



## **FABRYKI MEBLI “FORTE” CAPITAL GROUP**

**Consolidated financial statements QSr1/2014 for the  
period ended 31 March 2014**

Statements prepared in accordance with the International  
Financial Reporting Standards

**Ostrów Mazowiecka, 15 May 2014**

## TABLE OF CONTENTS

Selected Financial data .....	3
Consolidated profit and loss account.....	4
Consolidated statement of COMPRENSIVE INCOME .....	5
Consolidated statement of financial situation (balance sheet) .....	6
Consolidated cash flow statement.....	7
Consolidated statement of changes in equity.....	8
1. General information.....	11
2. Composition of the Group .....	11
3. Composition of the Management Board of the Parent Company .....	12
4. Basis for preparation of the consolidated financial statements .....	12
5. Changes in accounting principles / principles of presenting data in financial statements and error correction .....	12
6. Foreign currency translation.....	13
7. Seasonality of operations.....	13
8. Information on operating segments.....	14
9. Revenue and costs .....	14
Sales revenue and geographic structure.....	14
Geographic structure: .....	14
Other operating revenue.....	14
Other operating costs .....	14
Financial revenue .....	14
Financial costs.....	15
Costs by type .....	15
10. Changes in accounting estimates .....	15
Write-downs on receivables.....	16
Write-downs on tangible fixed assets.....	16
Write-downs on inventory .....	16
11. Property, plant and equipment .....	17
12. Intangible assets .....	17
13. Fixed assets classified as held for sale.....	17
14. Revaluation reserve from financial instruments.....	17
15. Dividend paid and proposed .....	18
16. Earnings per share.....	18
17. Interest-bearing bank loans.....	18
18. Financial instruments .....	19
19. Hedge accounting and other derivative financial instruments.....	19
20. Related party transactions.....	20
21. Transactions involving the Management Board, key managerial staff and members of their immediate families.....	21
22. Changes in the composition of the Supervisory Board .....	22
23. Significant events after the reporting period.....	22
24. Off-balance sheet items .....	22
25. Management Board's report on the activities of the Issuer's Capital Group .....	22
25.1. Factors and events visibly affecting financial results.....	24
25.2. Issue, redemption and repurchase of securities .....	24
25.3. Management Board's position regarding the viability of meeting previously published forecasts for a particular year .....	24
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 .....	24
25.5. Key events in which the issuer participated in 2014 and until the date of publication of the Management Board's Report .....	24
25.6. Awards and honours .....	24
25.7. Listings of Fabryki Mebli "FORTE" S.A. shares.....	24
25.8. Summary of the number of Issuer's shares or stock options held by the Issuer's managers and supervisors.....	25
25.9. Information on pending proceedings before court, arbitration panel or public administration body.....	25
25.10. Information on conclusion by the Issuer or its subsidiary of one or more transactions with related entities. ....	25
25.11. 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.....	25
25.12. 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 fulfill obligations .....	25
25.13. 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. ....	26
25.14. 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 .....	26
26. Currency exchange rates.....	26
Profit and loss account.....	28
Statement of comprehensive income .....	29
Cash flows Statement .....	31

Statement of changes in equity ..... 32

**SELECTED FINANCIAL DATA**

Financial data of Fabryki Mebli "Forte" Capital Group	PLN		EUR	
	3 months ended on 31 March 2014	3 months ended on 31 March 2013	3 months ended on 31 March 2014	3 months ended on 31 March 2013
Net revenue from sales of products, goods, materials and services	212,043	156,537	50,614	37,508
Operating profit / loss	27,877	17,960	6,654	4,303
Profit / loss before tax	29,366	17,479	7,010	4,188
Net profit / loss attributable to the Shareholders of the Parent Company	23,234	13,793	5,546	3,305
Comprehensive income for the period	22,750	12,360	5,430	2,962
Net cash flows from operating activities	20,325	14,734	4,852	3,530
Net cash flows from investment activities	(10,090)	(2,314)	(2,408)	(554)
Net cash flows from financial activities	16,893	2,559	4,032	613
Net increase / decrease in cash and cash equivalents	27,128	14,979	6,475	3,589
Number of shares (number of items)	23,751,084	23,751,084	23,751,084	23,751,084
Profit / loss per ordinary share (in PLN/EUR)	0.98	0.58	0.23	0.14
	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013
Total assets	605,546	554,854	145,170	133,790
Total liabilities	198,189	170,247	47,513	41,051
Long-term liabilities	89,904	76,581	21,553	18,466
Short-term liabilities	108,285	93,666	25,960	22,585
Parent undertaking shareholders' equity	403,652	380,896	96,769	91,844
Share capital	23,751	23,751	5,694	5,727
Book value per share (in PLN/EUR)	17.00	16.04	4.07	3.87

Financial data of Fabryki Mebli "Forte" S.A.	PLN		EUR	
	3 months ended on 31 March 2014	3 months ended on 31 March 2013	3 months ended on 31 March 2014	3 months ended on 31 March 2013
Net revenue from sales of products, goods, materials and services	211,980	156,464	50,599	37,491
Operating profit / loss	25,057	15,996	5,981	3,833
Profit / loss before tax	26,588	18,868	6,346	4,521
Profit / loss of the period	21,342	15,779	5,094	3,781
Comprehensive income for the period	20,828	14,206	4,972	3,404
Net cash flows from operating activities	20,883	13,209	4,985	3,165
Net cash flows from investment activities	(9,656)	940	(2,305)	225
Net cash flows from financial activities	16,893	2,558	4,032	613
Net increase / decrease in cash and cash equivalents	28,120	16,707	6,712	4,003
Number of shares (number of items)	23,751,084	23,751,084	23,751,084	23,751,084
Declared or paid out dividend per share (in PLN/EUR):	1.50	0.95	0.36	0.23
Profit / loss per ordinary share (in PLN/EUR)	0.90	0.66	0.21	0.16
	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013
Total assets	589,105	539,725	141,228	130,142
Total liabilities	199,139	170,587	47,740	41,133
Long-term liabilities	88,598	75,381	21,240	18,176
Short-term liabilities	110,541	95,206	26,500	22,957
Equity	389,966	369,138	93,488	89,009
Share capital	23,751	23,751	5,694	5,727
Book value per share (in PLN/EUR)	16.42	15.54	3.94	3.75

Individual items of the financial statements have been translated at the rates specified in section 26 of Additional Information to the consolidated quarterly report for QSr 1/2014.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	<b>For the reporting period ended</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Continued operations</b>		
Revenue from sales of products, goods and materials	208,506	155,093
Revenue from sales of services	3,537	1,444
<b>Sales revenue</b>	<b>212,043</b>	<b>156,537</b>
Cost of sales of sold products, goods and materials	(122,388)	(98,694)
Cost of sales of sold services	(8,905)	(3,840)
<b>Cost of sales</b>	<b>(131,293)</b>	<b>(102,534)</b>
<b>Gross profit (loss) from sales</b>	<b>80,750</b>	<b>54,003</b>
Other operating revenue	586	826
Costs of sales	(43,734)	(29,759)
General administrative expenses	(8,566)	(6,256)
Remaining operating costs	(1,159)	(854)
<b>Profit (loss) on operating activities</b>	<b>27,877</b>	<b>17,960</b>
Financial revenue	550	147
Financial costs	(334)	(628)
Profit (loss) on derivative financial instruments	1,273	-
<b>Profit (loss) before income tax</b>	<b>29,366</b>	<b>17,479</b>
Income tax expenses	(6,138)	(3,670)
<b>Profit (loss) on continued operations of the period</b>	<b>23,228</b>	<b>13,809</b>
<b>Discontinued operations</b>	-	-
<b>Profit (loss) on discontinued operations of the period</b>	-	-
<b>Profit (loss) of the period</b>	<b>23,228</b>	<b>13,809</b>
<b>Attributable to:</b>		
<b>Shareholders of the Parent Company</b>	<b>23,234</b>	<b>13,793</b>
<b>Non-controlling interest</b>	<b>(6)</b>	<b>16</b>
<b>Profit (loss) per share attributable to shareholders of the Parent Company in the period (in PLN):</b>		
- basic	0.98	0.58
- diluted	0.98	0.58

**CONSOLIDATED STATEMENT OF COMPREHENHIVE INCOME**

	<b>For the reporting period ended</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Profit (loss) of the period</b>	<b>23,228</b>	<b>13,809</b>
<b>Other net comprehensive income, including:</b>	<b>(478)</b>	<b>(1,449)</b>
<b>Items which in the future will not be reclassified to the profit and loss account</b>		
<b>Items which in the future may be reclassified to the profit and loss account</b>		
Foreign exchange differences on subsidiaries from consolidation	36	124
Incentive Scheme	-	-
Hedge accounting	(634)	(1,942)
Income tax on other comprehensive income	120	369
<b>Comprehensive income for the period</b>	<b>22,750</b>	<b>12,360</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	22,756	12,344
Non-controlling interest	(6)	16

**CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)**

	As at		
	31 March 2014	31 December 2013	31 March 2013
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>260,327</b>	<b>254,070</b>	<b>251,170</b>
Tangible fixed assets	194,874	188,588	187,064
Intangible assets	16,631	16,632	16,202
Financial assets	860	888	1,132
Deferred tax assets	-	-	-
Investment properties	47,962	47,962	46,772
<b>Current assets</b>	<b>345,219</b>	<b>300,784</b>	<b>254,239</b>
Inventory	118,347	113,087	100,534
Trade and other receivables	111,659	99,135	97,973
Receivables due to derivative financial instruments	8,684	9,824	7,007
Income tax receivables	320	35	26
Deferred revenues and accruals	2,477	1,853	2,980
Financial assets	470	731	731
Cash and cash equivalents	103,262	76,119	44,988
<b>TOTAL ASSETS</b>	<b>605,546</b>	<b>554,854</b>	<b>505,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>407,357</b>	<b>384,607</b>	<b>361,242</b>
<b>Equity (attributable to shareholders of the Parent Company), including:</b>	<b>403,652</b>	<b>380,896</b>	<b>357,578</b>
Share capital	23,751	23,751	23,751
Share premium	111,646	111,646	111,646
Foreign exchange differences on subsidiaries from consolidation	436	380	492
Revaluation reserve from hedging instruments	7,034	7,548	5,676
Incentive Scheme	420	420	198
Other reserve capital	146,803	146,803	137,494
Retained earnings	113,562	90,348	78,321
<b>Capital attributable to non-controlling interest</b>	<b>3,705</b>	<b>3,711</b>	<b>3,664</b>
<b>Long-term liabilities</b>	<b>89,904</b>	<b>76,581</b>	<b>50,267</b>
Interest-bearing loans and borrowings	73,168	58,178	32,317
Deferred income tax provisions	11,804	13,504	13,744
Provisions for benefits after the employment period	2,659	2,659	2,208
Other Provisions	39	39	40
Deferred revenues and accruals	80	86	104
Financial liabilities due to lease	2,154	2,115	1,854
<b>Short-term liabilities</b>	<b>108,285</b>	<b>93,666</b>	<b>93,900</b>
Trade and other liabilities	65,268	54,720	43,814
Liabilities due to financial derivative instruments:	-	-	-
Current interest-bearing loans and borrowings	12,038	9,259	31,676
Income tax liabilities	5,959	10,963	2,615
Short-term provisions and deferred revenues and accruals	24,165	17,968	14,787
Financial liabilities due to lease	855	756	1,008
<b>Total liabilities</b>	<b>198,189</b>	<b>170,247</b>	<b>144,167</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>605,546</b>	<b>554,854</b>	<b>505,409</b>

**CONSOLIDATED CASH FLOW STATEMENT**

	As at		
	31 March 2014	31 December 2013	31 March 2013
<b>Cash flows from operating activities</b>			
<b>Profit / loss of the period</b>	<b>23,228</b>	<b>57,856</b>	<b>13,793</b>
<b>Total adjustments by:</b>	<b>(2,903)</b>	<b>22,215</b>	<b>941</b>
(Profit)/loss of non-controlling interest	(6)	62	16
Depreciation	4,125	16,668	4,079
Foreign exchange (gains)/losses	253	486	1,326
Net interest and dividends	234	1,032	250
(Profit)/loss on investment activities	(66)	1,215	2
Change in the valuation of derivative financial instruments	626	(506)	369
Change in receivables	(12,524)	(9,545)	(8,382)
Change in inventories	(5,260)	(13,968)	(1,415)
Change in liabilities, excluding loans and borrowings	11,090	12,613	3,035
Change in accruals and deferrals	5,567	3,993	(299)
Change in provisions	(1,700)	(622)	(347)
Income tax paid	(13,011)	(5,365)	(1,545)
Current tax recognised in profit and loss account	7,722	15,842	3,682
Foreign exchange differences	(8)	(18)	170
Reserve for retirement benefits	-	267	-
Valuation of the Incentive Scheme	-	222	-
Other adjustments	55	(161)	-
<b>Net cash flow from operating activities</b>	<b>20,325</b>	<b>80,071</b>	<b>14,734</b>
<b>Cash flows from investment activities</b>			
Sale of tangible fixed assets and intangible assets	217	938	38
Purchase of tangible fixed assets and intangible assets	(10,603)	(16,818)	(2,514)
Real property investment	-	(1,028)	-
Dividends received	-	25	-
Interest received	5	42	15
Repayment of borrowings granted	291	813	147
Borrowings granted	-	(437)	-
Other investment inflows	-	2	-
<b>Net cash flow from investment activities</b>	<b>(10,090)</b>	<b>(16,463)</b>	<b>(2,314)</b>
<b>Cash flows from financial activities</b>			
Inflow from loans and borrowings taken out	19,942	25,806	5,443
Repayment of loans and borrowings	(2,416)	(18,365)	(2,361)
Repayment of leasing liabilities	(374)	(1,273)	(287)
Dividends paid to shareholders of the Parent Company	-	(22,564)	-
Dividend paid to acquire a non-controlling interest	-	-	-
Interest paid	(259)	(1,103)	(237)
Other financial inflows	-	-	1
<b>Net cash flow from financial activities</b>	<b>16,893</b>	<b>(17,499)</b>	<b>2,559</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>27,128</b>	<b>46,109</b>	<b>14,979</b>
Net foreign exchange differences (from translation, opening balance)	(15)	(15)	(18)
<b>Opening balance of cash</b>	<b>76,119</b>	<b>29,991</b>	<b>29,991</b>
<b>Closing balance of cash, including:</b>	<b>103,262</b>	<b>76,119</b>	<b>44,988</b>
of limited disposability			



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 for 3 months ended on 31 March 2014

	Attributable to the shareholders of the Parent Company							Total	Equity of non-controlling interest	Total equity
	Share capital	Share premium	Foreign exchange differences on consolidation	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital			
<b>As at 1 January 2014</b>	<b>23,751</b>	<b>111,646</b>	<b>380</b>	<b>420</b>	<b>90,348</b>	<b>7,548</b>	<b>146,803</b>	<b>380,896</b>	<b>3,711</b>	<b>384,607</b>
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
<b>As at 1 January 2014 after adjustments</b>	<b>23,751</b>	<b>111,646</b>	<b>380</b>	<b>420</b>	<b>90,348</b>	<b>7,548</b>	<b>146,803</b>	<b>380,896</b>	<b>3,711</b>	<b>384,607</b>
Profit (loss) for the period	-	-	-	-	23,234	-	-	23,234	-	<b>23,234</b>
Hedge accounting	-	-	-	-	-	(514)	-	(514)	-	<b>(514)</b>
Non-controlling interest profit	-	-	-	-	-	-	-	-	(6)	<b>(6)</b>
Foreign exchange differences	-	-	56	-	(20)	-	-	36	-	<b>36</b>
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>23,214</b>	<b>(514)</b>	<b>-</b>	<b>22,756</b>	<b>(6)</b>	<b>22,750</b>
<b>As at 31 March 2014</b>	<b>23,751</b>	<b>111,646</b>	<b>436</b>	<b>420</b>	<b>113,562</b>	<b>7,034</b>	<b>146,803</b>	<b>408,954</b>	<b>3,705</b>	<b>407,357</b>

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

	Attributable to the shareholders of the Parent Company							Total	Equity of non-controlling interest	Total equity
	Share capital	Share premium	foreign exchange differences on consolidation	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital			
<b>As at 1 January 2013</b>	<b>23,751</b>	<b>111,646</b>	<b>368</b>	<b>198</b>	<b>64,528</b>	<b>7,249</b>	<b>137,494</b>	<b>345,234</b>	<b>3,649</b>	<b>348,883</b>
Changes in Accounting Policy										
Error adjustments	-	-	-	-	-	-	-	-	-	-
<b>As at 1 January 2013 after adjustments</b>	<b>23,751</b>	<b>111,646</b>	<b>368</b>	<b>198</b>	<b>64,528</b>	<b>7,249</b>	<b>137,494</b>	<b>345,234</b>	<b>3,649</b>	<b>348,883</b>
Payment of dividend for 2012	-	-	-	-	-	-	-	-	-	-
Reclassification to reserve capital	-	-	-	-	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	-	-	<b>124</b>	-	<b>13,793</b>	<b>(1,573)</b>	-	<b>12,344</b>	<b>16</b>	<b>12,360</b>
<b>As at 31 March 2013</b>	<b>23,751</b>	<b>111,646</b>	<b>492</b>	<b>198</b>	<b>78,321</b>	<b>5,676</b>	<b>137,494</b>	<b>357,578</b>	<b>3,664</b>	<b>361,242</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 for 12 months ended on 31 December 2013

