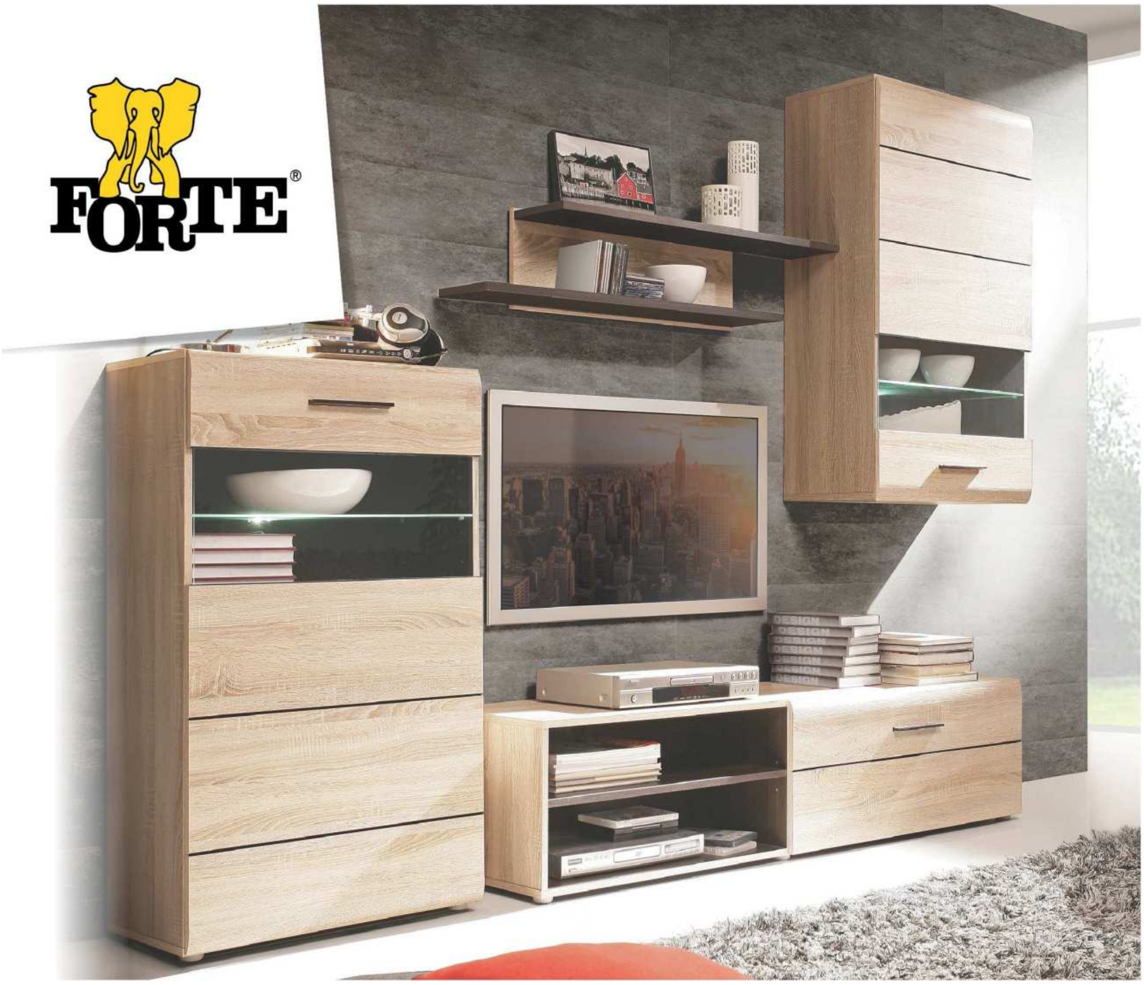

# FABRYKI MEBLI "FORTE" S.A.
# CAPITAL GROUP

## Full interim consolidated quarterly report
## Q Sr 3/2013

Prepared in accordance with the International Financial Reporting Standards

Ostrów Mazowiecka, 14 November 2013

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Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

| SELECTED FINANCIAL DATA | PLN | | EUR | |
|---|---|---|---|---|
| **Financial data of condensed consolidated financial statements** | **9 months ended 30 September 2013** | **9 months ended 30 September 2012** | **9 months ended 30 September 2013** | **9 months ended 30 September 2012** |
| Net revenues from sales of products, goods, materials and services | 469,887 | 400,670 | 111,266 | 95,516 |
| Operating profit / loss | 49,087 | 27,739 | 11,623 | 6,613 |
| Profit / loss before income tax | 49,536 | 28,053 | 11,730 | 6,688 |
| Net profit / loss for the period, attributable to the Shareholders of the Parent Company | 39,087 | 23,619 | 9,256 | 5,631 |
| Comprehensive income for the period | 38,628 | 43,279 | 9,147 | 10,317 |
| Net cash flows from operating activities | 58,489 | 51,929 | 13,850 | 12,379 |
| Net cash flows from investment activities | (8,543) | (15,434) | (2,023) | (3,679) |
| Net cash flows from financial activities | (20,263) | (43,672) | (4,798) | (10,411) |
| Net increase / decrease in cash and cash equivalents | 29,683 | (7,177) | 7,029 | (1,711) |
| 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) | 1.65 | 0.99 | 0.39 | 0.24 |
| | **As at 30 September 2013** | **As at 31 December 2012** | **As at 30 September 2013** | **As at 31 December 2012** |
| Total assets | 531,957 | 484,127 | 126,167 | 118,421 |
| Total liabilities | 167,026 | 135,244 | 39,611 | 33,082 |
| Long-term liabilities | 57,339 | 48,263 | 13,599 | 11,805 |
| Short-term liabilities | 109,687 | 86,981 | 26,012 | 21,276 |
| Parent Company shareholders' equity | 361,257 | 345,234 | 85,681 | 84,447 |
| Share capital | 23,751 | 23,751 | 5,633 | 5,810 |
| Book value per share (in PLN/EUR) | 15.21 | 14.54 | 3.61 | 3.56 |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

| **SELECTED FINANCIAL DATA** | **PLN** | | | **EUR** |
|---|---|---|---|---|
| Financial data of condensed financial statements | **9 months ended 30 September 2013** | **9 months ended 30 September 2012** | **9 months ended 30 September 2013** | **9 months ended 30 September 2012** |
| Net revenues from sales of products, goods, materials and services | 470,296 | 399,541 | 111,363 | 95,247 |
| Operating profit / loss | 43,904 | 23,450 | 10,396 | 5,590 |
| Profit / loss before income tax | 47,843 | 26,419 | 11,329 | 6,298 |
| Profit / loss of the period | 38,987 | 21,855 | 9,232 | 5,210 |
| Comprehensive income for the period | 38,356 | 41,433 | 9,082 | 9,877 |
| Net cash flows from operating activities | 54,789 | 47,386 | 12,974 | 11,296 |
| Net cash flows from investment activities | (4,532) | (12,104) | (1,073) | (2,885) |
| Net cash flows from financial activities | (20,264) | (43,672) | (4,798) | (10,411) |
| Net increase / decrease in cash and cash equivalents | 29,993 | (8,390) | 7,102 | (2,000) |
| Number of shares (number of items) | 23,751,084 | 23,751,084 | 23,751,023 | 23,751,084 |
| Declared or paid out dividend per share (in PLN/EUR) | 0.95 | 0.75 | 0.22 | 0.18 |
| Profit / loss per ordinary share (in PLN/EUR) | 1.64 | 0.92 | 0.39 | 0.22 |
| | **As at 30 September 2013** | **As at 31 December 2012** | **As at 30 September 2013** | **As at 31 December 2012** |
| Total assets | 519,803 | 472,430 | 123,284 | 115,559 |
| Total liabilities | 169,205 | 137,624 | 40,131 | 33,664 |
| Long-term liabilities | 56,325 | 47,826 | 13,359 | 11,699 |
| Short-term liabilities | 112,880 | 89,798 | 26,772 | 21,965 |
| Equity | 350,598 | 334,806 | 83,153 | 81,896 |
| Share capital | 23,751 | 23,751 | 5,633 | 5,810 |
| Book value per share (in PLN/EUR) | 14.76 | 14.10 | 3.50 | 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 3/2013.

