Telephone: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12,
02-676 Warsaw
Poland

Independent certified auditor's report on the condensed consolidated financial statements for the period between 1 January 2014 and 30 June 30 2014

for the Shareholders of Fabryki Mebli FORTE S.A.

We have reviewed the attached condensed interim consolidated financial statements of the Fabryki Mebli FORTE Capital Group, with the parent company Fabryki Mebli FORTE S.A. with its registered seat in Ostrów Mazowiecka, at ul. Biała 1, including:

- the consolidated statement of financial position as at 30 June 2014, presenting the total balance of assets and liabilities in the amount of PLN 609,950 thousand;
- the consolidated profit and loss account for the period between 1 January 2014 and 30 June 2014, presenting net profit in the amount of PLN 40,399 thousand;
- the consolidated statement of comprehensive income for the period between 1 January 2014 and 30 June 2014, presenting comprehensive income in the amount of PLN 41,379 thousand;
- the consolidated statement of changes in equity indicating an increase in equity for the period between 1 January 2014 and 30 June 2014, in the amount of PLN 5,749 thousand;
- the consolidated cash flow statement, presenting an increase in cash in the period between 1 January 2014 and 30 June 2014 by PLN 3,260 thousand;
- condensed additional notes and explanations.

The Management, board of Fabryki Mebli FORTE S.A. is responsible for the compliance of these condensed interim consolidated financial statements with the requirements of the International Accounting Standard 34 "Interim Financial Reporting", which was approved by the European Union, and other applicable regulations.

It was our tasks to review the aforesaid financial statements.

We have conducted the review in accordance with the provisions of national standards on auditing issued by the National Council of Statutory Auditors. The standards oblige us to plan and conduct the review in such a way as to obtain a moderate assurance as to whether the financial statements are free from any material misstatements.

We have conducted the review mainly by analysing data from the financial statements, viewing the consolidation documentation and using information obtained from the management and people responsible for the parent company's finances and accounting.

The scope and method for reviewing the interim condensed financial statements differ significantly from audits based on which opinion is given on compliance of annual financial statements with the applicable accounting principles (policy) and that such statements are true and fair. Therefore, we cannot produce such an opinion on the attached statements.

In the course of the review, we have not made any findings which may indicate that the attached condensed interim consolidated financial statements were not prepared, in all material respects, in line with the requirements of the International Accounting Standard 34 "Interim Financial Reporting", which was approved by the European Union.

Warsaw, 29 August 2014

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warsaw
Entity authorised to audit financial statements No 3355

Key certified auditor responsible for the audit:

/
Artur Staniszewski
Certified auditor
reg. No 9841

For BDO Sp. z o.o.:

dr André Helin

President of the Management Board
Certified auditor No 90004

FABRYKI MEBLI “FORTE” CAPITAL GROUP

Condensed consolidated financial statements for the period of 6 months ended 30 June 2014

Prepared in accordance with the International Financial Reporting Standards

Ostrów Mazowiecka, 29 August 2014

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Condensed consolidated financial statements for the period of 6 months ended 30 June 2014

HALF-YEAR CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the reporting period ended	
	30 June 2014 (unaudited)	**30 June 2013 (unaudited)**
Continued operations		
Revenue from sales of products, goods and materials	398,983	300,401
Revenue from sales of services	3,809	2,946
Sales revenue	**402,792**	**303,347**
Cost of sales of sold products, goods and materials	(252,344)	(195,216)
Cost of sales of sold services	(1,610)	(1,763)
Cost of sales	**(253,954)**	**(196,979)**
Gross profit (loss) from sales	**148,838**	**106,368**
Other operating revenue	1,052	1,235
Costs of sales	(80,833)	(60,248)
General administrative costs	(17,371)	(14,267)
Other operating costs	(2,372)	(1,784)
Profit (loss) on operating activities	**49,314**	**31304**
Financial revenue	1,103	395
Financial costs	(674)	(987)
Profit (loss) on derivative financial instruments	1,402	-
Profit (loss) before income tax	**51,145**	**30,712**
Income tax expenses	(10,746)	(6,543)
Profit (loss) on continued operations of the period	**40,399**	**24,169**
Discontinued operations	-	-
Profit (loss) on discontinued operations of the period	-	-
Profit (loss) of the period	**40,399**	**24,169**
Attributable to:		
Shareholders of the Parent Company	**40,402**	**24,149**
Non-controlling interest	**(3)**	**20**
Profit (loss) per share attributable to shareholders of the Parent Company in the period (in PLN):		
- basic	1.70	1.02
- diluted	1.70	1.02

HALF-YEAR CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the reporting period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Profit (loss) of the period	**40,399**	**24,169**
Other net comprehensive income, including:	**980**	**(4,416)**
Items which in the future will not be reclassified to the profit and loss account	**436**	
Revaluation of employee benefit obligations	-	-
Deferred tax regarding employee benefits	-	-
Incentive Scheme	436	-
Items which in the future may be reclassified to the profit and loss account	**544**	**(4,416)**
Foreign exchange differences on subsidiaries from consolidation	88	261
Hedge accounting	563	(5,774)
Income tax on other comprehensive income	(107)	1,097
Total comprehensive income for the period	**41,379**	**19,753**
Attributable to:		
Shareholders of the Parent Company	41,382	19,733
Non-controlling interest	(3)	20

HALF-YEAR CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	As at 30 June 2014 (unaudited)	31 December 2013 (audited)	30 June 2013 (unaudited)
ASSETS			
Non-current assets	**266,728**	**254,070**	**249,888**
Tangible fixed assets	201,363	188,588	184,277
Intangible assets	16,561	16,632	16,726
Financial assets	842	888	1,085
Deferred income tax assets	-	-	-
Investment properties	47,962	47,962	47,800
Current assets	**343,222**	**300,784**	**268,039**
Inventory	137,376	113,087	100,083
Trade and other receivables	114,036	99,135	97,983
Receivables due to derivative financial instruments	9,882	9,824	3,175
Income tax receivables	-	35	27
Deferred revenues and accruals	2,334	1,853	2,405
Financial assets	198	731	854
Cash and cash equivalents	79,396	76,119	63,512
TOTAL ASSETS	**609,950**	**554,854**	**517,927**
EQUITY AND LIABILITIES			
Total equity	**390,356**	**384,607**	**346,071**
Equity (attributable to shareholders of the Parent Company), including:	**386,649**	**380,896**	**342,403**
Share capital	23,751	23,751	23,751
Share premium	111,646	111646	111,646
Foreign exchange differences on subsidiaries from consolidation	468	380	629
Revaluation reserve from hedging instruments	8,004	7,548	2,572
Incentive Scheme	856	420	198
Other reserve capital	167,714	146,803	146,803
Retained earnings	74,210	90,348	56,804
Capital attributable to non-controlling interest	**3,707**	**3,711**	**3,668**
Long-term liabilities	**89,131**	**76,581**	**26,971**
Interest-bearing loans and borrowings	71,375	58,178	9,352
Deferred income tax provisions	13,031	13,504	13,372
Provisions for benefits after the employment period	2,659	2,659	2,212
Other Provisions	39	39	40
Deferred revenues and accruals	74	86	98
Financial liabilities due to lease	1,953	2,115	1,897
Short-term liabilities	**130,463**	**93,666**	**144,885**
Trade and other liabilities	93,464	54,720	69,420
Current interest-bearing loans and borrowings	3,338	9,259	56,099
Income tax liabilities	7,709	10,963	3,903
Short-term provisions and deferred revenues and accruals	25,114	17,968	14,526
Financial liabilities due to lease	838	756	937
Total liabilities	**219,594**	**170,247**	**171,856**
TOTAL EQUITY AND LIABILITIES	**609,950**	**554,854**	**517,927**