	Attributable to the shareholders of the Parent Company							Total	Equity of non-controlling interest	Total equity
	Share capital	Share premium	Foreign exchange differences on consolidation	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital			
<b>As at 1 January 2013</b>	<b>23,751</b>	<b>111,646</b>	<b>368</b>	<b>198</b>	<b>64,528</b>	<b>7,249</b>	<b>137,494</b>	<b>345,234</b>	<b>3,649</b>	<b>348,883</b>
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
<b>As at 1 January 2013 after adjustments</b>	<b>23,751</b>	<b>111,646</b>	<b>368</b>	<b>198</b>	<b>64,528</b>	<b>7,249</b>	<b>137,494</b>	<b>345,234</b>	<b>3,649</b>	<b>348,883</b>
Payment of dividend for 2012	-	-	-	-	(22,564)	-	-	(22,564)	(2)	(22,566)
Reclassification to reserve capital	-	-	-	-	(9,309)	-	9,309	-	-	-
Provisions for employee benefits	-	-	-	-	(163)	-	-	(163)	-	(163)
Incentive Scheme	-	-	-	222	-	-	-	222	-	222
Profit (loss) for the period	-	-	-	-	57,856	-	-	57,856	-	57,856
Hedge accounting	-	-	-	-	-	299	-	299	-	299
Non-controlling interest profit	-	-	-	-	-	-	-	-	64	64
Foreign exchange differences	-	-	12	-	-	-	-	12	-	12
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>222</b>	<b>57,693</b>	<b>299</b>	<b>-</b>	<b>58,226</b>	<b>64</b>	<b>58,290</b>
<b>As at 31 December 2013</b>	<b>23,751</b>	<b>111,646</b>	<b>380</b>	<b>420</b>	<b>90,348</b>	<b>7,548</b>	<b>146,803</b>	<b>380,896</b>	<b>3,711</b>	<b>384,607</b>

## 1. General information

The Fabryki Mebli FORTE S.A. Capital Group (the "Group") consists of Fabryki Mebli FORTE S.A. and its subsidiaries (see Note 2). The Group's condensed interim consolidated financial statements covers the period of 3 months ended 31 March 2014, and contains the following comparative data: for the condensed interim consolidated profit and loss account, the condensed interim consolidated statement of comprehensive income and for the condensed interim consolidated cash flow statement – for the period of 3 months ended 31 March 2013, and for the condensed interim consolidated statement of financial situation and for the condensed interim consolidated statement of changes in equity – for the period of 3 months ended 31 March 2013 and for the year ended 31 December 2013.

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

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

The Parent Company was awarded the statistical 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:

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

## 2. Composition of the Group

As at 31 March 2014, the Fabryka Mebli "FORTE" S.A. Capital Group is composed of:

### Parent Entity:

Fabryka 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 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 showrooms in Wrocław, Toruń, Przemyśl, Białystok and Warsaw.

The Parent Company forms the Capital Group together with other entities. As at 31 March 2014, the Fabryka Mebli "FORTE" S.A. Capital Group was composed of:

- consolidated subsidiaries:

Subsidiaries (full consolidation method):	Registered office	Scope of activities	Percentage share of the Group in the capital	
			31 March 2014	31 December 2013
MV Forte GmbH	Erkelenz (Germany)	Dealership	100.00%	100.00%
Forte Möbel AG	Baar (Switzerland)	Dealership	99.00%	99.00%
Kwadrat Sp. z o.o.	Bydgoszcz	Real estate service and lease	77.01%	77.01%
*Galeria Kwadrat Sp. z o.o.	Bydgoszcz	Facilities Management	77.01%	77.01%
TM Handel Sp. z o.o. SKA	Ostrów Mazowiecka	Purchase, sale and management of real estate, advisory services regarding conducting business activity and management	100.00%	100.00%
**Fort Investment Sp. z o.o.	Ostrów Mazowiecka	Purchase, sale and management of real estate, advisory services regarding conducting business activity and management	100.00%	100.00%

\* indirectly related company – 100% subsidiary of Kwadrat Sp. z o.o.

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

- remaining subsidiaries excluded from consolidation on the basis of a significant impact of their financial data on the consolidated statements.

Other entities	Registered office	Scope of activities	Percentage share of the Group in the capital 31 March 2014
----------------	-------------------	---------------------	--

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	Bacau (Romania)	Dealership	100%
TM Handel Sp. z o.o. SKA	Warsaw	Advisory services regarding conducting business activity and management	100%

As at 31 March 2014 and as at 31 December 2013, 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 3-month period ended 31 March 2014, no changes occurred in the structure of the Group.

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

Composition of the Management Board of the Parent Company as at 31 March 2014:

- Maciej Formanowicz – President of the Management Board
- Mariusz Jacek Gazda – Member of the Management Board
- Gert Coopmann – Member of the Management Board
- Klaus Dieter Dahlem – Member of the Management Board

### Changes in the composition of the Management Board of the Company

On 7 May 2014, the Supervisory Board appointed Maria Małgorzata Florczuk as a Member of the Management Board of the Parent Company. As of the publication date of these statements, the Management Board of the Parent Company is composed of:

- Maciej Formanowicz – President of the Management Board
- Mariusz Jacek Gazda – Member of the Management Board
- Gert Coopmann – Member of the Management Board
- Klaus Dieter Dahlem – Member of the Management Board
- Maria Małgorzata Florczuk – Member 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 International Financial Reporting Standards ("IFRS") endorsed by the EU.

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

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

These consolidated financial statements were drawn up with the assumption of the Company continuing as a going concern in the foreseeable future. As at the date of approval of these financial statements, the Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the continuing activity of the Group for at least 12 months following the balance sheet period as a result of any intended or compulsory withdrawal or significant limitation in the activities of the Group.

These condensed interim consolidated financial statements have been prepared in accordance with the same accounting principles and calculation methods as in 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 2013.

### 5. Changes in accounting principles / principles of presenting data in financial statements and error correction

These interim condensed consolidated financial statements have been prepared in accordance with accounting principles described in the Consolidated Financial Statements for the year 2013 in Note 9, taking into account the new standards, which came into force on 1 January 2014 and are essential for the preparation of the consolidated financial statements:

- 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.

- 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 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.

- 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.

- 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*.

- 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*.

- 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 1 January 2014 or later. These amendments are a reaction to the existing incoherence in applying criteria for offsetting, which exist in IAS 32.

- 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 using IFRS 10, IFRS 11 and IFRS 12, which includes the presentation of comparative data in the case of using the above-mentioned standards.

In these interim condensed consolidated financial statements, important judgments made by the Management Board regarding the accounting policies applied by the Group and key sources of uncertainty estimation were the same as described in the Consolidated Financial Statements for the year 2013.

Both in the current reporting period and in the comparative period, no adjustment occurred.

## 6. Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are converted to PLN at the average exchange rate of the National Bank of Poland applicable as at the reporting date. The resulting exchange rate differences are recognised under financial revenue/costs or, in cases provided for in the accounting principles (policy), capitalised at the value of assets. Non-monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost as at the date of the transaction. Non-monetary assets and liabilities measured at fair value are converted at the average 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 average rate, determined by the National Bank of Poland as at the balance sheet date;
  - Möbelvertrieb Forte GmbH – EUR – 4.1713
  - Forte Möbel AG – CHF – 3.4192
- 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 – 4.1894
  - Forte Möbel AG – CHF – 3.4349

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

## 7. Seasonality of operations

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

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

Revenues from sales of products, materials, goods and	Sales revenue –
---	-----------------

	services	% of share
Q1 2014	212,043	-
Q1 2013	156,537	23.49%
<b>2013</b>	<b>666,365</b>	-

## 8. Information on operating segments

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

## 9. Revenue and costs

### Sales revenue and geographic structure

Sales revenue	For the reporting period ended	
	31 March 2014	31 March 2013
Revenue from sales of products, goods and materials		
- products	206,356	151,809
- goods	1,426	2,616
- materials	1,872	668
Revenue from sales of services	2,389	1,444
<b>Total net revenue from sales</b>	<b>212,043</b>	<b>156,537</b>
<b>Geographic structure:</b>		
- domestic	30,378	26,976
- export	181,665	129,561
<b>Total net revenue from sales</b>	<b>212,043</b>	<b>156,537</b>
- including from related entities	4,665	9,067

### Information on key customers

The biggest customer for the products of the Forte Group is Roller GmbH (Germany), whose share in turnover exceeded 10% of the total Group revenue.

There are no formal ties between the customer and the Group.