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 | 9 months ended 30 September 2012 | 3 months ended 30 September 2012 |
|---|---|---|---|---|
| **Continued operations** | | | | |
| Revenues from sales of products, goods and materials | 465,675 | 165,274 | 396,861 | 135,670 |
| Revenues from sales of services | 4,212 | 1,266 | 3,809 | 1,654 |
| **Sales revenues** | **469,887** | **166,540** | **400,670** | **137,324** |
| Cost of sales of sold products, goods and materials | (301,347) | (106,131) | (270,189) | (92,234) |
| Cost of sales of sold services | (2,514) | (751) | (2,300) | (694) |
| **Cost of sales** | **(303,861)** | **(106,882)** | **(272,489)** | **(92,928)** |
| **Gross profit (loss) from sales** | **166,026** | **59,658** | **128,181** | **44,396** |
| Other operating income | 1,320 | 85 | 1,638 | 901 |
| Selling costs | (93,784) | (33,536) | (79,885) | (26,651) |
| General administrative costs | (21,680) | (7,413) | (19,030) | (6,155) |
| Other operating costs | (2,795) | (1,011) | (3,165) | (874) |
| **Profit (loss) on operating activities** | **49,087** | **17,783** | **27,739** | **11,617** |
| Financial income | 903 | 508 | 1,435 | 822 |
| Financial costs | (825) | 162 | (1,121) | (350) |
| Profit (loss) on derivative financial instruments | 371 | 371 | - | |
| **Profit (loss) before income tax** | **49,536** | **18,824** | **28,053** | **12,089** |
| Income tax expenses | (10,408) | (3,865) | (3,920) | (2,478) |
| **Profit (loss) on continued operations of the period** | **39,128** | **14,959** | **24,133** | **9,611** |
| **Discontinued operations** | **-** | **-** | **-** | **-** |
| **Profit (loss) on discontinued operations of the period** | - | - | | - |
| **Profit (loss) of the period** | **39,128** | **14,959** | **24,133** | **9,611** |
| **Attributable to:** | | | | |
| **Shareholders of the Parent Company** | **39,087** | **14,938** | **23,619** | **9,580** |
| **Non-controlling interests** | 41 | 21 | 514 | 31 |
| **Profit (loss) per share attributable to Shareholders of the Parent Company in the period (in PLN):** | | | | |
| **- basic** | 1.65 | 0.63 | 0.99 | 0.40 |
| **- diluted** | 1.65 | 0.63 | 0.99 | 0.40 |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 | 9 months ended 30 September 2012 | 3 months ended 30 September 2012 |
|---|---|---|---|---|
| **Profit (loss) of the period** | **39,128** | **14,959** | **24,133** | **9,611** |
| **Other net comprehensive income, of which** | **(500)** | **3,916** | **19,146** | **8,987** |
| **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** | **(500)** | **3,916** | **19,146** | **8,987** |
| Foreign exchange differences on subsidiaries from consolidation | 131 | (130) | (432) | (161) |
| Hedge accounting | (779) | 4,995 | 20,633 | 7,756 |
| Income tax on other comprehensive income | 148 | (949) | (1,055) | 1,392 |
| **Comprehensive income for the period** | **38,628** | **18,875** | **43,279** | **18,598** |
| **Attributable to:** | | | | |
| Shareholders of the Parent Company | 38,587 | 18,854 | 42,765 | 18,567 |
| Non-controlling interests | 41 | 21 | 514 | 31 |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

| | 30 September 2013 | As at 31 December 2012 | 30 September 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | **251,116** | **252,922** | **253,831** |
| Tangible fixed assets | 185,282 | 188,780 | 190,234 |
| Intangible assets | 16,963 | 16,094 | 16,096 |
| Financial assets | 1,071 | 1,276 | 1,430 |
| Deferred tax assets | - | - | - |
| Investment properties | 47,800 | 46,772 | 46,071 |
| Prepayments | - | - | - |
| **Current assets** | **280,841** | **231,205** | **230,249** |
| Inventories | 109,663 | 99,119 | 110,649 |
| Trade and other receivables | 99,710 | 89,590 | 89,767 |
| Receivables due to derivative financial instruments | 8,538 | 8,950 | 7,540 |
| Income tax receivables | 1 | 2 | 343 |
| Prepayments | 2,358 | 2,831 | 3,162 |
| Financial assets | 800 | 722 | 701 |
| Cash and cash equivalents | 59,771 | 29,991 | 18,087 |
| **TOTAL ASSETS** | **531,957** | **484,127** | **484,080** |
| **EQUITY AND LIABILITIES** | | | |
| **Total equity** | **364,945** | **348,883** | **339,714** |
| **Equity (attributable to shareholders of the Parent Company), of which:** | **361,257** | **345,234** | **336,113** |
| Share capital | 23,751 | 23,751 | 23,751 |
| Share premium | 111,646 | 111,646 | 111,646 |
| Foreign exchange differences on subsidiaries from consolidation | 499 | 368 | 402 |
| Provisions from revaluation of hedging instruments | 6,618 | 7,249 | 8,973 |
| Incentive Scheme | 198 | 198 | 198 |
| Other reserve capital | 146,803 | 137,494 | 137,494 |
| Retained earnings | 71,742 | 64,528 | 53,649 |
| **Capital attributable to non-controlling interests** | **3,688** | **3,649** | **3,601** |
| **Long-term liabilities** | **57,339** | **48,263** | **58,268** |
| Interest-bearing bank loans and borrowings | 38,898 | 29,900 | 43,941 |
| Deferred income tax provision | 13,781 | 14,095 | 10,810 |
| Provision for benefits after the employment period | 2,209 | 2,206 | 1,985 |
| Other provisions | 39 | 38 | 280 |
| Deferred revenues and accruals | 92 | 110 | 116 |
| Financial liabilities due to leases | 2,320 | 1,914 | 1,136 |
| Other long-term liabilities | - | - | - |
| **Short-term liabilities** | **109,673** | **86,981** | **86,098** |
| Trade and other liabilities | 56,460 | 40,846 | 62,890 |
| Current interest-bearing bank loans and borrowings | 26,593 | 29,624 | 9,595 |
| Income tax liabilities | 6,984 | 453 | - |
| Provisions and deferred revenues and accruals | 18,735 | 14,930 | 12,143 |
| Financial liabilities due to leases | 901 | 1,128 | 1,470 |
| **Total liabilities** | **167,012** | **135,244** | **144,366** |
| **TOTAL EQUITY AND LIABILITIES** | **531,957** | **484,127** | **484,080** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED CASH FLOW STATEMENT

| | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 | 9 months ended 30 September 2012 | 3 months ended 30 September 2012 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit (loss) of the period** | **39,087** | **14,938** | **23,619** | **9,580** |
| **Total adjustments by:** | **19,402** | **7,065** | **28,310** | **4,005** |
| (Profit)/loss of non-controlling interests | 39 | 19 | 514 | 31 |
| Amortisation and depreciation | 12,458 | 4,221 | 11,469 | 3,946 |
| Foreign exchange (gains)/losses | 1,684 | (1,875) | (4,672) | (1,958) |
| Net interest and dividends | 739 | 206 | 1,058 | 331 |
| (Profit)/loss on investment activities | 83 | 128 | 611 | 26 |
| Change in the valuation of derivative financial instruments | (220) | (1,317) | (1,055) | 1,392 |
| Change in receivables | (10,120) | (1,727) | 8,017 | (12,672) |
| Change in inventories | (10,544) | (9,580) | (375) | 2,868 |
| Change in liabilities, excluding loans and borrowings | 14,668 | 9,209 | 11,195 | 8,485 |
| Change in accruals and deferrals | 4,260 | 4,250 | 1,194 | 2,157 |
| Change in provisions | (309) | 405 | 442 | (1,158) |
| Income tax paid | (4,050) | (1,282) | (4,388) | (1,560) |
| Current tax recognised in the profit and loss account | 10,581 | 4,389 | 4,759 | 2,305 |
| Currency translation differences | 133 | 19 | (432) | (161) |
| Other adjustments | - | - | (27) | (27) |
| **Net cash from operating activities** | **58,489** | **22,003** | **51,929** | **13,585** |
| **Cash flows from investment activities** | | | | |
| Sale of tangible fixed assets and intangible assets | 301 | 127 | 52 | 35 |
| Purchase of tangible fixed assets and intangible assets | (8,166) | (4,515) | (16,092) | (8,474) |
| Real property investment | (1,028) | - | - | - |
| Disposal of financial assets | - | - | - | - |
| Purchase of financial assets | - | - | - | - |
| Dividends received | 25 | 25 | - | - |
| Interest received | 34 | 9 | 74 | 15 |
| Repayment of borrowings granted | 623 | 190 | 532 | 229 |
| Borrowings granted | (332) | - | - | - |
| Other investment inflows | - | - | - | - |
| Other investment outflows | - | - | - | - |
| **Net cash from investment activities** | **(8,543)** | **(4,164)** | **(15,434)** | **(8,195)** |
| **Cash flows from financial activities** | | | | |
| Inflows from loans and borrowings taken out | 20,051 | 12,636 | 13,188 | 3,067 |
| Repayment of loans/borrowings | (15,965) | (10,900) | (35,878) | (9,474) |
| Repayment of liabilities due to leases | (969) | (350) | (2,004) | (604) |
| Dividends paid to shareholders of the Parent Company | (22,564) | (22,564) | (17,813) | (17,813) |
| Dividend paid to non-controlling interests | - | - | - | - |
| Interest paid | (816) | (283) | (1,165) | (351) |
| Other financial inflows | - | - | - | - |
| Other financial outflows | - | (2) | - | - |
| **Net cash from financial activities** | **(20,263)** | **(21,463)** | **(43,672)** | **(25,175)** |
| **Net increase (decrease) in cash and cash equivalents** | **29,683** | **(3,624)** | **(7,177)** | **(19,785)** |
| Net foreign exchange differences (from translation of opening balances) | 98 | (116) | (191) | (81) |
| **Opening balance of cash** | **29,991** | **63,512** | **25,455** | **37,953** |
| **Closing balance of cash, of which:** | **59,772** | **59,772** | **18,087** | **18,087** |
| of limited disposability | - | - | - | - |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**for 9 months ended 30 September 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 loss)** | **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** |
| Reclassification to reserve capital | - | - | - | - | (9,309) | - | 9,309 | - | - | - |
| Payment of dividend for 2012 | - | - | - | - | (22,564) | - | - | (22,564) | (2) | **(22,566)** |
| **Comprehensive income for the period** | - | - | **131** | - | **39,087** | **(631)** | - | **38,587** | **41** | **38,628** |
| **As at 30 September 2013** | **23,751** | **111,646** | **499** | **198** | **71,742** | **6,618** | **146,803** | **361,257** | **3,688** | **364,945** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**for 3 months ended 30 September 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 loss) | Provisions from revaluation of hedging instruments | Other reserve capital | Total | Equity of non-controlling interests | Total equity |
| **As at 1 July 2013** | **23,751** | **111,646** | **629** | **198** | **56,804** | **2,572** | **146,803** | **342,403** | **3,668** | **346,071** |
| **Comprehensive income for the period** | - | **-** | (130) | **-** | 14,938 | 4,046 | - | **18,854** | 21 | **18,875** |
| **As at 30 September 2013** | **23,751** | **111,646** | **499** | **198** | **71,742** | **6,618** | **146,803** | **361,257** | **3,688** | **364,945** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**for 9 months ended 30 September 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 loss) | 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 | - | - | - |
| **Comprehensive income for the period** | - | - | (432) | - | 23,619 | 19,578 | - | 42,765 | 514 | 43,279 |
| **As at 30 September 2012** | **23,751** | **111,646** | **402** | **198** | **53,649** | **8,973** | **137,494** | **336,113** | **3,601** | **339,714** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**for 3 months ended 30 September 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 loss) | Provisions from revaluation of hedging instruments | Other reserve capital | Total | Equity of non-controlling interests | Total equity |
| **As at 1 July 2012** | **23,751** | **111,646** | **563** | **198** | **44,069** | **(175)** | **137,494** | **317,546** | **3,570** | **321,116** |
| **Comprehensive income for the period** | - | - | (161) | - | 9,580 | 9,148 | - | 18,567 | 31 | **18,598** |
| **As at 30 September 2012** | **23,751** | **111,646** | **402** | **198** | **53,649** | **8,973** | **137,494** | **336,113** | **3,601** | **339,714** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 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 loss)** | **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** |
| **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 9 MONTHS AND FOR THE PERIOD OF 3 MONTHS ENDED 30 SEPTEMBER 2013**

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 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 9 and 3 months ended 30 September 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 9 and 3 months ended 30 September 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 9 and 3 months ended 30 September 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 Ostrów 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 30 September 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 30 September 2013, the composition of the Capital Group was as follows:

– consolidated subsidiaries:

| Subsidiaries (full consolidation method): | Registered office | Scope of activities | Percentage share of the Group in the capital as at 30 September 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 30 September 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 30 September 2013 and as at 31 December 2012, the percentage of 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 9 months ended 30 September 2013, no changes occurred in the structure of the Group.

## 3. Composition of the Management Board of the Parent Company

As at 30 September 2013, the Management Board of the Parent Company is composed of:
- 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 30 September 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 investment properties, derivative financial instruments and financial assets, which have been measured at fair value through profit or loss.

These condensed consolidated financial statements are presented in 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

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 financial assets and 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 set 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 2013.

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 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.

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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 currency translation

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 – 4.2163
  - Forte Möbel AG – CHF – 3.4500

- 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 – 4.2231
  - Forte Möbel AG – CHF – 3.4372

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.

