572**	**47,826**	**75,967**
Interest-bearing bank loans and borrowings	32,317	29,900	61,443
Deferred income tax provision	13,197	13,802	11,968
Provision for benefits after the employment period	2,100	2,100	1,877
Deferred revenues and accruals	104	110	128
Financial liabilities due to leases	1,854	1,914	551
Other long-term liabilities	-	-	-
Short-term liabilities	**96,391**	**89,798**	**73,405**
Trade and other liabilities	46,550	44,428	53,399
Liabilities due to financial derivative instruments	-	-	935
Current interest-bearing bank loans and borrowings	31,676	29,624	7,743
Income tax liabilities	2,613	431	-
Provisions and deferred revenues and accruals	14,544	14,187	9,459
Financial liabilities due to leases	1,008	1,128	1,869
Total liabilities	**145,963**	**137,624**	**149,372**
TOTAL EQUITY AND LIABILITIES	**494,975**	**472,430**	**472,194**

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

CASH FLOW STATEMENT

	31 March 2013	As at 31 December 2012	31 March 2012
Cash flows from operating activities			
Profit / (loss) of the period	**15,779**	**31,873**	**7,785**
Total adjustments by:	**(2,570)**	**34,537**	**20,125**
Amortisation and depreciation	4,002	15,259	3,788
Foreign exchange (gains)/losses	1,295	(5,129)	(4,149)
Net interest and dividends	(3,049)	(1,547)	392
(Profit)/loss on investment activities	1	314	6
Change in the valuation of derivative financial instruments	369	(4,188)	(2,848)
Change in receivables	(7,511)	7,171	11,926
Change in inventories	(1,276)	10,749	(892)
Change in liabilities, excluding loans and borrowings	2,218	599	9,366
Change in accruals and deferrals	(197)	4,239	(1,099)
Change in provisions	(604)	5,508	3,452
Income tax paid	(1,142)	(4,257)	(979)
Current tax recognised in the profit and loss account	3,324	5,819	1,162
Other adjustments	-	-	-
Net cash from operating activities	**13,209**	**66,410**	**27,910**
Cash flows from investment activities			
Sale of tangible fixed assets and intangible assets	38	1,322	2
Purchase of tangible fixed assets and intangible assets	(1,306)	(30,179)	(2,185)
Disposal of financial assets	-	-	-
Purchase of financial assets	-	(50)	-
Dividends received	3,293	2,826	-
Interest received	21	120	28
Borrowings granted	(1,254)	-	
Repayment of borrowings granted	148	622	154
Other investment inflows	-	-	-
Other investment outflows	-	-	-
Net cash from investment activities	**940**	**(25,329)**	**(2,001)**
Cash flows from financial activities			
Inflows from loans and borrowings taken out	5,443	22,041	624
Repayment of loans/borrowings	(2,361)	(38,294)	(8,248)
Dividends paid	-	(17,813)	-
Interest paid	(237)	(1,483)	(389)
Repayment of liabilities due to leases	(287)	(2,768)	(778)
Other financial inflows			-
Other financial outflows			-
Net cash from financial activities	**2,558**	**(38,317)**	**(8,791)**
Net increase (decrease) in cash and cash equivalents	**16,707**	**2,764**	**17,118**
Net foreign exchange differences	(41)	50	(110)
Opening balance of cash	**26,574**	**23,860**	**23,860**
Closing balance of cash, of which:	**43,322**	**26,574**	**40,868**
of limited disposability	-	-	-

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for 3 months ended 31 March 2013

	Share capital	Share premium	Retained earnings/ (accumulated loss)	Provisions from revaluation of hedging instruments	Other reserve capital	Business combination capital	Incentive Scheme	Total
As at 1 January 2013	**23,751**	**111,646**	**55,541**	**7,249**	**137,494**	**(1,073)**	**198**	**334,806**
Changes in adopted accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
As at 1 January 2013 after adjustments	**23,751**	**111,646**	**55,541**	**7,249**	**137,494**	**(1,073)**	**198**	**334,806**
Reclassification to reserve capital	-	-	-	-	-	-	-	-
Payment of dividend for 2012	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	**15,779**	**(1,573)**	-	-	-	**14,206**
As at 31 March 2013	**23,751**	**111,646**	**71,320**	**5,676**	**137,494**	**(1,073)**	**198**	**349,012**

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for 3 months ended 31 March 2012

	Share capital	Share premium	Retained earnings/ (accumulated loss)	Provisions from revaluation of hedging instruments	Other reserve capital	Business combination capital	Incentive Scheme	Total
As at 1 January 2012	**23,751**	**111,646**	**45,426**	**(10,605)**	**133,550**	**(1,073)**	**198**	**302,893**
Changes in adopted accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
As at 1 January 2012 after adjustments	**23,751**	**111,646**	**45,426**	**(10,605)**	**133,550**	**(1,073)**	**198**	**302,893**
Reclassification to reserve capital	-	-	-	-	-	-	-	-
Payment of dividend for 2011	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	**7,785**	**12,144**	-	-	-	**19,929**
As at 31 March 2012	**23,751**	**111,646**	**53,211**	**1,539**	**133,550**	**(1,073)**	**198**	**322,822**

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Share capital	Share premium	Retained earnings/ (accumulated loss)	Provisions from revaluation of hedging instruments	Other reserve capital	Business combination capital	Incentive Scheme	Total
As at 1 January 2012	**23,751**	**111,646**	**45,426**	**(10,605)**	**133,550**	**(1,073)**	**198**	**302,893**
Changes in adopted accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
As at 1 January 2012 after adjustments	**23,751**	**111,646**	**45,426**	**(10,605)**	**133,550**	**(1,073)**	**198**	**302,893**
Retained earnings written off to reserve capital	-	-	(3,945)	-	3,945	-	-	-
Payment of dividend for 2011	-	-	(17,813)	-	-	-	-	**(17,813)**
Comprehensive income for the period	-	-	**31,873**	**17,854**	-	-	-	**49,727**
As at 31 December 2012	**23,751**	**111,646**	**55,541**	**7,249**	**137,494**	**(1,073)**	**198**	**334,806**

Condensed interim financial statements for the period of 3 months ended 31 march 2013 with the additional information (in PLN thousand)

ADDITIONAL NOTES TO THE CONDENSED INDIVIDUAL FINANCIAL STATEMENTS

In the present financial statements, the Company changed the method of presentation of the data in the cash flow statement. Under operating activities, income tax is disclosed under two items: income tax paid and income tax recognised as current liability in profit or loss. The table below presents the change of comparative data:

	31 March 2012 is	31 March 2012 change	31 March 2012 was
Change in receivables	11,926	(1,162)	13,088
Income tax paid	(979)	-	(979)
Current tax recognised in the profit and loss account	1,162	1,162	-