### Other operating revenue

Other operating revenue	For the reporting period ended	
	31 March 2014	31 March 2013
Reversal of impairment write-downs	242	-
Gain on sale of property, plant and equipment	2	-
Subsidies	162	6
Donations and compensations	107	704
Surplus	-	-
Other	73	116
<b>Total other operating revenue</b>	<b>586</b>	<b>826</b>

### Other operating costs

Other operating costs	For the reporting period ended	
	31 March 2014	31 March 2013
Creation of write-downs	-	-
Liquidation and impairment write-downs on property, plant and equipment	1	39
Loss on disposal of property, plant and equipment	145	-
Scrapping of inventory	632	580
Donations	221	158
Penalties and compensations	45	26
Other	115	51
<b>Total other operating costs</b>	<b>1,159</b>	<b>854</b>

### Financial revenue

Financial revenue	For the reporting period ended	
	31 March 2014	31 March 2013
Dividend	-	-

Surplus of FX gains over FX losses	-	-
Interest	550	147
Other	-	-
<b>Financial revenue, total</b>	<b>550</b>	<b>147</b>

#### Financial costs

Financial costs	For the reporting period ended	
	31 March 2014	31 March 2013
Interest on loans and leasing	253	272
Commission on loans	1	-
Surplus of FX losses over FX gains	73	311
Other	7	45
<b>Financial costs, total</b>	<b>334</b>	<b>628</b>

#### Costs by type

Costs by type	For the reporting period ended	
	31 March 2014	31 March 2013
Depreciation	4,125	4,079
Consumption of materials and energy	103,394	77,539
External services	40,081	24,751
Taxes and fees	2,073	1,976
Payroll	28,856	21,270
Social insurance and other benefits	6,066	4,957
Other costs by type	1,722	1,153
	<b>186,317</b>	<b>135,725</b>
Change in product inventory and accruals	(4,939)	630
Manufacturing cost of products for internal purposes	(385)	(185)
Costs of sales	(43,734)	(29,759)
General administrative expenses	(8,566)	(6,256)
<b>Manufacturing cost of sold products and services</b>	<b>128,693</b>	<b>100,155</b>
<b>Value of goods and materials sold</b>	<b>2,600</b>	<b>2,379</b>
<b>Cost of sales</b>	<b>131,293</b>	<b>102,534</b>

#### Information on key suppliers

The strategic supplier of raw materials for the Forte Group is the PFLEIDERER Group, whose share in turnover exceeded 10% of the Group's sales revenue.

There are no formal ties between the supplier and the Group.

#### 10. Changes in accounting estimates

As at 31 March 2014, the Group made the following changes in accounting estimates in comparison to 31 December 2013 and 31 March 2013:

#### Change in Provisions

Long-term Provisions	As at		
	31 March 2014	31 December 2013	31 March 2013
Deferred tax assets	-	-	-
Deferred tax provision	11,804	13,504	13,744
Benefits after the employment period	2,659	2,659	2,208
Other provisions	39	39	40

Deferred revenues and accruals

Deferred revenues and accruals	As at		
	31 March 2014	31 December 2013	31 March 2013
Property and motor insurance	491	719	725
Perpetual usufruct	395	-	694
Fairs	103	318	454
Research and development	793	570	810
Business trips	280	87	17
Other	415	159	280
<b>in total</b>	<b>2,477</b>	<b>1,853</b>	<b>2,980</b>



Long-term accruals	As at		
	31 March 2014	31 December 2013	31 March 2013
<b>Long-term accrued income due to:</b>			
Subsidy to tangible fixed assets bought	80	86	104
<b>Short-term accruals</b>	<b>31 March 2014</b>	<b>31 December 2013</b>	<b>31 March 2013</b>
<b>Accruals due to:</b>			
Commissions	2,246	1,294	1,518
Bonuses for customers	8,763	8,451	7,382
Bonuses	4,257	1,500	1,567
Leaves	2,428	2,403	1,289
Balance sheet audit costs	128	159	89
External services	4,601	2,995	2,083
Other costs	687	111	76
<b>Short-term provisions:</b>			
Short-term provision for benefits after the employment period	58	58	-
Guarantee repairs	973	973	759
<b>Accrued income due to:</b>			
Subsidy to tangible fixed assets bought	24	24	24
	<b>24,165</b>	<b>17,968</b>	<b>14,787</b>

The amount of PLN 8,763 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 4,601 thousand is a provision created by the Group for the costs of external services, in particular: transportation, marketing, insurance of receivables and utilisation services.

The amount of PLN 4,257 thousand is a provision created for a bonus: for the Management Board in the amount of PLN 3,000 thousand (including PLN 1,500 thousand which applies to the bonus on financial result for 2013, the payment of which will be made after the approval of the financial statements for 2013) and for the Employees in the amount of PLN 1,257 thousand.

#### Changing write-downs on assets

	31 March 2014	31 December 2013	31 March 2013
Write-downs on short-term receivables	2,988	2,984	1,603
Write-downs on tangible fixed assets	159	368	3
Write-downs on inventory	5,130	5,450	3,294

#### Write-downs on receivables

Receivable write-downs	31 March 2014	31 December 2013	31 March 2013
Write-down as at 1 January	2,984	1,667	1,667
Creation	36	1,642	-
Utilisation	-	(30)	(10)
Release	(32)	(295)	(54)
Impairment at the end of the period	<b>2,988</b>	<b>2,984</b>	<b>1,603</b>

#### Write-downs on tangible fixed assets

Write-downs on tangible fixed assets	31 March 2014	31 December 2013	31 March 2013
Write-down as at 1 January	368	41	41
Creation	-	365	-
Release	(209)	(38)	(38)
Impairment at the end of the period	<b>159</b>	<b>368</b>	<b>3</b>

#### Write-downs on inventory

Inventories revaluation write-downs	31 March 2014	31 December 2013	31 March 2013
Write-down as at 1 January	5,450	3,294	3,294
Increase	-	3,262	-
Decrease	(320)	(1,106)	-
Impairment at the end of the period	<b>5,130</b>	<b>5,450</b>	<b>3,294</b>

## 11. Property, plant and equipment

The balance sheet value of machinery and equipment used as at 31 March 2014 by the Group on the basis of financial lease agreements and lease agreements with the option to buy is PLN 3,814 thousand, of which PLN 1,041 thousand relates to the lease of machinery and equipment, PLN 2,591 thousand to the lease of means of transport and PLN 182 thousand to the lease of other tangible fixed assets (as at 31 December 2013: PLN 4,124 thousand, as at 31 March 2013: PLN 4,237 thousand).

### Assets pledged as security

Land and buildings with the balance sheet value of PLN 73,749 thousand (as at 31 December 2013: PLN 72,910 thousand, and as at 31 March 2013: PLN 69,579 thousand) are covered by mortgages established to secure bank loans.

Additionally, machinery and equipment with the balance sheet value of PLN 51,248 thousand are subject to registered pledge (as at 31 December 2013: PLN 52,916 thousand, and as at 31 March 2013: PLN 35,309 thousand).

There were no capitalised external financing costs in the reporting period ended 31 March 2014 (as at 31 December 2013: none, and as at 31 March 2013: PLN 13 thousand).

### Capital commitments

As at 31 March 2014, the Group's capital commitments are PLN 1,125 thousand (as at 31 December 2013: PLN 1,667 thousand, and as at 31 March 2013: PLN 340 thousand). This amount primarily concerns expenditures on tangible fixed assets under construction and the purchase of machinery and equipment.

### Purchase and sale

In the 3-month period ended 31 March 2014, the Group purchased tangible fixed assets with a value of PLN 9,927 thousand (in the comparative period ended 31 March 2013: PLN 2,012 thousand) and sold tangible fixed assets with a net value of PLN 144 thousand (in the comparative period ended 31 March 2013: PLN 7 thousand).

## 12. Intangible assets

### Expenditure on research and development

In the reporting period ended 31 March 2014, the Group made expenditure on research and development recognised in the profit and loss account in the amount of PLN 84 thousand (in the comparative period ended 31 December 2013: PLN 990 thousand, as at 31 March 2013: PLN 151 thousand).

Due to the completion of development projects, intangible assets have increased by PLN 134 thousand (in the comparative period ended 31 December 2013 by the amount of PLN 733 thousand, whereas in the reporting period ended 31 March 2013 by PLN 152 thousand).

### Purchase and sale

In the 3-month period ended 31 March 2014, the Group purchased intangible fixed assets with a value of PLN 134 thousand (in the comparative period ended 31 December 2013: PLN 1,053 thousand, as at 31 March 2013: PLN 152 thousand).

### 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 visibility in the market.

## 13. Fixed assets classified as held for sale

As at 31 March 2014, the Group did not have non-current assets classified as held for sale.