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 | - |
| Q2 2013 | 146,810 | - |
| Q3 2013 | 166,540 | - |
| **Total 3 quarters of 2013** | **469,887** | |
| Q1 2012 | 147,025 | 26.23% |
| Q2 2012 | 116,321 | 20.75% |
| Q3 2012 | 137,324 | 24.50% |
| **Total 3 quarters of 2012** | **400,670** | |
| Q4 2012 | 159,861 | 28.52% |
| **Total for 2012** | **560,531** | |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## 9. Information on operating segments

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

## 10. Revenues and costs

**Sales revenues and geographic structure.**

| Sales revenues | For the reporting period ended 30 September 2013 | 30 September 2012 |
|---|---|---|
| **Revenues from sales of products, goods and materials** | | |
| - products | 456,518 | 384,813 |
| - goods | 6,744 | 9,664 |
| - materials | 2,413 | 2,404 |
| **Revenues from sales of services** | **4,212** | **3,809** |
| **Total net sales revenues** | **469,887** | **400,670** |
| **Geographic structure:** | | |
| - domestic | 90,073 | 69,373 |
| - export | 379,814 | 331,297 |
| **Total net sales revenues** | **469,887** | **400,670** |
| - of which from related entities | 21,141 | 21,697 |

**Other operating income**

| Other operating income | For the reporting period ended 30 September 2013 | 30 September 2012 |
|---|---|---|
| Revaluation write-downs released | 251 | 97 |
| Gain on sale of tangible fixed assets | - | 43 |
| Subsidies | 18 | 18 |
| Donations and compensations | 779 | 476 |
| Surpluses | 4 | 739 |
| Other | 268 | 265 |
| **Total other operating income** | **1,320** | **1,638** |

**Other operating costs**

| Other operating costs | For the reporting period ended 30 September 2013 | 30 September 2012 |
|---|---|---|
| Revaluation write-downs created | 75 | 479 |
| Liquidation and impairment write-downs on tangible fixed assets | 7 | 635 |
| Scrapping of inventory | 1,744 | 1,295 |
| Donations | 650 | 104 |
| Penalties and compensations | 57 | 346 |
| Court costs | 20 | 34 |
| Shortages | 3 | 133 |
| Other | 239 | 139 |
| **Total other operating costs** | **2,795** | **3,165** |

**Financial income**

| Financial income | For the reporting period ended 30 September 2013 | 30 September 2012 |
|---|---|---|
| Dividends | 26 | - |
| Surplus of exchange gains over exchange losses | 47 | 789 |
| Interest | 830 | 646 |
| **Total financial income** | **903** | **1,435** |

**Financial costs**

| Financial costs | For the reporting period ended 30 September 2013 | 30 September 2012 |
|---|---|---|
| Interest on loans and leases | 727 | 1,105 |
| Commissions on loans | 36 | 14 |

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| | | |
|---|---|---|
| Other | 62 | 2 |
| **Total financial costs** | **825** | **1,121** |

**Costs by type**

| **Costs by type** | **For the reporting period ended** | |
|---|---|---|
| | **30 September 2013** | **30 September 2012** |
| Depreciation | 12,458 | 11,469 |
| Consumption of materials and energy | 234,084 | 205,188 |
| External services | 80,238 | 67,887 |
| Taxes and fees | 5,464 | 5,634 |
| Payroll | 69,451 | 58,325 |
| Social insurance and other benefits | 15,221 | 13,670 |
| Other costs by type | 3,936 | 4,637 |
| | **420,852** | **366,810** |
| Change in product inventories and prepayments | (6,884) | (4,547) |
| Manufacturing cost of products for internal purposes | (798) | (875) |
| Selling costs | (93,784) | (79,885) |
| General administrative costs | (21,680) | (19,030) |
| **Manufacturing cost of products and services sold** | **297,706** | **262,473** |
| **Value of goods and materials sold** | **6,155** | **10,016** |
| **Cost of sales** | **303,861** | **272,489** |

## 11. Changes in accounting estimates

As at 30 September 2013, the Group made the following changes in accounting estimates in comparison to 31 December 2012 and 30 September 2012:

**Changes in provisions**

| **Provisions** | **As at** | | |
|---|---|---|---|
| | **30 September 2013** | **31 December 2012** | **30 September 2012** |
| Deferred tax assets | - | - | - |
| Deferred income tax provision | 13,781 | 14,095 | 10,810 |
| Benefits after the employment period | 2,209 | 2,206 | 1,985 |
| Other provisions | 39 | 38 | 280 |

**Provisions and accrued liabilities**

| **Long-term deferred revenues and accruals** | **30 September 2013** | **As at**<br>**31 December 2012** | **30 September 2012** |
|---|---|---|---|
| **Long-term deferred income due to:** | | | |
| Subsidy to tangible fixed assets purchased | 92 | 110 | 116 |

| **Short-term deferred revenues and accruals** | **30 September 2013** | **31 December 2012** | **30 September 2012** |
|---|---|---|---|
| **Accruals due to** | | | |
| Commissions | 1,930 | 1,744 | 1,595 |
| Bonuses for customers | 7,912 | 7,572 | 6,888 |
| Bonuses | 3,505 | 1,670 | 1,220 |
| Leaves | 1,323 | 1,263 | 40 |
| Balance sheet audit costs | 82 | 143 | 8 |
| External services | 2,982 | 1,707 | 1,692 |
| Warranty repairs | 862 | 759 | 644 |
| Other | 115 | 48 | 32 |
| **Deferred income due to:** | | | |
| Subsidy to tangible fixed assets purchased | 24 | 24 | 24 |
| | **18,735** | **14,930** | **12,143** |

The amount of PLN 7,912 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 2,982 thousand is a provision created by the Group for the costs of external services, in particular: transportation, marketing, insurance of receivables and utilisation services.

As at the balance sheet date on 30 September 2013, the Group created a provision for the annual bonus for the Management Board in the amount of PLN 2,005 thousand and the additional annual bonus for employees of the Parent Company in the amount of PLN

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1,500 thousand.

**Change in write-downs on assets**

| | 30 September 2013 | 31 December 2012 | 30 September 2012 |
|---|---|---|---|
| Write-downs on short-term receivables | 1,457 | 1,667 | 1,548 |
| Write-downs on tangible fixed assets | 3 | 41 | 41 |
| Write-downs on inventories | 3,294 | 3,294 | 3,627 |

**Write-downs on receivables**

| Write-downs on receivables | 2013 |
|---|---|
| Write-down as at 1 January | 1,667 |
| Creation | 75 |
| Used | - |
| Release | 285 |
| Write-down as at 30 September | **1,457** |

**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 30 September | **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 30 September | **3,294** |

## 12. Tangible fixed assets

The carrying amount of machinery and equipment used as at 30 September 2013 by the Group on the basis of financial leases and lease agreements with the option to buy is PLN 4,495 thousand, of which PLN 1,842 thousand relates to the lease of machinery and equipment, PLN 2,446 thousand – to the lease of means of transport, and PLN 207 thousand – to the lease of other tangible fixed assets (as at 31 December 2012: PLN 4,739 thousand, as at 30 September 2012: PLN 9,577 thousand).

**Assets pledged as security**

Land and buildings with the carrying amount of PLN 70,268 thousand (as at 31 December 2012: PLN 69,738 thousand, as at 30 September 2012: PLN 67,894 thousand) are covered by mortgages established to secure bank loans of the Group.

Additionally, machinery and equipment with the carrying amount of PLN 54,579 thousand are subject to a registered pledge (as at 31 December 2012: PLN 36,619 thousand, as at 30 September 2012: PLN 37,880 thousand).

There were no capitalised external financing costs in the reporting period ended 30 September 2013 (as at 31 December 2012: PLN 139 thousand, as at 30 September 2012: PLN 212 thousand).

**Capital commitments**
As at 30 September 2013, the Group's capital commitments are PLN 1,354 thousand (as at 31 December 2012: PLN 408 thousand, as at 30 September 2012: PLN 480 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 9 months ended 30 September 2013, the Group purchased tangible fixed assets with a value of PLN 7,877 thousand (in the comparative period ended 30 September 2012: PLN 11,756 thousand) and sold tangible fixed assets with a net value of PLN 268 thousand (in the comparative period ended 30 September 2012: PLN 49 thousand).

The most important investment outlays include outlays for the modernisation of infrastructure of buildings at all plants of the Parent Company and the purchase of real property located in Bydgoszcz in ul. Grudziądzka with a surface area of 828 sq. m for PLN 1,028 thousand by Galeria Kwadrat Company.