HALF-YEAR CONSOLIDATED CASH FLOW STATEMENT

	For the period of 6 months ended		
	30 June 2014	31 December 2013	30 June 2013
Cash flows from operating activities			
Profit (loss) of the period	**40,399**	**57,856**	**24,149**
Total adjustments by:	**(22,253)**	**22,215**	**12,337**
(Profit)/loss of non-controlling interest	(3)	62	20
Depreciation	8,294	16,668	8,237
Foreign exchange (gains)/losses	96	486	3,559
Net interest and dividends	503	1,032	533
(Profit)/loss on investment activities	(48)	1,215	(45)
Change in the valuation of derivative financial instruments	398	(506)	1,097
Change in receivables	(14,901)	(9,545)	(8,393)
Change in inventories	(24,289)	(13,968)	(964)
Change in liabilities, excluding loans and borrowings	4,206	12,613	5,459
Change in accruals and deferrals	6,653	3,993	10
Change in provisions	(473)	(622)	(714)
Income tax paid	(14,546)	(5,365)	(2,768)
Current tax recognised in profit and loss account	11,327	15,842	6,192
Foreign exchange differences	28	(18)	114
Reserve for retirement benefits	-	267	-
Valuation of the Incentive Scheme	436	222	-
Other adjustments	66	(161)	-
Net cash flow from operating activities	**18,146**	**80,071**	**36,486**
Cash flows from investment activities			
Sale of tangible fixed assets and intangible assets	359	938	174
Purchase of tangible fixed assets and intangible assets	(21,516)	(16,818)	(3,651)
Dividends received	-	25	-
Interest received	14	42	25
Repayment of borrowings granted	179	813	433
Borrowings granted	-	(437)	-
Real property investment	-	(1,028)	(1,028)
Other investment inflows	-	2	-
Other investment outflows	-	-	(332)
Net cash flow from investment activities	**(20,964)**	**(16,463)**	**(4,379)**
Cash flows from financial activities			
Inflow from loans and borrowings taken out	21,073	25,806	7,415
Repayment of loans and borrowings	(13,892)	(18,365)	(5,065)
Repayment of leasing liabilities	(586)	(1,273)	(619)
Dividends paid to shareholders of the Parent Company	-	(22,564)	-
Interest paid	(520)	(1,103)	(533)
Other financial inflows	3	-	2
Net cash flow from financial activities	**6,078**	**(17,499)**	**1,200**
Net increase (decrease) in cash and cash equivalents	**3,260**	**46,109**	**33,307**
Net foreign exchange differences (from opening balance)	(17)	(19)	214
Opening balance of cash	**76,119**	**29,991**	**29,991**
Closing balance of cash, including:	**79,396**	**76,119**	**63,512**
of limited disposability	-	-	-

HALF-YEAR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period of 6 months ended 30 June 2014 (unaudited)

	Attributable to the shareholders of the Parent Company									
	Share capital	Share premium	Foreign exchange differences on consolidation	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	**Total**	Equity of non-controlling interest	**Total equity**
As at 1 January 2014	**23,751**	**111,646**	**380**	**420**	**90,348**	**7,548**	**146,803**	**380,896**	**3,711**	**384,607**
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2014 after adjustments	**23,751**	**111,646-**	**380**	**420**	**90,348**	**7,548**	**146,803**	**380,896**	**3,711**	**384,607**
Payment of dividend for 2013	-	-	-	-	(35,627)	-	-	(35,627)	(1)	**(35,628)**
Reclassification to reserve capital	-	-	-	-	(20,911)	-	20,911	-	-	-
Other adjustments					(2)	-		(2)	-	**(2)**
Incentive Scheme	-	-	-	436	-	-	-	436	-	**436**
Profit (loss) for the period	-	-	-	-	40,402	-	-	40,402	-	**40,402**
Hedge accounting	-	-		-	-	456	-	456	-	**456**
Non-controlling interest profit	-	-		-	-	-	-	-	(3)	**(3)**
Foreign exchange differences	-	-	88	-	-	-	-	88	-	**88**
Comprehensive income for the period	-	-	**88**	**436**	**40,402**	**456**	-	**41,382**	**(3)**	**41,379**
As at 30 June 2014	**23,751**	**111,646**	**468**	**856**	**74,210**	**8,004**	**167,714**	**386,649**	**3,707**	**390,356**

 Accounting principles (policies) and the enclosed notes constitute an integral part of these financial statements.

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013 (audited)

	Attributable to the shareholders of the Parent Company									
	Share capital	Share premium	Foreign exchange differences on consolidation	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	**Total**	Equity of non-controlling interest	**Total equity**
As at 1 January 2013	**23,751**	**111,646**	**368**	**198**	**64,528**	**7,249**	**137,494**	**345,234**	**3,649**	**348,883**
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2013 after adjustments	**23,751**	**111,646**	**368**	**198**	**64,528**	**7,249**	**137,494**	**345,234**	**3,649**	**348,883**
Payment of dividend for 2012	-	-	-	-	(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**
Comprehensive income for the period	-	-	**12**	**222**	**57,693**	**299**	-	**58,226**	**64**	**58,290**
As at 31 December 2013	**23,751**	**111,646**	**380**	**420**	**90,348**	**7,548**	**146,803**	**380,896**	**3,711**	**384,607**

HALF-YEAR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period of 6 months ended 30 June 2013 (unaudited)

	Attributable to the shareholders of the Parent Company									
	Share capital	Share premium	Foreign exchange differences on consolidation	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	**Total**	Equity of non-controlling interest	**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**
Dividend for 2012 to be paid	-	-	-	-	(22,564)	-	-	(22,564)	**(1)**	**(22,565)**
Reclassification to reserve capital	-	-	-	-	(9,309)	-	9,309	-	-	-
Comprehensive income for the period	**-**	**-**	**261**	**-**	**24149**	**(4,677)**	**-**	**19,733**	**20**	**19,753**
As at 30 June 2013	**23,751**	**111,646**	**629**	**198**	**56,804**	**2,572**	**146,803**	**342,403**	**3,668**	**346,071**

ACCOUNTING POLICY AND SELECTED EXPLANATORY NOTES

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 cover the period of 6 months ended 30 June 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 the condensed interim consolidated cash flow statement – data for the period of 6 months ended 30 June 2013, and for the condensed interim consolidated statement of financial situation and for the condensed interim consolidated statement of changes in equity – data for the period of 6 months ended 30 June 2013 and for the year ended 31 December 2013.

Fabryki Mebli FORTE S.A. ("Parent Company", "Company") was established by a 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 entrepreneurs 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 assigned Statistical ID (REGON) number: 550398784.

The Parent Company and its subsidiaries comprising the Capital Group have been incorporated for an indefinite term. Main activities of the Parent Company include:

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

2. Composition of the Group

The Group includes Fabryki Mebli FORTE S.A. and the following consolidated subsidiaries:

Subsidiaries	**Registered office**	**Scope of activities**	**Percentage share of the Group in the capital 30.06.2014**	**31.12.2013**
MV Forte GmbH	Erkelenz (Germany)	Dealership	100%	100%
FORTE MÖBEL AG	Baar (Switzerland)	Dealership	99%	99%
Kwadrat Sp. z o.o.	Bydgoszcz	Real estate service and lease	77.01%	77.01%
**Galeria Kwadrat Sp. z o.o.*	*Bydgoszcz*	*Managing real property*	*77.01%*	*77.01%*
TM Handel Sp. z o.o. S.K.A.	Ostrów Mazowiecka	Purchase, sale and management of real property, advisory services regarding conducting business activity and management	100%	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%*	*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

The Group includes subsidiaries, specified in note 19, excluded from consolidation on the basis of an insignificant impact of their financial data on the consolidated statements.