## 14. Revaluation reserve from financial instruments

	31 March 2014	31 December 2013	As at 31 March 2013
Opening balance of accumulated result on financial instruments hedging cash flows	7,548	7,249	7,249
Amount recognised in equity in the reporting period due to hedging transactions	1,447	3,777	(1,942)
Amount recognised in profit and loss account due to:			-
- <i>ineffectiveness of the transactions concluded</i>	(1,273)	(551)	-
- <i>conclusion of transactions subject to hedging</i>	(808)	(2,857)	-

- discontinuance of hedge accounting	-	-	-
Deferred income tax	120	(70)	369
Closing balance of accumulated result on financial instruments hedging cash flows	<b>7,034</b>	<b>7,548</b>	<b>5,676</b>

### 15. Dividend paid and proposed

On 7 May, 2014, the Management Board of the Parent Company announced the proposed resolutions at the Annual General Meeting (current report No 11/2014) recommending the allocation of net profit for 2013 in the amount of PLN 56,538 thousand for the payment of dividends in the amount of PLN 35,627 thousand and for reserve capital in the amount of PLN 20,911 thousand.

The proposal of the Management Board regarding the payment of dividends has been approved by the Supervisory Board. In the case of approval of resolutions by the General Meeting, the dividend will be paid on 9 July 2014 and it shall amount to PLN 1.50 per 1 share.

By virtue of a resolution of the Annual General Meeting of 28 May 2013, the decision was made to distribute the Company 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.

### 16. Earnings per share

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

	For the 3 months ended	
	31 March 2014	31 March 2013
Net income (loss) from continued operations	23,228	13,809
Loss from discontinued operations	-	-
Net income (loss)	23,228	13,809
Net profit (loss) attributed to normal shareholders, applied to calculate diluted earnings per share	23,228	13,809

	For the 3 months ended	
	31 March 2014	31 March 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.

### 17. Interest-bearing bank loans

#### Breakdown of loans due to currency type (translated into PLN, in PLN '000)

Currency	As at	
	31 March 2014	31 December 2013
PLN	150	300
EUR	82,267	66,521
USD	2,789	616
	<b>85,206</b>	<b>67,437</b>

Short-term	Nominal interest rate %	Due date	31 March 2014	31 December 2013
PKO BP S.A. – investment loan in the amount of EUR 3,500 thousand – short-term part	1 M EURIBOR	until 22 December 2014	1,951	-
PKO BP S.A. – investment loan in the amount of EUR 3,000 thousand – short-term part	1 M WIBOR	until 30 June 2014	150	300
PKO BP S.A. – investment loan in the amount of EUR 3,550 thousand – short-term part	1 M EURIBOR	until 31 March 2014	4,628	3,681
HSBC Bank Polska S.A. – investment loan in the amount of EUR 3,500 thousand – short-term part	3 M EURIBOR	until 19 June 2015	5,309	5,278
<b>Total short-term liabilities</b>			<b>12,038</b>	<b>9,259</b>

Long-term	Nominal interest rate %	Due date	31 March 2014	31 December 2013
PKO BP S.A. – investment loan in the amount of EUR 3,500 thousand – long-term part	1M EURIBOR	until 22 December 2014	7,317	1,840
PKO BP S.A. – working capital credit in the amount of PLN 45,000 thousand – long-term part	depending on the currency used 1M WIBOR or 1M EURIBOR	until 19 December 2016	33,371	24,883
ING Bank Śląski S.A. – working capital credit in the amount of PLN 35,000 thousand – long-term part	depending on the currency used 1M WIBOR or 1M EURIBOR or 1M LIBOR	until 31 October 2016	31,153	28,816
HSBC Bank Polska S.A. – investment loan in the amount of EUR 3,500 thousand – long-term part	3 M EURIBOR	until 19 June 2015	1,327	2,639
<b>Total long-term liabilities</b>			<b>73,168</b>	<b>58,178</b>

## 18. Financial instruments

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

## 19. Hedge accounting and other derivative financial instruments

### Fair value foreign exchange contracts

As at 31 March 2014, the fair value of foreign exchange contracts that meet the criteria for hedge accounting amounted to PLN 8,684 thousand and as the effective value it was recognised in total in Provisions from revaluation and receivables from derivative financial instruments.

The following table contains data on the fair values and the related settlement terms, 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	Exchange rate	Name of the Bank	Valuation
EUR	8,000	Put Option	June 2012	April 2014 – May 2014	4.3000	PKO BP S.A.	975
EUR	8,000	Call Option	June 2012	April 2014 – May 2014	4.9830-5.1400	PKO BP S.A.	0
EUR	16,000	Put Option	March 2013	September 2014 – February 2015	4.2000	PKO BP S.A.	1,245
EUR	16,000	Call Option	March 2013	September 2014 – February 2015	4.7110-4.7580	PKO BP S.A.	(87)
EUR	8,000	Put Option	May 2013	March 2015 – April 2015	4.1800-4.2000	PKO BP S.A.	696
EUR	8,000	Call Option	May 2013	March 2015 – April 2015	4.6760-4.7000	PKO BP S.A.	(158)
EUR	10,000	Put Option	November 2013	August 2015 – September 2015	4.2500	PKO BP S.A.	1,195
EUR	10,000	Call Option	November 2013	August 2015 – September 2015	4.6300	PKO BP S.A.	(504)
EUR	6,500	FX forward	January 2014	June 2014 – November 2014	4.2662-4.3065	PKO BP S.A.	1,016
EUR	6,000	Put Option	March 2014	January 2016 – March 2016	4.3000	PKO BP S.A.	869
EUR	6,000	Call Option	March 2014	January 2016 – March 2016	4.7465	PKO BP S.A.	(320)
<b>Total</b>						<b>PKO BP S.A.</b>	<b>4,927</b>
EUR	14,000	Put Option	January 2013	June 2014 – December 2014	4.1500-4.2000	mBank S.A.	771
EUR	14,000	Call Option	January 2013	June 2014 – December 2014	4.6660-4.8000	mBank S.A.	(13)

EUR	8,000	Put Option	June 2013	May 2015 – June 2015	4.3000-4.3500	mBank S.A.	1,248
EUR	8,000	Call Option	June 2013	May 2015 – June 2015	4.7530-4.8610	mBank S.A.	(124)
EUR	4,000	Put Option	August 2013	July 2015	4.2600	mBank S.A.	492
EUR	4,000	Call Option	August 2013	July 2015	4.8000	mBank S.A.	(82)
EUR	15,000	Put Option	January 2014	October 2015 – December 2015	4.2200-4.2710	mBank S.A.	1,791
EUR	15,000	Call Option	January 2014	October 2015 – December 2015	4.5870-4.5900	mBank S.A.	(1,088)
<b>Total</b>						<b>mBank S.A.</b>	<b>2,995</b>
EUR	9,000	Put Option	April 2012	January 2014 – March 2014	4.2600	ING Bank Śląski S.A.	1,125
EUR	9,000	Call Option	April 2012	January 2014 – March 2014	4.7305	ING Bank Śląski S.A.	(363)
<b>Total</b>						<b>ING Bank Śląski S.A.</b>	<b>762</b>

## 20. Related party transactions

### Business transactions

The following table presents the total amounts of transactions concluded with related entities not included in the consolidation, for the period of 3 months ended 31 March 2014 and 31 March 2013 and for the year ended 31 December 2013, respectively.

Related undertaking		Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings
Subsidiaries:					
Forte Baldai UAB	31/03/2014	-	63	-	21
	31/12/2013	-	253	49	-
	31/03/2013	-	-	154	-
Forte SK S.r.o.	31/03/2014	2	494	2	159
	31/12/2013	168	1,947	-	138
	31/03/2013	112	500	99	158
Forte Furniture Ltd.	31/03/2014	-	122	-	40
	31/12/2013	-	475	-	40
	31/03/2013	-	117	-	40
Forte Iberia S.l.u.	31/03/2014	15	189	14	-
	31/12/2013	6	757	-	62
	31/03/2013	6	186	-	63
Forte Mobilier S.a.r.l.	31/03/2014	-	126	-	41
	31/12/2013	-	338	1	41
	31/03/2013	-	-	141	-
Forte Mobila S.r.l.	31/03/2014	2	172	1,342	44
	31/12/2013	345	465	138	-
	31/03/2013	2	115	1,617	52
TM Handel Sp. z o.o. SKA	31/03/2014	4,646	1,039	2,502	455
	31/12/2013	26,499	4,415	3,729	309
	31/03/2013	8,947	1,617	8,300	1,508
<b>Total</b>	<b>31/03/2014</b>	<b>4,665</b>	<b>2,205</b>	<b>3,860</b>	<b>760</b>
	<b>31/12/2013</b>	<b>27,018</b>	<b>8,650</b>	<b>3,917</b>	<b>590</b>
	<b>31/03/2013</b>	<b>9,067</b>	<b>2,535</b>	<b>10,311</b>	<b>1,821</b>

Transactions with related entities regard the sale of products, goods and services and the purchase of services.