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## 13. Intangible assets

**Expenditure on research and development**

In the reporting period ended 30 September 2013, the Group made expenditure on research and development recognised in the profit and loss account in the amount of PLN 706 thousand (in the comparative period ended 31 December 2012: PLN 1,116 thousand, 30 September 2012: PLN 785 thousand).

Due to the completion of development projects, intangible assets have increased by PLN 375 thousand (in the comparative period ended 31 December 2012 by the amount of PLN 457 thousand, whereas in the reporting period ended 30 September 2012 by PLN 409 thousand).

**Purchase and sale**
In the period of 9 months ended 30 September 2013, the Group purchased intangible fixed assets with a value of PLN 1,236 thousand (in the comparative period ended 31 December 2012: PLN 15,808 thousand, 30 September 2012: PLN 15,681 thousand). Key outlays include the purchase of systems for optimisation of logistics processes and model designing.

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

**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.

## 14. Non-current assets classified as available for sale

As at 30 September 2013, the Group did not have non-current assets classified as available for sale.

## 15. Provisions from revaluation of financial instruments

| | As at 30 September 2013 | 31 December 2012 | 30 September 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 | (408) | 22,042 | 20,633 |
| Amount reclassified to the profit and loss account due to: | | | |
| *- ineffectiveness of the transactions implemented* | (371) | - | - |
| *- implementation of transactions subject to hedging* | - | - | - |
| *- discontinuance of hedge accounting* | - | - | - |
| Deferred income tax | 148 | (4,188) | (1,055) |
| Closing balance of accumulated result on cash flow hedging financial instruments | **6,618** | **7,249** | **8,973** |

## 16. Dividend paid and proposed

By virtue of a resolution of the Annual General Meeting of 28 May 2013, the decision was made to distribute the Parent Company's net profit for the financial year 2012 in the amount of PLN 31,873 thousand, allocating PLN 22,564 thousand to the payment of dividend and PLN 9,309 thousand to supplementary capital. The amount of dividend per share amounted to PLN 0.95. The dividend record date was set for 18 June 2013. Dividend was paid on 2 July 2013.
Net profit of the Parent Company for the comparative period of 2011 in the amount of PLN 21,758 thousand was divided as follows: PLN 17,813 thousand for the payment of dividend and PLN 3,945 thousand for supplementary capital. The amount of dividend per share amounted to PLN 0.75. The dividend record date was set for 19 July 2012. Dividend was paid on 3 August 2012.

## 17. Earnings per share

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

| | For 9 months ended 30 September 2013 | 30 September |
|---|---|---|

| | | 2012 |
|---|---|---|
| Net profit (loss) from continued operations | 39,087 | 23,619 |
| Loss from discontinued operations | - | - |
| Net profit (loss) | 39,087 | 23,619 |
| Net profit (loss) attributed to normal shareholders, applied to calculate diluted earnings per share | 39,087 | 23,619 |

| | For 9 months ended 30 September 2013 | 30 September 2013 |
|---|---|---|
| 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.

## 18. 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.

## 19. Hedge accounting and other derivative financial instruments

**Fair value foreign exchange contracts**

As at 30 September 2013, the fair value of foreign exchange contracts that meet the criteria for hedge accounting amounted to PLN 8,170 thousand and as the effective value it was recognised in total in reserves from revaluation and receivables from derivative financial instruments.

In addition, at the balance sheet date receivables from derivative financial instruments included an amount of PLN 368 thousand as a result of an option due on 30 September 2013, whose cash settlement with the bank took place on 02 October 2013.

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 | 06.2012 | 01.2014-05.2014 | 4.3000 | PKO BP S.A. | 2,292 |
| EUR | 20,000 | Call Option | 06.2012 | 01.2014-05.2014 | 4.9830-5.1400 | PKO BP S.A. | (5) |
| EUR | 16,000 | Put Option | 03.2013 | 09.2014-02.2015 | 4.2000 | PKO BP S.A. | 1,659 |
| EUR | 16,000 | Call Option | 03.2013 | 09.2014-02.2015 | 4.7110-4.7580 | PKO BP S.A. | (731) |
| EUR | 8,000 | Put Option | 05.2013 | 03.2013-04.2015 | 4.1800-4.2000 | PKO BP S.A. | 861 |
| EUR | 8,000 | Call Option | 05.2013 | 03.2013-04.2015 | 4.6760-4.7000 | PKO BP S.A. | (598) |
| **Total** | | | | | | | **3,478** |
| EUR | 12,000 | Put Option | 01.2012 | 10.2013-12.2013 | 4.4000 | ING Bank Śląski | 2,107 |
| EUR | 12,000 | Call Option | 01.2012 | 10.2013-12.2013 | 5.1600-5.2276 | ING Bank Śląski | - |
| **Total** | | | | | | | **2,107** |
| EUR | 6,000 | Put Option | 04.2012 | 01.2014-03.2014 | 4.3000 | HSBC Bank Polska S.A. | 658 |
| EUR | 6,000 | Call Option | 04.2012 | 01.2014-03.2014 | 4.8100-4.8850 | HSBC Bank Polska S.A. | (4) |
| **Total** | | | | | | | **654** |
| EUR | 14,000 | Put Option | 01.2013 | 06.2014-12.2014 | 4.1500-4.2000 | BRE Bank S.A. | 1,205 |
| EUR | 14,000 | Call Option | 01.2013 | 06.2014-12.2014 | 4.6660-4.8000 | BRE Bank S.A. | (397) |
| EUR | 4,000 | Put Option | 05.2013 | 06.2014-12.2014 | 4.3000 | BRE Bank S.A. | 622 |
| EUR | 4,000 | Call Option | 05.2013 | 06.2014-12.2014 | 4.7530 | BRE Bank S.A. | (278) |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| EUR | 4,000 | Put Option | 06.2013 | 06.2014-12.2014 | 4.3500 | BRE Bank S.A. | 721 |
| EUR | 4,000 | Call Option | 06.2013 | 06.2014-12.2014 | 4.8610 | BRE Bank S.A. | (219) |
| EUR | 4,000 | Put Option | 06.2013 | 06.2014-12.2014 | 4.2600 | BRE Bank S.A. | 563 |
| EUR | 4,000 | Call Option | 06.2013 | 06.2014-12.2014 | 4.8000 | BRE Bank S.A. | (286) |
| **Total** | | | | | | | **1,931** |

## 20. 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 9 months ended 30 September 2013 and 30 September 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 | 30.09.2013 | - | - | 113 | - |
| | 31.12.2012 | 120 | - | 151 | - |
| | 30.09.2012 | 120 | - | 152 | - |
| Forte SK S.r.o. | 30.09.2013 | 168 | 1,466 | 452 | 162 |
| | 31.12.2012 | 204 | 2,169 | 901 | 167 |
| | 30.09.2012 | 155 | 1,632 | 1,128 | 184 |
| Forte Furniture Ltd. | 30.09.2013 | - | 356 | - | 41 |
| | 31.12.2012 | - | 589 | - | 48 |
| | 30.09.2012 | - | 445 | - | 51 |
| Forte Iberia S.l.u. | 30.09.2013 | 5 | 568 | - | 64 |
| | 31.12.2012 | - | 707 | - | 12 |
| | 30.09.2012 | - | 571 | - | 62 |
| Forte Mobilier S.a.r.l. | 30.09.2013 | - | 213 | 316 | 42 |
| | 31.12.2012 | - | - | 136 | - |
| | 30.09.2012 | - | - | 133 | - |
| Forte Mobila S.r.l. | 30.09.2013 | 148 | 381 | 1,935 | 43 |
| | 31.12.2012 | 1,050 | 235 | 2,554 | 30 |
| | 30.09.2012 | 1,014 | 157 | 2,822 | 17 |
| TM Handel Sp. z o.o. | 30.09.2013 | 20,820 | 3,064 | 7,133 | 713 |
| | 31.12.2012 | 32,860 | 3,985 | 9,946 | 1,645 |
| | 30.09.2012 | 20,408 | 2,215 | 6,532 | 127 |
| **Total** | **30 September 2013** | **21,141** | **6,048** | **9,949** | **1,065** |
| | **31 December 2012** | **34,234** | **7,685** | **13,688** | **1,902** |
| | **30 September 2012** | **21,697** | **5,020** | **10,767** | **441** |