As at 30 June 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
During the reporting period there were no changes to the composition of the Group

3. Composition of the Management Board of the Parent Company

As at 30 June 2014, the Management Board of the Parent Company was composed of:

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

Changes in the composition of the Management Board

On 10 January 2014, Robert Rogowski submitted a statement of resignation from the position of Vice-president of the Management

Board. On the same day, the Company's Supervisory Board appointed as of 1 March 2014 Mariusz Jacek Gajda as Member of the Management Board of the Parent Company.

On 7 May 2014, the Supervisory Board appointed Maria Małgorzata Florczuk as Member of the Management Board of the Parent Company.

On 28 July 2014, the Supervisory Board appointed as of 1 August 2014 Rafał Prendke as 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
- Rafał Prendke - Member of the Management Board

4. Approval of the financial statements

These condensed interim consolidated financial statements were approved for publication by the Management Board on 29 August 2014.

5. Basis of preparation of condensed interim consolidated financial statements

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

These condensed interim consolidated financial statements are presented in Polish zloty ("PLN") and all values are rounded to the nearest thousand (PLN '000) except when otherwise indicated.

These condensed interim 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 consolidated 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 date as a result of any intended or compulsory withdrawal or significant limitation in the activities of the Group.

6. Declaration of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, the International Financial Reporting Standards ("IFRS") endorsed by the EU. As of the date of approval of these financial statements for publication, taking into account the ongoing process of the introduction of IFRS in the EU and the activity conducted by the Group, there is no difference between the IFRS and the IFRS as adopted by the EU in respect of the accounting principles used by the Group.

IFRS cover standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee ("IFRIC").

The accounting principles adopted for the preparation of these condensed interim consolidated financial statements are compliant with the principles adopted for the preparation of the annual consolidated financial statements for the financial year ended 31 December 2013, except for new accounting standards and interpretations used from 1 January 2014.

These condensed interim consolidated financial statements 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.

7. Changes in accounting principles / principles of presenting data in financial statements

The following new or changed standards and interpretations issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee are effective from 1 January 2014:

- *IFRS 10 Consolidated Financial Statements*
- *IFRS 11 Joint Arrangements*
- *IFRS 12 Disclosure of Interests in Other Entities*
- *IAS 27 Separate Financial Statements*
- *IAS 28 Investments in Associates and Joint Ventures*
- *Amendments to IAS 32 Offsetting financial assets and financial liabilities*
- *Guidelines regarding transitional provisions (amendments to IFRS 10, IFRS 11 and IFRS 12)*
- *Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)*
- *Amendments to IAS 36 Disclosures of the recoverable amount for non-financial assets*
- *Amendments to IAS 39 Novation of derivatives and continuing hedge accounting*

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

Main consequences of applying new regulations:

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

- *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 joint agreements regardless of their legal form and eliminates inconsistency in reporting through specific methods of settling shares in jointly controlled entities.

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

- *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 interests in other entities or investments.

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

- *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 and joint ventures. The standard replaces the existing IAS 27 *Consolidated and Separate Financial Statements.*

The application of the new standard has no significant impact on the Group's 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 jointly-controlled entities. The standard replaces the existing IAS 28 *Investments in Associates and Joint Ventures.*

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

- *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.

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

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

The guidelines were published on 28th of June 2012 and contain additional information regarding using IFRS 10, IFRS 11 and IFRS 12, including the presentation of comparative data in the case of using the abovementioned standards.

The application of the abovementioned amendments has no impact on the Group's financial statements.

- *Investment Entities* (*amendments to IFRS 10, IFRS 12 and IAS 27)*

The guidelines were published on 31 October 2012 and contain other principles regarding the application of IFRS 10 and IFRS 12 in the case of investment fund entities.

The application of the abovementioned amendments has no impact on the Group's financial statements.

- *Amendments to IAS 36 Disclosures of the recoverable amount for non-financial assets*

Amendments were published on 29 May 2013 and are applied to annual periods starting on 1 January 2014 or later. The amendments result in a modification of the scope of disclosures in relation to the impairment of non-financial assets: primarily, they require the disclosure of the asset's recoverable amount (centre generating cash inflows) only in periods in which impairment or its reversal was recognised in relation to a given asset (or centre). Moreover, the effect of the amended standard is that a broader and more precise scope of disclosures will be required in the case of determining the recoverable amount as fair value less cost of sales, and in the case of determining fair value less cost of sales using the technique for determining current value (discounted flows) it will be necessary to give information on the plight discount rate (in the case of recognising impairment or its reversal).

The amendments also adjust the scope of disclosures regarding recoverable amount, regardless whether it was determined as the value in use of fair value less cost of sales.

The application of the abovementioned amendments has no impact on the Group's financial statements.

- *Amendments to IAS 39 Novation of derivatives and continuing hedge accounting*

Amendments were published on 27 June 2013 and are applied to annual periods starting on 1 January 2014 or later. The amendments allowed to continue applying hedge accounting (under certain conditions), in the case when the derivative instrument, which is the hedging instrument, is novated as a result of legal regulations, and the change results in a change of the clearing institution. Amendments to IAS 39 stem from legal changes in many countries which resulted in mandatory settlement of existing OTC derivatives and their novation through an agreement with the central clearing institution.

The application of the abovementioned amendments has no impact on the Group's financial statements.

Changes made independently by the Group

The Group made a presentation adjustment of comparative data for the first have-near of 2013 in a note 27 describing transactions with related entities. Borrowings granted by the Parent Company and disclosed as a separate item; therefore, as at 30 June 2013 the balances of receivables from related entities were adjusted by balances of borrowings to be repaid.

8. Amendments to existing standards and you regulations which are not in effect for periods starting from 1 January 2014.

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 24 July 2014 and is applied to annual periods starting on 1 January 2018 or later. The standard aims at organising the classification of financial assets and introducing uniform rules of approaching the assessment of impairments regarding all financial instruments. The standard also introduces a new model of hedging accounting in order to unify the principles of recognising information on risk management in financial statements.

The Group will apply the amended standards in the scope of amendments made from 1 January 2018.

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. The Group has began analysing the effects of implementing the new standard.

- *IFRS 14 Regulatory Deferral Accounts*

The new standard was published on 30 January 2014 and is applied to annual periods starting on 1 January 2016 or later. The new standards is of a transitional nature in relation to the ongoing works of the IASB to regulate the manner of settling operations in the conditions of price regulation. The standard introduces the principles of recognising assets and liabilities resulting from transactions with regulated prices in the case when the entity decides to adopt IFRS.

The group will apply the new standard from 1 January 2016.

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 15 Revenue from Contracts with Customers*

The new unified standard was published on 28 May 2014 and is applied to annual periods starting on 1 January 2017 or later and its early adoption is permitted. The standard determines uniform framework for recognising revenue and contains principles which will replace most of the detailed guidelines in the scope of recognising revenue which now exist in the IFRS, in particular in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

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. The Group has began analysing the effects of implementing the new standard.

- Amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012)

On 12 December 2013, further amendments were published to seven standards, resulting from the draft amendments to the International Financial Reporting Standards published in May 2012. They primarily apply to annual periods starting on 1 July 2014 or later.

The Group will apply the amended standards in the scope of amendments made from 1 January 2015, unless a different period of entry into force is provided for.

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 different standards resulting from the annual review of the International Financial Reporting Standards *(Annual Improvements 2011-2013)*

On 12 December 2013, further amendments were published to four standards, resulting from the draft amendments to the International Financial Reporting Standards published in November 2012. They primarily apply to annual periods starting on 1 July 2014 or later.

The Group will apply the amended standards in the scope of amendments made from 1 January 2015, unless a different period of entry into force is provided for.