### Loans and advances to related undertakings

The table below presents balance of loans granted to non-consolidated subsidiaries as at 31 March 2014:

Related undertaking	Loan amount	Loan currency	Due date	Loan balance as at 31 March 2014	Interest amount as at 31 March 2014
<b>Subsidiaries:</b>					
Forte SK S. r. o.	1,260	PLN	December 2015	202	1
Forte Mobila S.r.l.	330	EUR	September 2014	196	-
Forte Mobilier S.a.r.l.	80	EUR	June 2017	271	1
Forte Baldai UAB	25	EUR	December 2018	104	-
<b>Total:</b>				<b>773</b>	<b>2</b>
<b>Of which:</b>					
<i>Short-term part:</i>					
Forte SK S. r. o.				89	
Forte Mobil S. r. l.				196	
Forte Mobilier S.a.r.l.				83	
Forte Baldai UAB				26	
<b>Total:</b>				<b>394</b>	
<i>Long-term part:</i>					
Forte SK S. r. o.				113	
Forte Mobila S.r.l.				-	
Forte Mobilier S.a.r.l.				188	
Forte Baldai UAB				78	
<b>Total:</b>				<b>379</b>	

These loans were granted on market terms (variable interest rate based on EURIBOR/WIBOR plus a margin).

Balance of loans granted to non-consolidated subsidiaries as at 31 December 2014:

Related undertaking	Loan amount	Loan currency	Due date	Loan balance as at 31 December 2013	Interest amount as at 31 December 2013
<b>Subsidiaries:</b>					
Forte SK S. r. o.	1,260	PLN	December 2015	383	2
Forte Mobil S. r. l.	330	EUR	September 2014	283	-
Forte Mobilier S.a.r.l.	80	EUR	June 2017	290	1
Forte Baldai UAB	25	EUR	December 2018	104	-
<b>Total:</b>				<b>1,060</b>	<b>3</b>

### 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 entities are conducted under terms used by the Group in relations with unrelated entities.

#### 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 2013 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, has been met, the Company has adopted a number of 150,000 warrants as remaining to be executed on this day. Thus, the value of the total cost recognised in the reporting period ended 31 December 2013 amounted to PLN 222 thousand.

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

<b>C series</b>	
Number of subscription warrants	150,000
The vesting period	1 January 2013 – 31 December 2013
Issue price of the Series G shares	PLN 11.52
Conditions for entitlement to acquire	1) increase by at least 10% of the average price of the Company's shares on the

warrants	<p>Warsaw Stock Exchange in December 2013 compared to the average price of the Company's shares on the WSE in December 2012</p> <p>2) increase by at least 10% of net profit per Company's share as at 31 December 2013 compared to the result as at 31 December 2012</p> <p>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</p>
----------	---

#### Participation of senior executives in the employee programmes and schemes

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 28 April 2014, the Parent Company entered into the following zero-cost transactions with PKO Bank Polski S.A. regarding the sale of Call options and the purchase of Put options hedging from currency risk:

1.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-01-16
2.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-01-28
3.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-02-13
4.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-02-25
5.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-03-17
6.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-04-15
7.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-05-29
8.	1,000,000	EUR	Put	4.2100	–	Call	4.4520	with an expiration date 2015-06-12
9.	4,000,000	EUR	Put	4.2500	–	Call	4.6850	with an expiration date 2016-01-15
10.	4,000,000	EUR	Put	4.2500	–	Call	4.6850	with an expiration date 2016-02-15
11.	4,000,000	EUR	Put	4.2500	–	Call	4.6850	with an expiration date 2016-03-14
12.	3,000,000	EUR	Put	4.2500	–	Call	4.6850	with an expiration date 2016-04-15
13.	3,000,000	EUR	Put	4.2500	–	Call	4.6850	with an expiration date 2016-04-28

The total nominal amount of the transactions amounts to EUR 52m (EUR 26m for each option type), which is equivalent to the amount of PLN 219m.

## 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 in a total amount of PLN 18,299 thousand.

FURNIREX Sp. z o.o. made an offer to that Parent Company, according to which it invested the funds received under the technological loans in modern investments located in the production area in Hajnówka leased from Forte S.A. FURNIREX Sp. z o.o. uses modern technologies to provide services of processing and trusted material for FORTE and other furniture manufacturers. Guarantees were made to BRE Bank S.A. (currently mBank S.A.) and they are valid until 30 June 2018. As at 31 March 2014, loans balance amounted to PLN 5,919 thousand.

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

Group performance and basic economic and financial parameters:

Description	3 months ended on 31 March 2014 in PLN '000	3 months ended on 31 March 2013 in PLN '000	Change %
Sales revenue	212,043	156,537	35.5%
Cost of sales	(131,293)	(102,534)	28.0%
Gross profit from sale	80,750	54,003	49.5%
Gross profit margin from sale %	38.1%	34.5%	
Costs of sales	(43,734)	(29,759)	47.0%
General administrative expenses	(8,566)	(6,256)	36.9%
Operating profit (EBIT)	27,877	17,960	55.2%
EBITDA	32,001	22,039	45.2%
Profit before tax	29,366	17,479	68.0%
Net profit	23,228	13,809	68.2%
Net return on sales %	11%	8.8%	



- In the first quarter of 2014, FORTE Group generated **sales revenue** in the amount of PLN 212m compared to PLN 156.5m in the same period in 2013 (an increase of 35.5%).

The most significant revenue growth occurred on the key market for the Group, i.e. in German-speaking countries, the French market and in the countries of southern Europe. Sales of assembled furniture is increasing according to the sales plan, and in the opinion of the Management Board this creates a significant potential for growth in the German-speaking markets in the coming years. Current dynamics of orders indicates a high likelihood of continuation of the upward trend in sales in the coming months.

- The Group recorded an increase in **gross margin profitability** (38.1% vs 34.5% in the first quarter of 2013); the gross profit on sales amounted to PLN 80.8m and increased by 49.5% compared to the first quarter of the previous year.

The main reasons for the improvement in profitability are: the positive impact of increased production on lower unit costs, stable prices on the basic raw materials market and consistent budget policy.

- **Cost of sales** amounted to PLN 43.7m, which means that they increased by 47% compared to the same period last year. Charging revenues with sales costs was 20.6% against 19.0% in the last year.

The most important item in this group of expenses are the transportation costs. The rate of charge of sales revenues with transportation costs in Q1 2014 was 7.5% compared to 6.5% in the corresponding period last year.

The increase is caused by a change in strategy of providing significantly higher volumes. The Parent Company has decided to perform part of deliveries to customers directly from manufacturing plants, leaving out the completion phase in the central warehouse. This increased the amount of traffic but at the same time allowed orders to meet deadlines. The Management Board of the Parent Company recognises the potential arising from the optimisation of logistics costs. Accordingly, the Parent Company carried out a series of activities to achieve better results in this area of activity in subsequent periods.

The increase in cost of sales in a higher proportion than the increase in sales also results from the fact that this group of costs is charged with higher marketing costs and a provision for an additional bonus for employees for Q1 2014.

- **General costs** amounted to PLN 8.6m vs PLN 6.3m in the comparative period. Charging revenues with overheads amounted to 4.0% – which is the same as in the corresponding period last year.
- In the first quarter of 2014, the Group recorded a very significant **increase in operating profit** (55.2%). It amounted to PLN 27.9m (13.1% of revenues) compared to PLN 18m (11.5% of revenues) in the first quarter of 2013.
- The **net profit** generated in the reporting period amounted to PLN 23.2m (11% of revenues), compared with PLN 13.8m in the same period of the previous year (8.8% of revenues).

Characteristics of the balance sheet structure	31 March 2014		31 December 2013		% Change 2014/2013
	in PLN '000	% of total assets	in PLN '000	% of total assets	
Fixed assets	260,327	43.0%	254,070	45.8%	2.5%
Current assets	345,219	57.0%	300,784	54.2%	14.8%
<b>Total assets</b>	<b>605,546</b>	<b>100%</b>	<b>554,854</b>	<b>100%</b>	<b>9.1%</b>
Equity	407,357	67.3%	384,607	69.3%	5.9%
Long-term liabilities and provisions	89,904	14.8%	76,581	13.8%	17.4%
Short-term liabilities and provisions	108,285	17.9%	93,666	16.9%	15.6%
<b>Total liabilities</b>	<b>605,546</b>	<b>100%</b>	<b>554,854</b>	<b>100%</b>	<b>9.1%</b>

After Q1 2014, the Group recorded an increase in balance sheet total by PLN 50.7m.

On the assets side, the increase relates mainly to current assets. Trade and other receivables increased by PLN 12.5m. It is associated with an increase in sales in the current periods in relation to the end of 2013. The Group implements a consistent policy of controlling the timeliness of receivables, as a result of which the receivables turnover ratio has shortened to 38 days compared with 43 days at the end of 2013. Inventories increased by PLN 5.3m, which is connected with building a buffer for a period of production downtime.

As a result of generated earnings, the amount of cash increased by PLN 27.1m.

The non-current assets increased by PLN 6.2m due to surplus of investment expenditure over depreciation.

On the liabilities side, due to the profits of the period, there was an increase in equity of 5.9%.