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.
The Parent Company granted loans to the following subsidiaries:

- On 4 March 2013, to the subsidiary Galeria Kwadrat with its registered office in Bydgoszcz, in 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.
- On 26 April 2013, to the subsidiary Forte Mobilier S.a.r.l. with its registered office in Lyon in the amount of EUR 80 thousand. The maturity date for the whole loan was set for 30 June 2017, 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.

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## 21. 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**

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.

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<br>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<br>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 number and weighted average prices of warrants execution are as follows:

| | **Series** | **Number of warrants** | **weighted average strike price** |
|---|---|---|---|
| As at 30.09.2013 | C | 150,000 | 11.52 |
| Granted in 2012 | | - | - |
| Redeemed/expired in 2012 | B | 150,000 | 11.52 |
| Granted in 2011 | | - | - |
| Redeemed/expired in 2011 | A | 150,000 | 11.52 |

**Participation of senior executives in the employee share programme**

None occurred during the reporting period.

## 22. Changes in the composition of the Supervisory Board

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

## 23. Significant events after the reporting period.

On 16 September 2013, the Parent Company signed with ING Bank Śląski S.A. a supplementary agreement to the loan agreement extending the credit period by 2 years, i.e. until 31 October 2015.

On 12 November 2013, the Parent Company entered into the following zero-cost transactions with BRE Bank S.A. regarding the sale of Call options and purchase of Put options hedging against currency risk:

1. EUR 2,500,000 – Put 4.2500 – Call 4.6300 with an expiration date 2015-08-14
2. EUR 2,500,000 – Put 4.2500 – Call 4.6300 with an expiration date 2015-08-28
3. EUR 2,500,000 – Put 4.2500 – Call 4.6300 with an expiration date 2015-09-14
4. EUR 2,500,000 – Put 4.2500 – Call 4.6300 with an expiration date 2015-09-28

The total nominal amount of the transactions amounts to EUR 20,000 thousand (EUR 10,000 thousand for each option type), which is equivalent to the amount of PLN 83,598 thousand.

## 24. 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 invested the funds received under the technological loans in modern investments located in a production area in Hajnówka leased from FORTE. FURNIREX Sp. z o.o. uses modern technologies to provide services of processing entrusted material for FORTE and other furniture manufacturers.
Guarantees were made to BRE Bank S.A. and are valid to 30 June 2018.

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

Group performance and basic economic and financial parameters:

| Description | 9 months ended 30 September 2013 | 9 months ended 30 September 2012 | % change | 3 months ended 30 September 2013 | 3 months ended 30 September 2012 | % change |
|---|---|---|---|---|---|---|
| Sales revenues | 469,887 | 400,670 | 17.3% | 166,540 | 137,324 | 21.3% |
| Cost of sales | (303,861) | (272,489) | 11.5% | (106,882) | (92,928) | 15.0% |
| Gross profit from sales | 166,026 | 128,181 | 29.5% | 59,658 | 44,396 | 34.4% |
| Gross sales margin % | 35.3% | 32.0% | | 35.8% | 32.3% | |
| Selling costs | 93,784 | 79,885 | 17.4% | 33,536 | 26,651 | 25.8% |
| General administrative costs | 21,680 | 19,030 | 13.9% | 7,413 | 6,155 | 20.4% |
| Operating profit (EBIT) | 49,087 | 27,739 | 77.0% | 17,783 | 11,617 | 53.1% |
| EBITDA | 61,545 | 39,208 | 57.0% | 22,004 | 15,563 | 41.4% |
| Profit before income tax | 49,536 | 28,053 | 76.6% | 18,824 | 12,089 | 55.7% |
| Net profit | 39,128 | 24,133 | 62.1% | 14,959 | 9,611 | 55.6% |
| Net sales margin % | 8.3% | 6.0% | | 9.0% | 7.0% | |

The FORTE Group considers three quarters of 2013 ended as successful periods of growing sales and improvements of financial results.

In the opinion of the Management Board, it is the result of the effective implementation of a consistent policy of market penetration, product offer development and operating control of all business processes. The ability to adapt product range and customer service to individual markets, allows achieving growth in a wide range of geographical locations. Due to the economies of scale, higher output lowers operating costs, which in further calculations of new products allows us to be even more attractive from the point of view of our customers.

Sales revenues amounted to PLN 469.9 million, an increase of 17.3% as compared to the corresponding period of 2012. In the last two quarters, the annual dynamics increased 120%, and just the third quarter of this year was a recorded one in the history of the Company.

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. Above-average sales growth can be observed in the newly-formed French market and the countries of southern Europe. Sales of assembled furniture is also increasing according to the plan and it should be a significant driving growth factor in the German-speaking markets in the coming years. Current dynamics of orders indicates a high likelihood of continuation of the sales dynamics in the coming years.

The Group recorded an increase in gross margin profitability (35% vs. 32% after three quarters of 2012). The gross profit on sales amounted to PLN 166 million and increased by 29.5% as compared to the corresponding period of the previous year. The main reasons for the improvement in profitability are: positive impact of increased production scale on lower unit costs, favourable situation on the basic raw materials prices market (stabilisation of prices on a relatively low level) and good results of budget discipline.

Selling costs amounted to PLN 93.8 million and increased by 17.4% as compared to the corresponding period of the previous year. The selling costs to revenues ratio was similar to the comparative period and amounted to 20% vs. 19.9% after three quarters of 2012.

The main item in this group of costs is transportation costs, whose ratio in relation to sales revenue was the same as in the last year and amounted to 7%.

General administrative costs amounted to PLN 21.7 million, which means an increase by 14% vs. the similar period in 2012. The increase in general costs was caused primarily by the creation of a provision for an annual bonus for employees in the amount of PLN 1.5 million, charged to these costs. During the last 4 years, the Group increased its revenues by 40% without increasing employment in this area.

Operating profit after three quarters of 2013 was PLN 49.1 million (10.4% of revenues), as compared to PLN 27.8 million (6.9% of revenues) in the comparative period of 2012, which is an increase of 77%.

Financial items are balanced – low level of net interest-bearing debts and effective currency exposure management policy (despite significant changes in exchange rate and significant net exposure) enable to Group to avoid related encumbrances.

The net profit generated in the reporting period amounted to PLN 39.1 million (8.3% of revenues), as compared with PLN 24.1 million in the corresponding period of the previous year (6%). Results after three quarters and prospects for the last part of the year indicate that the Group will close 2013 with record sales and results in its history.

| Characteristics of the balance sheet structure | 30 September 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 | 251,116 | 47.2% | 252,922 | 52.2% | (0.7%) |
| Current assets | 280,841 | 52.8% | 231,205 | 47.8% | 21.5% |
| **Total assets** | **531,957** | **100%** | **484,127** | **100%** | **9.9%** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

| | | | | | |
|---|---|---|---|---|---|
| Equity | 364,945 | 68.6% | 348,883 | 72.0% | 4.6% |
| Long-term liabilities and provisions | 57,339 | 10.8% | 48,263 | 10.0% | 18.8% |
| Short-term liabilities and provisions | 109,673 | 20.6% | 86,981 | 18.0% | 26.1% |
| **Total equity and liabilities** | **531,957** | **100%** | **484,127** | **100%** | **9.9%** |

After three quarters of 2013, the Group recorded an increase in the balance sheet total by PLN 47.8 million.