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 19 Defined benefit plans: employee contributions*

Amendments were published on 21 November 2013 and are applied to annual periods starting on 1 July 2014 or later. The amendments clarify, and in certain cases simplify, the accounting principles for employee contributions (or contributions of other third parties) for defined benefit plans.

The Group will apply the amended standard in the scope of amendments made from 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.

- *IFRIC 21 Levies*

The new interpretation was published on 20 May 2013 and is applied toannual periods starting on 1 January 2014 or obligations to pay certain levies should be recognised.

The Group applies the new interpretation as of the date determined in the regulation of the European commission, adopting the interpretation for use in the European Union, i.e. from 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.

- *Amendments to IFRS 11 Recognising the acquisition of an interest in a joint operation*

Amendments to IFRS 11 were published on 6 May 2014 and are applied to annual periods starting on 1 January 2016 or later. They aim at presenting detailed guidelines explaining the manner of recognising transactions of acquisition of an interest in joint operations, which constitute an undertaking. The amendments require that the same rules should be used as those used in the case of mergers.

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 16 and IAS 38 Acceptable methods of depreciation and amortisation*

Amendments to IFRS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* were published on 12 May 2014 and are applied to annual periods starting on 1 January 2016 or later. The amendment constituents additional explanations regarding acceptable methods of depreciation and amortisation. The amendments aim at indicating that the method of calculating depreciation of property, plant and equipment and amortisation of intangible assets based on revenue is not correct, although in the case of intangible assets this method may be used in specific circumstances.

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 16 and IAS 41 Agriculture: Bearer Plants*

Amendments to IAS 16 and 41 were published on 30 June 2014 and are applied to annual periods starting on 1 January 2016 or later. This amendment indicates that bearer plans should be recognised in the same way as property, plant and equipment in the scope of IAS 16. Therefore, bearer plans should be considered taking into account IAS 16 and not IAS 41. Produce produced by bearer plans is still covered by the scope of IAS 41.

The application of the new standard will have no impact on the Group's financial statements.

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 24 July 2014,*
- *MSSF 14 Regulatory Deferral Accounts publishedon 30 January 2014,*
- *IFRS 15 Revenue from Contracts with Customers published on 28 May 2014,*
- *Amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012) published on 12 December 2013,*
- *Amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2011-2013) published on 12 December 2012,*
- *Amendments to IAS 19 Defined benefit plans: employee contributions published on 21 November 2013,*
- *Amendments to IFRS 11 Recognising the acquisition of an interest in a joint operation published on 6 May 2014,*
- *Amendments to IAS 16 and IAS 38 Acceptable methods of depreciation and amortisationpublished on 12 May 2014,*
- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants published on 30 June 2014.*

9. Error adjustment

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

10. Foreign currency translation

Transactions denominated in currencies other than the Polish zloty are translated into the Polish zloty at the exchange rate applicable as at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted to PLN at 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 the 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 - 4.1609
  - Forte Möbel AG - CHF - 3.4246
– 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 - 4.1784
  - Forte Möbel AG - CHF - 3.4275

The exchange differences arising from the translation to 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.

11. 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 services	Sales revenue	% share
Q1 2014	212,043	-
Q2 2014	190,749	-
Total H1 2014	**402,792**	-
Q1 2013	156,537	23.49%
Q2 2013	146,810	22.03%
Total H1 2013	**303,347**	
Total for 2013	**666,365**	**100.00%**

12. Revenue and costs

Sales revenue and geographic structure

	For the reporting period ended	
Sales revenue	**30.06.2014**	**30.06.2013**
Revenue from sales of products, goods and materials		
- products	392,548	294,094
- goods	3,519	4,801
- materials	2,916	1,506
Revenue from sales of services	3,809	2,946
Total net revenue from sales	**402,792**	**303,347**
Geographic structure:		
- domestic	64,033	54,284
- export	338,759	249,063
Total net revenue from sales	**402,792**	**303,347**
- including from related entities	6,140	15,270

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

	For the reporting period ended	
Other operating revenue	**30.06.2014**	**30.06.2013**
Release of write-downs on current assets	71	244
Release of write-downs on tangible fixed assets	365	-

Gains on disposal of tangible fixed assets	2	50
Subsidies	256	12
Compensations	164	776
Other	194	153
Total other operating revenue	**1,052**	**1,235**

Other operating costs

Other operating costs	**For the reporting period ended 30.06.2014**	**30.06.2013**
Creation of write-downs	175	57
Liquidation and impairment write-downs on tangible fixed assets	1	5
Scrapping of inventory	1,228	1,121
Donations	362	428
Penalties and compensations	127	27
Court costs	12	17
Loss on disposal of non-financial non-current assets	319	-
Other	148	129
Total other operating costs	**2,372**	**1,784**

Financial revenue

Financial revenue	**For the reporting period ended 30.06.2014**	**30.06.2013**
Dividends	**-**	**-**
Exchange differences of financial assets and liabilities	-	-
Interest	1,103	395
Financial revenue, total	**1,103**	**395**

Financial costs

Financial costs	**For the reporting period ended 30.06.2014**	**30.06.2013**
Interest on loans and leasing	475	529
Commission on loans	41	24
Exchange differences of financial assets and liabilities	141	427
Other	17	7
Financial costs, total	**674**	**987**

Costs by type

Costs by type	**For the reporting period ended 30.06.2014**	**30.06.2013**
Depreciation	8,294	8,237
Consumption of materials and energy	195,629	151,122
External services	75,710	51092
Taxes and fees	4,155	3,849
Payroll	56,139	43,793
Social insurance and other benefits	12,664	9,706
Other costs by type	3,265	2,608
Costs by type, total	**355,856**	**270,407**
Change in product inventory and accruals	(8,478)	(3,293)
Manufacturing cost of products for internal purposes	(814)	(372)
Costs of sales	(80,833)	(60,248)
General administrative costs	(17,371)	(14,267)
Manufacturing cost of sold products and services	**248,360**	**192,227**
Value of goods and materials sold	**5,594**	**4,752**
Cost of sales	**253,954**	**196,979**

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.

13. Information on operating segments

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

14. Changes in accounting estimates

As at 30 June 2014, the Group made the following changes in accounting estimates in comparison to 31 December 2013 and 30 June 2013:

Deferred revenues and accruals

Deferred revenues and accruals	As at		
	30.06.2014	**31.12.2013**	**30.06.2013**
Property and motor insurance	259	719	362
Fairs	-	318	454
Research and development	1,065	570	492
Cooperation services	-	-	325
Business trips	151	87	74
Perpetual usufruct of land	515	-	479
Other	344	159	219
in total	**2,334**	**1,853**	**2,405**

Change in provisions

Long-term provisions	As at		
	30.06.2014	**31.12.2013**	**30.06.2013**
Deferred tax assets	-	-	-
Deferred tax provisions	13,031	13,504	13,372
Benefits after the employment period	2,659	2,659	2,212
Other provisions	39	39	40

Provisions and accruals

	As at		
Long-term accruals	**30.06.2014**	**31.12.2013**	**30.06.2013**
Long-term accrued income due to:			
Subsidy to tangible fixed assets bought	74	86	98
Short-term accruals	**30.06.2014**	**31.12.2013**	**30.06.2013**
Accruals due to:			
Commissions	1,428	1,294	1,500
Bonuses for customers	9,402	8,451	6,352
Bonuses	3,429	1,500	2,405
Leaves	2,422	2,403	1,300
Balance sheet audit costs	87	159	92
External services	6,827	2,995	1,858
Other	197	111	134
Short-term provisions:			
Short-term provisions for benefits after the employment period	58	58	-
Guarantee repairs	1,238	973	861
Accrued income due to:			
Subsidy to tangible fixed assets bought	24	24	24
	25,114	**17,968**	**14,526**

The amount of PLN 9,402 thousand is a provision created by the Group for future bonuses payable due to sales realised in 2014 to customers from the German, Swiss and Austrian markets. The bonuses will be paid by setting them off against payments occurring after the balance sheet date.