Trade and other liabilities increased by PLN 10.5m. Increase compared to the end of 2013 is mainly due to the increase in production. The Group timely performs all of its obligations. Liabilities due to bank loans after Q1 2014 increased by PLN 17.8m. The increase in bank loans balance arises from the Group's foreign exchange risk management policy. By taking out loans in EUR, the Group balances the balance sheet currency exposure, thus limiting the impact of volatility in the EUR/PLN on the financial results of the Group.



### 25.1. Factors and events visibly affecting 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. Issue, redemption and repurchase of securities

Did not occur.

### 25.3. Management Board's position regarding the viability of meeting previously published forecasts for a particular year

The Issuer did not publish financial result forecasts for 2014.

### 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 held shares and votes	% stake in share capital	% share in the overall number of votes
1.	MaForm Holding AG	7,013,889	29.53%	29.53%
2.	Amplico Otworthy Fundusz Emerytalny	4,000,000	16.84%	16.84%
3.	ING Otworthy Fundusz Emerytalny	1,500,000	6.32%	6.32%
5.	Aviva Otworthy Fundusz Emerytalny	1,324,480	5.58%	5.58%
6.	Pioneer Fundusz Inwestycyjny Otworthy	1,206,097	5.08%	5.08%

### 25.5. Key events in which the issuer participated in 2014 and until the date of publication of the Management Board's Report

Date	Event
9-11 January 2014	Targi BEGROS Verbandmesse in Cologne, Germany
13-19 January 2014	IMM Fair in Cologne, Germany
19-22 January 2014	NEC Fair in Birmingham, United Kingdom
23-26 January 2014	Feria del Mueble in Zaragoza, Spain
28-31 January 2014	Partnertage Fair in Barntrup, Germany
18-21 February 2014	Home Decor International Fair, Poznań
12-14 April 2014	EMV Fair in Nuremberg, Germany
13-16 May 2014	Steinhoff Group Fair in Barntrup, Germany
19-22 May 2014	Partnertage Fair in Barntrup, Germany

### 25.6. Awards and honours

- Gold medal at the Poznań International Fair in the cabinet furniture category – SNOW program – MEBLE POLSKA 2014 Fair
- Award for the ATTENTION program in the category "Dining room" in the 12th edition of the contest for the best furniture industry products organised by "Meble Plus – Product of the Year 2014"
- Status of the Company of the Year 2013 in the SWIG80 index in the competition "Bulls and Bears" organised by the daily *Parkiet* (19 March 2014)
- Distinction in the category Best Exporter awarded by the jury of the 16th Edition of the 500 List of *Rzeczpospolita* for the biggest companies in Poland.

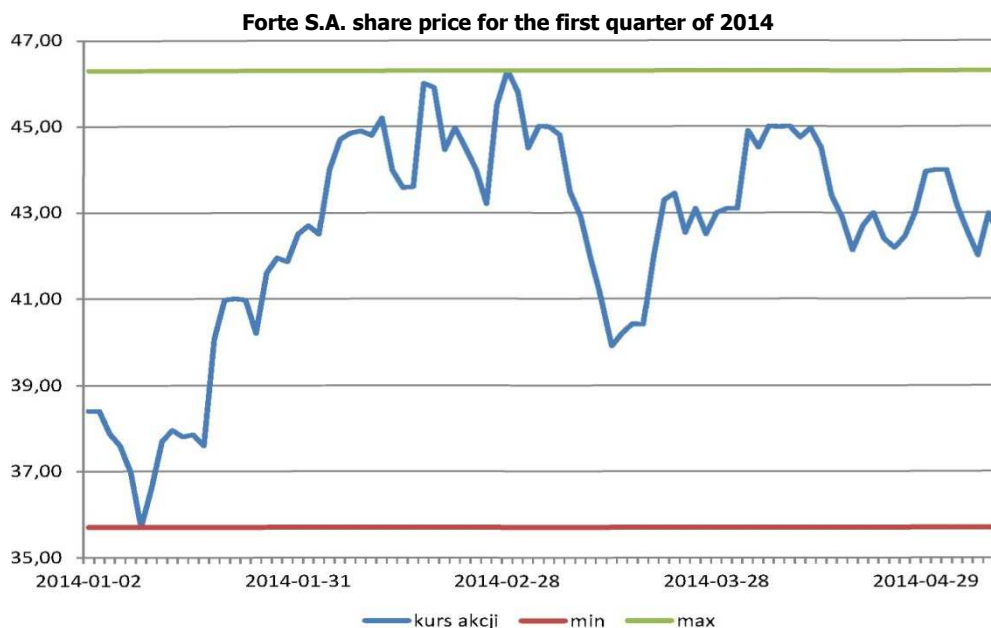
### 25.7. Listings of Fabryki Mebli "FORTE" S.A. shares

Shares of Fabryki Mebli "FORTE" S.A. are listed on the Warsaw Stock Exchange in Warsaw in the continuous trading system.

Key data on FORTE shares:

Key data	Q1 2014	2013
Company's net profit in PLN '000	21,342	56,538
The highest share price in PLN	46.30	38.50
The lowest share price in PLN	35.70	12.65
Share price at the end of the period in PLN	43.10	38.50
P/E indicator as of the end of the period	17.6	16.17
Number of shares on the stock exchange (in items)	23,751,084	23,751,084
Average daily trading volume (in items)	38,766	36,479

Chart showing price of shares of Forte S.A. in 2014.  
 (source: [http://www.QPwinfostrafa.pl/GPWIS2/pl/emitents/auotations/FORTE.PLFORTEOOQ12'](http://www.QPwinfostrafa.pl/GPWIS2/pl/emitents/auotations/FORTE.PLFORTEOOQ12))



*kurs akcji*

*share price*

**25.8. Summary of the number of Issuer's shares or stock options held by the Issuer's managers and supervisors**

- 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.
- Maria Florczuk – Member of the Management Board – 750,000 shares with a nominal value of PLN 1 each.

**25.9. 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.

**25.10. Information on conclusion by the Issuer or its subsidiary of one or more transactions with related entities.**

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

**25.11. 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.

**25.12. 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 fulfill obligations**

None.

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

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

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

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

The financial situation of the contractors and their capacity for timely execution of obligations significantly affects the possibility and the development of cooperation. More and more often the Group encounters problems of reduction and refusal to grant insurance limits for existing and potential customers.

**25.14. 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 FX rate of the National Bank of Poland as of 31 March 2014, 31 December 2013 and 31 March 2013, amounting to: PLN 4.1713 PLN 4.1472 and PLN 4.1774 against 1 EUR.

Individual items of the profit and loss account and the cash flow statement were converted at the rate being an arithmetic mean of the rates of the National Bank of Poland as at the last day of each month in the period of 3 months ended 31 March 2014 and 31 March 2013, and amounting to: PLN 4.1894 and PLN 4.1734 against 1 EUR.

**President of the Management  
Board  
Maciej Formanowicz**

**Member of the Management  
Board  
Mariusz Gazda**

**Member of the Management Board  
Klaus Dieter Dahlem**

**Member of the Management  
Board  
Gert Coopmann**

**Member of the Management Board  
Maria Florczuk**

Ostrów Mazowiecka, 15 May 2014



## FABRYKI MEBLI "FORTE" S.A.

Financial statements for the period ended 31 March  
2014

Statements prepared in accordance with the International  
Financial Reporting Standards

Ostrów Mazowiecka, 15 May 2014

**PROFIT AND LOSS ACCOUNT**

	<b>For the reporting period ended</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Continued operations</b>		
Revenue from sales of products, goods and materials	210,199	155,247
Revenue from sales of services	1,781	1,217
<b>Sales revenue</b>	<b>211,980</b>	<b>156,464</b>
Cost of sales of sold products, goods and materials	(130,417)	(101,726)
Cost of sales of sold services	(868)	(916)
<b>Cost of sales</b>	<b>(131,285)</b>	<b>(102,642)</b>
<b>Gross profit (loss) from sales</b>	<b>80,695</b>	<b>53,822</b>
Other operating revenue	544	795
Costs of sales	(46,744)	(31,718)
General administrative expenses	(8,334)	(6,051)
Remaining operating costs	(1,104)	(852)
<b>Profit (loss) on operating activities</b>	<b>25,057</b>	<b>15,996</b>
Financial revenue	562	3,437
Financial costs	(304)	(565)
Profit (loss) on derivative financial instruments	1,273	-
<b>Profit (loss) before income tax</b>	<b>26,588</b>	<b>18,868</b>
Income tax expenses	(5,246)	(3,089)
<b>Profit (loss) on continued operations of the period</b>	<b>21,342</b>	<b>15,779</b>
<b>Discontinued operations</b>	-	-
<b>Profit (loss) on discontinued operations of the period</b>	-	-
<b>Profit (loss) of the period</b>	<b>21,342</b>	<b>15,779</b>
<b>Profit (loss) per share attributable to the period (in PLN):</b>		
- basic	0.90	0.66
- diluted	<b>0.90</b>	<b>0.66</b>