There was a decrease of PLN 1.8 million in non-current assets, resulting from the surplus of depreciation over investment outlays.

The increase in current assets by PLN 49 million pertains to cash, inventories and receivables.

The increase in trade and other receivables (PLN 10.1 million) is the consequence of increase in sales, whereas increase in inventories (PLN 10.5 million) derives from the need of maintaining a security buffer in connection with increased production and timely shipments. The increased cash balance is the result of receivable hedging – released funds in EUR from currency loans are invested after their exchange into PLN. The balance of interest received and paid is positive.

On the side of liabilities there have been increases of liabilities connected with: bank loans (by PLN 6 million), trade and other liabilities (by 15.6 million), income tax (by PLN 6.5 million) and provisions and deferred revenues and accruals (by PLN 3.8 million).

The increase in bank loans balance arises from the Group's foreign exchange risk management policy described above.

Increase in the balance of trade liabilities is the consequence of increased production. The Group settles its all liabilities on a timely basis.

The increase in income tax liabilities arises from the increase in taxable profit and the fact that the Parent Company settles income tax in a simplified form (monthly advances were calculated based on taxable profit for the year 2011).

The Group maintains very high financial liquidity. The closing balance of cash at the end of the reporting period was PLN 59.8 million, which is an increase of PLN 29.8 million compared to the end of 2012 despite allocation of significant sums for dividend payment for the year 2012.

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

In addition to the factors listed in item 25 there were no other unusual or particularly significant factors and events that could impact the Group's financial results.

### 25.2. Information on the issue, redemption and repurchase of securities.

Did not occur.

### 25.3. 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.

### 25.4. 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 | 4,000,000 | 16.84% | 16.84% |
| 3. | ING Otwarty Fundusz Emerytalny | 1,500,000 | 6.32% | 6.32% |

### 25.5. 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.

### 25.6. 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.

### 25.7. 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.

### 25.8. 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.

### 25.9. 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.

### 25.10. 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.

In view of the Management Board, in the nearest months no major changes in the market environment should be expected, which indicates good prospects with respects to the future financial results. Currently, there are no significant risks of a different scenario. The strategy based on continuous development of the offer and its increased location in the largest customers, combined with improvement of the level of service for partners, will bring the expected growth in the market share, sales and output. The Group is currently preparing budgetary plans for subsequent periods, while preparing its manufacturing and logistics resources to new challenges.

### 25.11. 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.

## 26. Currency exchange rates

Individual items of assets and liabilities were converted at the average rate of the National Bank of Poland as of 30 September 2013, 31 December 2012 and 30 September 2012, amounting to: PLN 4.2163, PLN 4.0882 and PLN 4.1138 against 1 EUR.

Individual items of the profit and loss account and the cash flow statement were converted at the average 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 9 months ended 30 September 2013 and 30 September 2012, and amounting to: PLN 4.2231 and PLN 4.1948 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, 14 November 2013

**FABRYKI MEBLI "FORTE" S.A.**

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 9 MONTHS AND FOR THE PERIOD OF 3 MONTHS ENDED 30 SEPTEMBER 2013

**Prepared in accordance with the International Financial Reporting Standards**

Ostrów Mazowiecka, 14 November 2013

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## PROFIT AND LOSS ACCOUNT

| | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 | 9 months ended 30 September 2012 | 3 months ended 30 September 2012 |
|---|---|---|---|---|
| **Continued operations** | | | | |
| Revenues from sales of products, goods and materials | 466,486 | 165,917 | 396,098 | 135,524 |
| Revenues from sales of services | 3,810 | 1,336 | 3,443 | 1,025 |
| **Sales revenues** | **470,296** | **167,253** | **399,541** | **136,549** |
| Cost of sales of sold products, goods and materials | (301,853) | (106,577) | (269,737) | (91,976) |
| Cost of sales of sold services | (2,515) | (752) | (2,300) | (694) |
| **Cost of sales** | **(304,368)** | **(107,329)** | **(272,037)** | **(92,670)** |
| **Gross profit (loss) from sales** | **165,928** | **59,924** | **127,504** | **43,879** |
| Other operating income | 1,209 | 57 | 1,551 | 875 |
| Selling costs | (99,554) | (35,516) | (84,561) | (27,743) |
| General administrative costs | (20,895) | (7,161) | (17,888) | (5,849) |
| Other operating costs | (2,784) | (1,002) | (3,156) | (888) |
| **Profit (loss) on operating activities** | **43,904** | **16,302** | **23,450** | **10,274** |
| Financial income | 4,388 | 561 | 4,088 | 660 |
| Financial costs | (820) | 72 | (1,119) | (330) |
| Profit (loss) on derivative financial instruments | 371 | 371 | **-** | **-** |
| **Profit (loss) before income tax** | **47,843** | **17,306** | **26,419** | **8,490** |
| Income tax | (8,856) | (3,418) | (4,564) | (2,114) |
| **Profit (loss) on continued operations of the period** | **38,987** | **13,888** | **21,855** | **8,490** |
| **Discontinued operations** | - | - | - | - |
| **Profit (loss) on discontinued operations of the period** | **-** | **-** | **-** | **-** |
| **Profit (loss) of the period** | **38,987** | **13,888** | **21,855** | **8,490** |
| **Profit (loss) per share attributable to the period (in PLN):** | | | | |
| **- basic** | 1.64 | 0.58 | 0.92 | 0.36 |
| **- diluted** | 1.64 | 0.58 | 0.92 | 0.36 |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## STATEMENT OF COMPREHENSIVE INCOME

| | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 | 9 months ended 30 September 2012 | 3 months ended 30 September 2012 |
|---|---|---|---|---|
| **Profit (loss) of the period** | **38,987** | **13,888** | **21,855** | **8,490** |
| **Other net comprehensive income, of which** | **(631)** | **4,046** | **19,578** | **9,148** |
| **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** | **(631)** | **4,046** | **19,578** | **9,148** |
| Hedge accounting | (779) | 4,995 | 20,633 | 7,756 |
| Income tax on other comprehensive income | 148 | (949) | (1,055) | 1,392 |
| **Comprehensive income for the period** | **38,356** | **17,934** | **41,433** | **17,638** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