The amount of PLN 6,827 thousand is a provision created by the Group to external services costs, in particular: transportation, marketing, insurance of receivables, complaint and utilisation services.

As at the balance sheet date ended 30 June 2014, the Group created a provision for the annual bonus for the Management Board in the amount of PLN 2,500 thousand and semi-annual bonuses for employees in the amount of PLN 929 thousand.

Changing write-downs on assets

	30.06.2014	**31.12.2013**	**30.06.2013**
Write-downs on shares	426	414	414
Write-downs on short-term receivables	3,028	2,906	1,488
Write-downs on tangible fixed assets	3	368	3
Write-downs on inventory	4,759	5,450	3,294

Write-downs on shares

Write-downs on shares	**2014**
Write-down as at 1 January	414

Creation	12
Release	-
Write-down as at 30 June	**426**

In the period ended 30 June 2014, the Group created a write-down on the shares of the subsidiary Forte Mobila SLR with this registered seat in Bacau in Romania.

Write-downs on receivables

Write-downs on receivables	**2014**
Write-down as at 1 January	2,906
Creation	176
Used	-
Release	(54)
Write-down as at 30 June	**3,028**

Write-downs on tangible fixed assets

Write-downs on tangible fixed assets	**2014**
Write-down as at 1 January	368
Creation	-
Release	(365)
Write-down as at 30 June	**3**

Write-downs on inventory

Write-downs on inventory	**2014**
Write-down as at 1 January	5,450
Creation	-
Release	(691)
Write-down as at 30 June	**4,759**

In the reporting period ended 30 June 2014, the Group released a write-down on inventory in the amount of PLN 691 thousand due to its use to the scrapping of damaged palettes unfit for further use.

15. Income tax

Major components of income tax expense for the 6-month period ended 30 June 2014 and 30 June 2013 are as follows:

	For the reporting period ended	
Income tax	**30.06.2014**	**30.06.2013**
Current income tax		
ent charge due to income tax	11,327	6,192
ıstments related to current income tax from previous years	–	–
Deferred income tax		
ting to the origination and reversal of temporary differences	(581)	351
Tax charge in the consolidated profit and loss account	**10,746**	**6,543**

16. Tangible fixed assets

The balance sheet value of machinery and equipment used as at 30 June 2014 by the Company on the basis of financial lease agreements and lease agreements with the option to buy is PLN 3,611 thousand (as at 31 December 2013: PLN 4,124 thousand, as at 30 June 2013: PLN 4,241 thousand), of which PLN 1,011 thousand regards the lease of machinery and equipment, PLN 2,430 thousand the lease of vehicles and PLN 170 thousand the lease of other tangible fixed assets.

Assets pledged as security

Land and buildings with the balance sheet value of PLN 74,378 thousand (as at 31 December 2013: PLN 72,910 thousand, as at 30 June 2013: PLN 69,116 thousand) are covered by a mortgage established to secure bank loans. Additionally, machinery and equipment with the balance sheet value of PLN 41,796 thousand are subject to registered pledge (as at 31 December 2013: PLN 52,916 thousand, as at 30 June 2013: PLN 56,266 thousand).

The value of the capitalised external financing costs in the reporting period ended 30 June 2013 was PLN 87 thousand (as at 31 December 2013: there were none, as at 30 June 2013: PLN 1 thousand).

In relation to the early repayment of investment loans in HSBC Bank Polska S.A and PKO Bank Polski S.A., applications were filed to delete the registered pledges on machinery and equipment to a total value of PLN 26,634 thousand. The appropriations to Banks of machinery and equipment with a value of PLN 14,252 thousand, which were securing the repayment of the abovementioned loans, also expired.

Registered pledges were deleted on 21 and 22 July 2014.

Capital commitments
As at 30 June 2014, the Group's capital commitments are PLN 962 thousand (as at 31 December 2013: PLN 1,667 thousand, as at 30 June 2013: PLN 936 thousand). This amount concerns primarily the expenditures on tangible fixed assets under construction and the purchase of machinery and equipment.

Non-current assets held for sale
As at 30 June 2014, the Group did not have non-current assets classified as held for sale.

Purchase and sale
In the 6-month period ended 30 June 2014, the Group purchased tangible fixed assets with a value of PLN 20,600 thousand (in the comparative period ended 30 June 2013: PLN 3,310 thousand) and sold tangible fixed assets with a net value of: PLN 305 thousand (in the comparative period ended 30 June 2013: PLN 43 thousand).

17. Investment properties

The Group holds two investment properties. These are shopping centres: in Wrocław with an area of ca. 7 thousand sq. m and in Bydgoszcz with an area of ca. 5 thousand sq. m. The properties were classified as investment properties because a vast part of them is leased to unrelated entities.

18. Intangible assets

Expenditures to research and development
In the reporting period ended 30 June 2014, the Group made expenditures to research and development recognised in the profit and loss account in the amount of PLN 172 thousand (in the reporting period ended 31 December 2013: PLN 990 thousand).

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

Intangible assets held for sale
As at 30 June 2014, the Group did not have intangible assets classified as held for sale.

19. Financial assets

The percentage share of assets, revenue and results of subsidiaries excluded from consolidation as at 30 June 2014 was as follows:

Company name	Type of relationship	In total assets	In revenue	In current result
Forte Baldai UAB	Subsidiary	0.05%	0.03%	0.13%
Forte SK S.r.o.	Subsidiary	0.09%	0.23%	0.29%
Forte Furniture Ltd.	Subsidiary	0.05%	0.06%	0.07%
Forte Iberia S.l.u.	Subsidiary	0.02%	0.09%	-0.23%
Forte Mobilier Sari	Subsidiary	0.05%	0.06%	0.29%
Forte Mobila S.r.l.	Subsidiary	0.02%	0.09%	0.24%
TM Handel Sp. z o.o.	Subsidiary	0.60%	1.81%	0.31%

The percentage share of assets, revenue and results of subsidiaries excluded from consolidation as at 31 December 2013 was as follows:

Company name	Type relationship	In total assets	In revenue	In current result
Forte Baldai UAB	Subsidiary	0.06%	0.04%	0.15%
Forte SK S.r.o.	Subsidiary	0.13%	0.30%	0.60%
Forte Furniture Ltd.	Subsidiary	0.06%	0.07%	0.10%
Forte Iberia S.l.u.	Subsidiary	0.04%	0.11%	-0.01%
Forte Mobilier Sari	Subsidiary	0.04%	0.05%	-0.04%
Forte Mobila S.r.l.	Subsidiary	0.09%	0.04%	-0.47%
TM Handel Sp. z o.o.	Subsidiary	0.86%	2.70%	-0.11%

The percentage share of assets, revenue and results of subsidiaries excluded from consolidation as at 30 June 2013 was as follows:

Company name	Type relationship	In total assets	In revenue	In current result
Forte Baldai UAB	Subsidiary	0.05%	0.04%	0.12%
Forte SK S.r.o.	Subsidiary	0.16%	0.38%	1.03%
Forte Furniture Ltd.	Subsidiary	0.06%	0.08%	0.21%
Forte Iberia S.l.u.	Subsidiary	0.05%	0.12%	-0.01%

Forte Mobilier Sari*	Subsidiary	0.01%	0.00%	-0.07%
Forte Mobila S.r.l.	Subsidiary	0.21%	0.09%	-0.04%
TM Handel Sp. z o.o.	Subsidiary	1.66%	5.10%	0.46%

* in line with the data as at 31 December 2012

The Group's shares in other entities were as follows: 30 June 2014 and 30 June 2013

Company name	Registered office	Object of the enterprise	Carrying value of shares
Meblopol Sp. z o.o.	Poznań	Trade	3
TOTAL			**3**

20. Cash and cash equivalents

Cash and cash equivalents	30.06.2013	As at 31.12.2013	30.06.2013
Cash at bank and in hand	7,406	18,409	10,078
Other cash (overnight deposits, deposits under three months, corporate bonds)	71,990	57,710	53,434
Cash at bank and in hand attributable to discontinued activities			
Total cash and cash equivalents	**79,396**	**76,119**	**63,512**

Cash and cash equivalents at bank earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at negotiated deposit rates. The fair value of cash and cash equivalents as at 30 June 2014 is PLN 79,396 thousand (as at 31 December 2013: PLN 76,119 thousand, as at 30 June 2013: PLN 63,512 thousand).