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the reporting period ended</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Profit (loss) of the period</b>	<b>21,342</b>	<b>15,779</b>
<b>Other net comprehensive income, including:</b>		
<b>Items which in the future will not be reclassified to the profit and loss account</b>	<b>(514)</b>	<b>(1,573)</b>
<b>Items which in the future may be reclassified to the profit and loss account</b>		
Incentive Scheme	-	-
Hedge accounting	(634)	(1,942)
Income tax on other comprehensive income	120	369
<b>Comprehensive income for the period</b>	<b>20,828</b>	<b>14,206</b>

**STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)**

	31 March 2014	As at 31 December 2013	31 March 2013
<b>ASSETS</b>			
<b>Fixed assets</b>	<b>251,228</b>	<b>245,283</b>	<b>242,631</b>
Tangible fixed assets	194,001	188,036	185,247
Intangible assets	16,620	16,620	16,200
Financial assets	10,856	10,876	11,433
Investment properties	29,751	29,751	29,751
<b>Current assets</b>	<b>337,877</b>	<b>294,442</b>	<b>252,344</b>
Inventory	118,213	113,087	100,395
Trade and other receivables	110,570	99,486	97,526
Receivables due to derivative financial instruments	8,684	9,824	7,007
Income tax receivables	-	-	-
Deferred revenues and accruals	2,320	1,788	2,889
Financial assets	719	980	1,205
Cash and cash equivalents	97,371	69,277	43,322
<b>TOTAL ASSETS</b>	<b>589,105</b>	<b>539,725</b>	<b>494,975</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>389,966</b>	<b>369,138</b>	<b>349,012</b>
Share capital	23,751	23,751	23,751
Share premium	111,646	111,646	111,646
Revaluation reserve from hedging instruments	7,034	7,548	5,676
Business combination capital	(1,073)	(1,073)	(1,073)
Incentive Scheme	420	420	198
Other reserve capital	146,803	146,803	137,494
Retained earnings	101,385	80,043	71,320
<b>Long-term liabilities</b>	<b>88,598</b>	<b>75,381</b>	<b>49,572</b>
Interest-bearing loans and borrowings	73,168	58,178	32,317
Deferred income tax provision	10,644	12,450	13,197
Provision for benefits after the employment period	2,552	2,552	2,100
Deferred revenues and accruals	80	86	104
Financial liabilities due to lease	2,154	2,115	1,854
<b>Short-term liabilities</b>	<b>110,541</b>	<b>95,206</b>	<b>96,391</b>
Trade and other liabilities	68,561	56,528	46,550
Liabilities due to financial derivative instruments:	-	-	-
Current interest-bearing loans and borrowings	12,038	9,259	31,676
Income tax liabilities	5,959	10,963	2,613
Provisions and deferred revenues and accruals	23,128	17,700	14,544
Financial liabilities due to lease	855	756	1,008
<b>Total liabilities</b>	<b>199,139</b>	<b>170,587</b>	<b>145,963</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>589,105</b>	<b>539,725</b>	<b>494,975</b>

**CASH FLOWS STATEMENT**

	31 March 2014	As at 31 December 2013	31 March 2013
<b>Cash flows from operating activities</b>			
<b>Profit / loss of the period</b>	<b>21,342</b>	<b>56,538</b>	<b>15,779</b>
<b>Total adjustments by:</b>	<b>(459)</b>	<b>16,113</b>	<b>(2,570)</b>
Depreciation	4,024	16,309	4,002
Foreign exchange (gains)/losses	271	455	1,295
Net interest and dividends	236	(2,438)	(3,049)
(Profit)/loss on investing activities	(64)	1,215	1
Change in the valuation of derivative financial instruments	626	(506)	369
Change in receivables	(11,082)	(9,459)	(7,511)
Change in inventories	(5,126)	(13,968)	(1,276)
Change in liabilities, excluding loans and borrowings	12,574	10,841	2,218
Change in accruals and deferrals	4,890	4,026	(197)
Change in provisions	(1,805)	(1,383)	(604)
Income tax paid	(11,934)	(4,026)	(1,142)
Current tax recognised in profit or loss	6,931	14,558	3,324
Provision for retirement benefits	-	267	-
Valuation of the Incentive Scheme	-	222	-
Other adjustments	-	-	-
<b>Net cash flow from operating activities</b>	<b>20,883</b>	<b>72,651</b>	<b>13,209</b>
<b>Cash flows from investing activities</b>			
Sale of tangible fixed assets and intangible assets	198	937	38
Purchase of tangible fixed assets and intangible assets	(10,167)	(16,578)	(1,306)
Sale of financial assets	-	-	-
Purchase of financial assets	-	-	-
Dividends received	-	3,438	3,293
Interest received	22	97	21
Borrowings granted	-	(1,691)	(1,254)
Repayment of borrowings granted	291	1,363	148
Other investment inflows	-	-	-
Other investment outflows	-	-	-
<b>Net cash flow from investment activities</b>	<b>(9,656)</b>	<b>(12,434)</b>	<b>940</b>
<b>Cash flows from financial activities</b>			
Inflow from loans and borrowings taken out	19,942	25,806	5,443
Repayment of loans and borrowings	(2,416)	(18,365)	(2,361)
Dividends paid	-	(22,564)	-
Interest paid	(259)	(1,103)	(237)
Repayment of leasing liabilities	(374)	(1,273)	(287)
Other financial inflows	-	-	-
Other financial expenses	-	-	-
<b>Net cash flow from financial activities</b>	<b>16,893</b>	<b>(17,499)</b>	<b>2,558</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>28,120</b>	<b>42,718</b>	<b>16,707</b>
Net foreign exchange differences	26	15	(41)
Opening balance of cash	<b>69,277</b>	<b>26,574</b>	<b>26,574</b>
Closing balance of cash, including: of limited disposability	<b>97,371</b>	<b>69,277</b>	<b>43,322</b>



**STATEMENT OF CHANGES IN EQUITY**  
 for 3 months ended on 31 March 2014

	Share capital	Share premium	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	Business combination capital	Incentive Scheme	Total
<b>As at 1 January 2014</b>	<b>23,751</b>	<b>111,646</b>	<b>80,043</b>	<b>7,548</b>	<b>146,803</b>	<b>(1,073)</b>	<b>420</b>	<b>369,138</b>
Changes in accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
<b>As at 1 January 2014 after adjustments</b>	<b>23,751</b>	<b>111,646</b>	<b>80,043</b>	<b>7,548</b>	<b>146,803</b>	<b>(1,073)</b>	<b>420</b>	<b>369,138</b>
Reclassification to reserve capital	-	-	-	-	-	-	-	-
Payment of dividend for 2013	-	-	-	-	-	-	-	-
Provisions for employee benefits	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	21,342	-	-	-	-	21,342
Hedge accounting	-	-	-	(514)	-	-	-	(514)
Valuation of the Incentive Scheme	-	-	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>21,342</b>	<b>(514)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,828</b>
<b>As at 31 March 2014</b>	<b>23,751</b>	<b>111,646</b>	<b>101,385</b>	<b>7,034</b>	<b>146,803</b>	<b>(1,073)</b>	<b>420</b>	<b>389,966</b>

**STATEMENT OF CHANGES IN EQUITY**

for 3 months ended on 31 March 2013

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

**STATEMENT OF CHANGES IN EQUITY**

for the year ended on 31 December 2013

	Share capital	Share premium	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	Business combination capital	Incentive Scheme	Total
<b>As at 1 January 2013</b>	<b>23,751</b>	<b>111,646</b>	<b>55,541</b>	<b>7,249</b>	<b>137,494</b>	<b>(1,073)</b>	<b>198</b>	<b>334,806</b>
Changes in accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
<b>As at 1 January 2013 after adjustments</b>	<b>23,751</b>	<b>111,646</b>	<b>55,541</b>	<b>7,249</b>	<b>137,494</b>	<b>(1,073)</b>	<b>198</b>	<b>334,806</b>
Reclassification to reserve capital	-	-	(9,309)	-	9,309	-	-	-
Payment of dividend for 2012	-	-	(22,564)	-	-	-	-	<b>(22,564)</b>
Provisions for employee benefits	-	-	(163)	-	-	-	-	(163)
Profit (loss) for the period	-	-	56,538	-	-	-	-	56,538
Hedge accounting	-	-	-	299	-	-	-	299
Valuation of the Incentive Scheme	-	-	-	-	-	-	222	222
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>56,375</b>	<b>299</b>	<b>-</b>	<b>-</b>	<b>222</b>	<b>56,896</b>
<b>As at 31 December 2013</b>	<b>23,751</b>	<b>111,646</b>	<b>80,043</b>	<b>7,548</b>	<b>146,803</b>	<b>(1,073)</b>	<b>420</b>	<b>369,138</b>