| | As at | | |
|---|---|---|---|
| | 30 September 2013 | 31 December 2012 | 30 September 2012 |
| **ASSETS** | | | |
| **Non-current assets** | **242,249** | **244,474** | **245,441** |
| Tangible fixed assets | 184,639 | 188,107 | 189,488 |
| Intangible assets | 16,949 | 16,092 | 16,093 |
| Financial assets | 10,910 | 10,524 | 10,637 |
| Investment properties | 29,751 | 29,751 | 29,223 |
| **Current assets** | **277,554** | **227,956** | **226,925** |
| Inventories | 109,114 | 99,119 | 110,601 |
| Trade and other receivables | 99,967 | 90,015 | 89,692 |
| Receivables due to derivative financial instruments | 8,538 | 8,950 | 7,540 |
| Income tax receivables | - | - | 343 |
| Deferred revenues and accruals | 2,302 | 2,341 | 2,481 |
| Financial assets | 1,053 | 957 | 904 |
| Cash and cash equivalents | 56,580 | 26,574 | 15,364 |
| **TOTAL ASSETS** | **519,803** | **472,430** | **472,366** |
| **EQUITY AND LIABILITIES** | | | |
| **Total equity** | **350,598** | **334,806** | **326,512** |
| Share capital | 23,751 | 23,751 | 23,751 |
| Share premium | 111,646 | 111,646 | 111,646 |
| Provisions from revaluation of hedging instruments | 6,618 | 7,249 | 8,973 |
| Business combination capital | (1,073) | (1,073) | (1,073) |
| Incentive Scheme | 198 | 198 | 198 |
| Other reserve capital | 146,803 | 137,494 | 137,494 |
| Retained earnings | 62,655 | 55,541 | 45,523 |
| **Long-term liabilities** | **56,325** | **47,826** | **57,632** |
| Interest-bearing bank loans and borrowings | 38,898 | 29,900 | 43,941 |
| Deferred income tax provision | 12,915 | 13,802 | 10,562 |
| Provision for benefits after the employment period | 2,100 | 2,100 | 1,877 |
| Deferred revenues and accruals | 92 | 110 | 116 |
| Financial liabilities due to leases | 2,320 | 1,914 | 1,136 |
| Other long-term liabilities | - | - | - |
| **Short-term liabilities** | **112,880** | **89,798** | **88,222** |
| Trade and other liabilities | 60,078 | 44,428 | 65,469 |
| Liabilities due to financial derivative instruments | - | - | - |
| Current interest-bearing bank loans and borrowings | 26,423 | 29,624 | 9,595 |
| Income tax liabilities | 6,979 | 431 | - |
| Provisions and accrued liabilities | 18,499 | 14,187 | 11,688 |
| Financial liabilities due to leases | 901 | 1,128 | 1,470 |
| **Total liabilities** | **169,205** | **137,624** | **145,854** |
| **TOTAL EQUITY AND LIABILITIES** | **519,803** | **472,430** | **472,366** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## CASH FLOW STATEMENT

| | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 | 9 months ended 30 September 2012 | 3 months ended 30 September 2012 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit (loss) of the period** | **38,987** | **13,888** | **21,855** | **8,490** |
| | | | | |
| **Total adjustments by:** | **15,802** | **6,414** | **25,831** | **3,742** |
| Amortisation and depreciation | 12,195 | 4,127 | 11,291 | 3,868 |
| Foreign exchange (gains)/losses | 1,698 | (1,804) | (4,662) | (2,069) |
| Net interest and dividends | (2,713) | 196 | (1,800) | 323 |
| (Profit)/loss on investment activities | 83 | 128 | 611 | 25 |
| Change in the valuation of derivative financial instruments | (219) | (1,316) | (1,055) | 1,392 |
| Change in receivables | (9,945) | (3,442) | 8,620 | (12,389) |
| Change in inventories | (9,996) | (9,186) | (733) | 2,643 |
| Change in liabilities, excluding loans and borrowings | 14,705 | 10,100 | 9,950 | 8,864 |
| Change in accruals and deferrals | 4,333 | 4,228 | 1,606 | 1,831 |
| Change in provisions | (887) | 299 | 2,046 | (1,225) |
| Income tax paid | (3,047) | (984) | (3,916) | (1,468) |
| Current tax recognised in the profit and loss account | 9,595 | 4,068 | 3,573 | 1,947 |
| Other adjustments | - | - | - | - |
| **Net cash from operating activities** | **54,789** | **20,302** | **47,386** | **12,232** |
| | | | | |
| **Cash flows from investment activities** | | | | |
| Sale of tangible fixed assets and intangible assets | 300 | 127 | 52 | 35 |
| Purchase of tangible fixed assets and intangible assets | (7,941) | (4,499) | (15,615) | (8,329) |
| Disposal of financial assets | - | - | - | - |
| Purchase of financial assets | - | - | - | - |
| Dividends received | 3,438 | 25 | 2,829 | - |
| Interest received | 84 | 45 | 98 | 16 |
| Borrowings granted | (1,586) | - | - | - |
| Repayment of borrowings granted | 1,173 | 189 | 532 | 229 |
| **Net cash from investment activities** | **(4,532)** | **(4,113)** | **(12,104)** | **(8,049)** |
| | | | | |
| **Cash flows from financial activities** | | | | |
| Inflows from loans and borrowings taken out | 20,051 | 12,636 | 13,188 | 3,067 |
| Repayment of loans/borrowings | (15,965) | (10,900) | (35,878) | (9,474) |
| Dividends paid | (22,564) | (22,564) | (17,813) | (17,813) |
| Interest paid | (817) | (284) | (1,165) | (353) |
| Repayment of liabilities due to leases | (969) | (350) | (2,004) | (604) |
| | | | | |
| **Net cash from financial activities** | **(20,264)** | **(21,462)** | **(43,672)** | **(25,177)** |
| | | | | |
| **Net increase (decrease) in cash and cash equivalents** | **29,993** | **(5,273)** | **(8,390)** | **(20,994)** |
| | | | | |
| Net foreign exchange differences | 13 | (41) | (106) | 55 |
| Opening balance of cash | **26,574** | **61,894** | **23,860** | **36,303** |
| Closing balance of cash, of which: | **56,580** | **56,580** | **15,364** | **15,364** |
| of limited disposability | - | - | - | |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## STATEMENT OF CHANGES IN EQUITY
**for 9 months ended 30 September 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** |
| Retained earnings written off to reserve capital | - | - | (9,309) | - | 9,309 | - | - | - |
| Payment of dividend for 2012 | - | - | (22,564) | - | | - | - | **(22,564)** |
| **Comprehensive income for the period** | - | - | **38,987** | **(631)** | - | - | - | **38,356** |
| **As at 30 September 2013** | **23,751** | **111,646** | **62,655** | **6,618** | **146,803** | **(1,073)** | **198** | **350,598** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## STATEMENT OF CHANGES IN EQUITY
**for 3 months ended 30 September 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 July 2013** | **23,751** | **111,646** | **48,767** | **2,572** | **146,803** | **(1,073)** | **198** | **332,664** |
| **Comprehensive income for the period** | **-** | **-** | **13,888** | **4,046** | **-** | **-** | **-** | **17,934** |
| **As at 30 September 2013** | **23,751** | **111,646** | **62,655** | **6,618** | **146,803** | **(1,073)** | **198** | **350,598** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## STATEMENT OF CHANGES IN EQUITY
**for 9 months ended 30 September 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** |
| Payment of dividend for 2011 | - | - | (17,813) | - | - | - | - | **(17,813)** |
| Reclassification to reserve capital | - | - | (3,945) | - | 3,945 | - | - | - |
| **Comprehensive income for the period** | - | - | **21,855** | **19,578** | - | - | - | **41,433** |
| **As at 30 September 2012** | **23,751** | **111,646** | **45,523** | **8,973** | **137,494** | **(1,073)** | **198** | **326,512** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 2013 with the additional information (in PLN thousand)

## STATEMENT OF CHANGES IN EQUITY
**for 3 months ended 30 September 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 July 2012** | **23,751** | **111,646** | **37,033** | **(175)** | **137,494** | **(1,073)** | **198** | **308,874** |
| **Comprehensive income for the period** | **-** | **-** | 8,490 | 9,148 | **-** | **-** | **-** | **17,638** |
| **As at 30 September 2013** | **23,751** | **111,646** | **45,523** | **8,973** | **137,494** | **(1,073)** | **198** | **326,512** |

Condensed interim consolidated financial statements for the period of 9 and 3 months ended 30 September 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** |