As at 30 June 2014, the Group did not hold cash of limited disposability (as at 31 December 2013 and 30 June 2013: did not occur).

21. Share capital and supplementary / reserve capital

Share capital
In the reporting period ended 30 June 2014 there were no changes in the share capital of the Parent Company (2013: no changes).

Share premium
In the 6-month period ended 30 June 2014 there were no events which would lead to a change in the share premium (2013: also no changes).

Other capital

	Statutory supplementary capital	Other reserve capital	Total
As at 1 January 2014	1,250	145,553	146,803
Distribution of profit for investment and financing the Group's current activities	-	20,911	20,911
As at 30 June 2014	**1,250**	**166,464**	**167,714**

	Statutory supplementary capital	Other reserve capital	Total
As at 1 January 2013	1,250	136,244	137,494
Distribution of profit for investment and financing the Group's current activities	–	9,309	9,309
As at 30 June 2013	**1,250**	**145,553**	**146,803**

Revaluation reserve from financial instruments

	30.06.2014	As at 31.12.2013	30.06.2013
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	3,724	3,777	(5,774)
Amount recognised in profit and loss account due to:			-
- ineffectiveness of the transactions concluded	(1,402)	(551)	-
- conclusion of transactions subject to hedging	(1,759)	(2,857)	-
- discontinuance of hedge accounting	-	-	-
Deferred income tax	(107)	(70)	1,097

Closing balance of accumulated result on financial instruments hedging cash flows	**8,004**	**7,548**	**2,572**

22. Dividend paid and proposed

By virtue of a resolution of the Annual General Meeting of 10 June 2014, the decision was made to distribute the Parent Company net profit for the financial year 2013 in the amount of PLN 56,538 thousand, allocating PLN 35,627 thousand to the payment of dividend and PLN 20,911 thousand to supplementary capital. The amount of dividend per share amounted to PLN 1.50. The dividend record date was set for 25 June 2014. Dividend was paid on 2 July 2014.

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

23. Earnings per share

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

	For the period of 6 months ended	
Net profit (loss) from continued operations	**30.06.2014**	**30.06.2013**
Loss from discontinued operations	40,399-	24,169-
Net profit (loss)	40,399	24,169
Net profit (loss) attributed to normal shareholders, applied to calculate diluted earnings per share	40,399	24,149

	For the period of 6 months ended	
	30.06.2014	**30.06.2013**
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.

24. Interest-bearing loans and borrowings

Short-term	**Nominal interest rate %**	**Due date**	**30.06.2014**	**31.12.2013**
PKO BP S.A. - investment loan in the amount of EUR 3,500 thousand - short-term portion	1 M EURIBOR	22 December 2018	2,729	–
PKO BP S.A. - investment loan in the amount of EUR 3,000 thousand - short-term portion	1 M WIBOR	30 June 2014	-	300
PKO BP S.A. - investment loan in the amount of EUR 3,550 thousand - short-term portion	1 M EURIBOR	31 March 2014	-	3,681
HSBC Bank Polska S.A. - investment loan in the amount of EUR 3,500 thousand - short-term part	3 M EURIBOR	19 June 2015	-	5,278
mBank S.A. - working capital facility in the amount of PLN EUR 1,000 thousand - long-term portion	depending on the currency used O/N WIBOR or O/N LIBOR	16 December 2014	609	-
Total short-term			**3,338**	**9,259**

Long-term	**Nominal interest rate %**	**Due date**	**30.06.2014**	**31.12.2013**
PKO BP S.A. - investment loan in the amount of EUR 3,500 thousand - long-term portion	IM EURIBOR	22 December 2018	7,640	1,840
PKO BP S.A. - working capital credit in the amount of PLN 45,000 thousand - long-term portion	depending on the currency used IM WIBOR or IM EURIBOR	19 December 2016	33,287	24,883
ING Bank Śląski S.A. - working capital facility	depending on the	31 October 2016	30,448	28,816

in the amount of PLN 35,000 thousand - long-term portion	currency used 1M WIBOR or 1M EURIBOR or 1M LIBOR			
HSBC Bank Polska S.A. - investment loan in the amount of EUR 3,500 thousand - long-term portion	3 M EURIBOR	19 June 2015	-	2,639
Total long-term			**71,375**	**58,178**

	30.06.2014	As at 31.12.2013	30.06.2013
Long-term	71,375	58,178	9,352
Short-term	3,338	9,259	56,099
Total	**74,713**	**67,437**	**65,451**

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

Currency	As at 30.06.2014	31.12.2013
PLN	-	300
EUR	72,557	66,521
USD	2,156	616
	74,713	**67,437**

In the 6-month period ended 30 June 2014, the Group took out loans in the amount of PLN 21,073 thousand and repaid loans to a total amount of PLN 13,892 thousand, including early repayments in HSBC Bank Polska S.A. and PKO BP S.A.

On 26 May 2014, the Group's Parent Company signed an annex to the investment loan agreement of 23 December 2013 with PKO BP S.A. By virtue of this annex, the final period of the loan was extended to 31 August 2014.

On 24 July 2014, the Group's Parent Company signed an agreement with mBank S.A regarding investment loan in the amount of EUR 2,400 thousand for the financing and refinancing of the purchase of production machinery and equipment. The loan was extended until 31 December 2018. It shall be repaid starting on 31 March 2015 in equal quarterly instalments.

The loan security shall be a registered pledge on the machinery and equipment purchased with the loan. Until 30 June 2014, the Parent Company did not use the funds from the mBank investment loan.

25. 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.

26. Hedge accounting and other derivative financial instruments

In the Capital Group, only the Parent Company uses hedge accounting of derivative instruments.

Before concluding a hedging transaction, as well as during its lifetime, the Parent Company confirms and documents that there is a strong negative correlation between the changes in the fair value of the hedging instrument and the changes in the fair value of the hedged item. The effectiveness of hedging is subject to constant assessment and monitoring. A detailed description of the hedge accounting principles applied is contained in the condensed interim financial statements of the Parent Company in note 15.

27. Transactions with related entities

Business transactions

The following table presents the total amounts of transactions concluded with related entities not included in the consolidation, for the period of six months ended 30 June 2014 and 30 June 2013 and for the year ended 31 December 2013, respectively.

Related entity		Sales to related entities	Purchases from related entities	Receivables from related entities	Liabilities to related entities
Subsidiaries:					
Forte Baldai UAB					
	30.06.2014	-	125	-	21
	31.12.2013	-	253	49	-
	30.06.2013	-	126	160	22
Forte SK S.r.o.					
	30.06.2014	4	957	4	136
	31.12.2013	168	1,947	-	138
	30.06.2013	168	984	43	164
Forte Furniture Ltd.					

	30.06.2014	-	245	-	41
	31.12.2013	-	475	-	40
	30.06.2013	-	236	-	41
Forte Iberia S.l.u.					
	30.06.2014	23	376	21	-
	31.12.2013	6	757	-	62
	30.06.2013	4	376	-	65
Forte Mobilier S.a.r.l.					
	30.06.2014	-	251	-	42
	31.12.2013	-	338	1	41
	30.06.2013	-	86	-	43
Forte Mobila S.r.l.					
	30.06.2014	7	454	1,289	61
	31.12.2013	345	465	138	-
	30.06.2013	2	251	1,569	45
TM Handel Sp. z o.o.					
	30.06.2014	6,106	696	2,611	604
	31.12.2013	26,499	4,415	3,729	309
	30.06.2013	15,096	2,638	7,509	390
Total	**30.06.2014**	**6,140**	**3,104**	**3,925**	**905**
	31.12.2013	**27,018**	**8,650**	**3,917**	**590**
	30.06.2013	**15,270**	**4,697**	**9,281**	**770**

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

Loans and borrowings to related entities

Related entity	Loan amount in the currency	Loan currency	Due date	Loan balance as at 30 June 2014 in PLN thousands	Amount of interest due as at 30 June 2014
Subsidiaries:					
Forte SK S. r. o.	1,260	PLN	December 2015	150	1
Forte Mobilier S.a.r.l.	80	EUR	June 2017	250	1
UAB Forte Baldai	25	EUR	December 2018	99	-
Total:				**499**	**2**
Including:					
Short-term portion:					
Forte SK S. r. o.				15	1
Forte Mobilier S.a.r.l.				83	1
UAB Forte Baldai				26	-
Total:				**124**	**2**
Long-term portion:					
Forte SK S. r. o.				135	-
Forte Mobilier S.a.r.l.				167	-
UAB Forte Baldai				73	-
Total:				**375**	-

Related entity	Loan amount	Loan currency	Due date	Loan balance as at 31 December 2013	Interest amount as at 31 December 2013
Subsidiaries:					
Forte SK S. r. o.	1,260	PLN	December 2015	383	2
Forte Mobila 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	-
Total:				**1,060**	**3**

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.
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
A detailed description of the Incentive Scheme is contained in the condensed interim financial statements of the Parent Company in note 17.

Changes in the composition of the Supervisory Board
On 10 June 2014, the Annual General Meeting of FABRYKI MEBLI "FORTE" S.A. appointed the Company's Supervisory Board for a new term in the following composition:

Zbigniew Mieczysław Sebastian - Chairman of the Supervisory Board,
Tomasz Domagalski,
Władysław Frasyniuk,
Stefan Golonka,
Stanisław Krauz.

28. 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 S.A. 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. (currently mBank S.A.) and are valid to 30 June 2018. The balance of loans as at 30 June 2014 is PLN 5,326 thousand.

29. Events after the balance sheet date

The Parent Company entered into the following zero-cost transactions with Banks regarding the sale of Call options and purchase of Put options hedging from currency risk:

- on 1 August with mBank S.A.:
    1. 1,000,000 EUR – Put 4.2300 – Call 4.6000 with an expiration date 2016-05-13
    2. 1,000,000 EUR – Put 4.2300 – Call 4.6000 with an expiration date 2016-05-27
    3. 1,000,000 EUR – Put 4.2300 – Call 4.6000 with an expiration date 2016-06-15
    4. 1,000,000 EUR – Put 4.2300 – Call 4.6000 with an expiration date 2016-06-23
    5. 1,500,000 EUR – Put 4.2300 – Call 4.6000 with an expiration date 2016-07-15
    6. 1,500,000 EUR – Put 4.2300 – Call 4.6000 with an expiration date 2016-07-27

- on 6 August with ING Bank Śląski S.A.:
    1. EUR 1,500,000 – Put 4.2500 – Call 4.6412 with an expiration date 2016-07-15
    2. EUR 1,500,000 – Put 4.2500 – Call 4.6412 with an expiration date 2016-07-27

Signature of the person entrusted with bookkeeping

Chief Accountant
Anna Wilczyńska

Signatures of the Members of the Management Board:

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

Member of the Management Board
Rafał Prendke

Ostrów Mazowiecka, 29 August 2014

FABRYKI MEBLI “FORTE” CAPITAL GROUP

Half-year Management Board’s report of the on the operations of the Capital Group in the first half of 2014

Ostrów Mazowiecka, 29 August 2014

I. CURRENT FINANCIAL AND OPERATIONAL STANDING

This Report on the operations of the Capital Group of the Issuer – Fabryki Mebli "FORTE" in the first half of 2014 was prepared on the basis of Art. 90 of the Regulation of the Minister of Finance of 19 February 2009 concerning current and periodic information provided by securities issuers and conditions of recognising as equivalent information required under the regulations of a state not being a member state (Journal of Laws of 28 January 2014, item 133).

1. Basic information on the Fabryki Mebli FORTE Capital Group

1.1. Information on the Group's Parent Company

Fabryki Mebli FORTE S.A. ("Parent Company", "Company") was established by a 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, under KRS number 21840.

The Parent Company was awarded the statistical number REGON: 550398784.

The duration of the Parent Company is unlimited.

Main activities of the Parent Company include:

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

Fabryki Mebli "FORTE" S.A. 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;
- Hajnówka ul. 3-go Maja 51 - manufacturing plant.
- Białystok ul. Generała Andersa 11 - manufacturing plant; and furniture stores in Wrocław, Toruń, Przemyśl and Białystok.

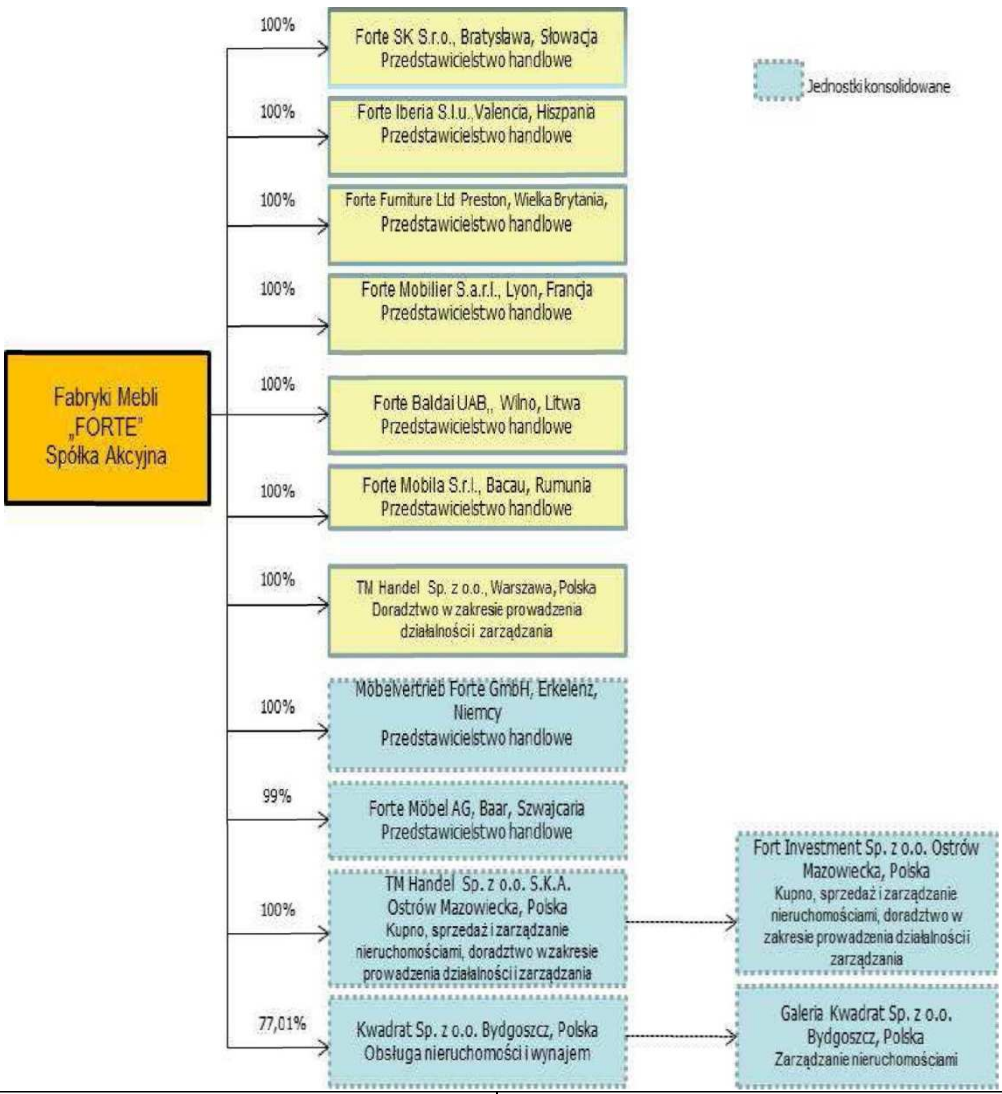
The Fabryki Mebli FORTE Group includes the following consolidated subsidiaries:

Subsidiaries (full consolidation method):	**Registered office**	**Scope of activities**	**Percentage share of the Group in the capital**	
			30.06.2014	**31.12.2013**
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*	*Management of real property*	*77.01%*	*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	100.00%	100.00%
***Fort Investment Sp. z o.o.*	*Ostrów Mazowiecka*	*Purchase, sale and management of real property, advisory services regarding conducting business activity and management*	*100.00%*	*100.00%*

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

The Group includes subsidiaries, specified in note 19 of the condensed interim consolidated financial statements, excluded from consolidation on the basis of unsignificant impact of their financial data on the consolidated statements.

The Parent Company is a Parent Company and forms the Capital Group together with other entities. As at 30 June 2014 the Capital Group was composed of:



Przedstawicielstwo handlowe	*Dealership*
Jednostki konsolidowane	*Consolidated entities*
Spółka akcyjna	*Joint-stock Company*
Doradztwo w zakresie prowadzenia działalności i zarządzania	*Advisory services regarding conducting business activity and management*
Kupno, sprzedaż i zarządzanie nieruchomościami, doradztwo w zakresie prowadzenia działalności i zarządzania	*Purchase, sale and management of real property, advisory services regarding conducting business activity and management*
Obsługa nieruchomości i wynajem	*Real estate service and lease*
Zarządzanie nieruchomościami	*Management of real property*

1.2. Parent Company Management Board

Management Board composition as at the balance sheet date ended 30 June 2014
Maciej Formanowicz - President of the Management Board
Mariusz Jacek Gazda - Member of the Management Board
Klaus Dieter Dahlem - Member of the Management Board
Gert Coopmann - Member of the Management Board
Maria Małgorzata Florczuk - Member of the Management Board

Management Board composition as of the date of publication of the report i.e. 29 August 2014
Maciej Formanowicz - President of the Management Board
Mariusz Jacek Gazda - Member of the Management Board
Klaus Dieter Dahlem - Member of the Management Board
Gert Coopmann - Member of the Management Board
Maria Małgorzata Florczuk - Member of the Management Board

Rafał Prendke - Member of the Management Board

1.3. Mission and policy of the Fabryki Mebli FORTE Capital Group

Mission: Production leader, reliable supplier of modern furniture systems, which meets customer needs.
The aim of the Fabryki Mebli FORTE Capital Group is to:

- Continually increase the value of the company, and thus ensure that the shareholders receive a higher-than-average return on invested capital,
- Ensure the supply of goods and services meeting the requirements of Customers in a wide range of their needs, taking into account specific market requirements,
- Achieve full satisfaction of our Customers,
- Strengthen the opinion of a credible and reliable partner,
- Build creative relationships in the work environment through shaping the awareness and personality of people,
- Provide conditions ensuring safety and health at work,
- Conduct activities in an environmentally acceptable way,
- Be committed to preserving the values of FSC.

The abovementioned policy is implemented by the Group through:

- Constant monitoring of activities and their effects in financial terms and of Customer satisfaction, continued improvement of the Organisation Management System with the use of PN-EN ISO 9001:2009 Quality Management Systems,
- Continuous improvement of processes and product design so that their production is safer and their operational parameters meet Customer expectations and needs,
- Forming the attitudes of safe handling through the identification of threats and creation of technical, economical and organisational conditions leading to a reduction of risks,
- Acting in accordance with legal requirements and other regulations regarding the activities of the Organisation, the product, health and safety at work and environmental protection.

The effectiveness and efficiency of the Integrated Quality Management System and FSC is subject to continued commitment and responsibility of the Management Board.

1.4. Key events in which the Parent Company participated in 2014 and until the date of publication of the Management Board's Report

Date	Event
9-11 January 2014	BEGROS Verbandmesse Fair 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
10-13 June 2014	Partnership Days, Ostrów Mazowiecka

1.5. Awards and honours

- Gold medal of 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"
- Name 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.

2. A brief description of the significant achievements or failures of the Issuer's Capital Group in the period covered by the semi-annual report together with the indication of the most important events regarding them.

Group performance and basic economic and financial parameters:

Description	H1 2014 in PLN '000	H1 2013 in PLN '000	Change in PLN '000	% change
Sales revenue	402,792	303,347	99,445	32.8%
Cost of sales	(253,954)	(196,979)	56,975	28.9%
Gross profit from sales	148,838	106,368	42,470	39.9%
Gross return on sales %	37.0%	35.1%		
Costs of sales	(80,833)	(60,248)	20,585	34.2%
General administrative costs	(17,371)	(14,267)	3,104	21.8%
Operating profit (EBIT)	49,314	31,304	18,010	57.5%

EBITDA	57,608	39,541	18,067	45.7%
Gross profit	51,145	30,712	20,433	66.5%
Net profit	40,399	24,169	16,230	67.2%
Net return on sales %	10.0%	8.0%		

- In the first half of 2014, FORTE Group generated **sales revenue** in the amount of PLN 402.8 million compared to PLN 303.3 million in the corresponding period of 2013 (an increase of 32.8%).

The most significant revenue growth occurred on the key market for the Group, i.e. in German-speaking countries, the French market and the Polish market. Sales of assembled furniture is increasing according to the sales plan and in the opinion of the Management Board creates a significant potential for growth in the German-speaking markets in the coming years. It should be noted that the Group achieved a significantly better sales result than in the previous year, and the incoming orders for future periods indicate that it is possible that such growth will continue in further months.

- The Group recorded an increase in **gross margin profitability** (37% vs 35.1% in the first half of 2013). Gross profit on sales amounted to PLN 148.8 million and increased compared to the corresponding period of the previous year by 39.9%.

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

- **Cost of sales** amounted to PLN 80.8 million and compared to the first half of 2013 increased by 34.2%. The cost of sales to revenue ratio was 20.1% against 19.9% in the previous year.

The most important item in this group of expenses is transportation costs. The transportation costs to revenue ratio in the first half of 2014 was 7.8% compared to 6.7% in the corresponding period of the previous year.

The increase of the ratio is caused by the increasing number of shipments of assembled furniture as well as a change in strategy of providing significantly higher volumes. The parent company decided to perform part of the deliveries to significant customers in a manner precisely adjusted to their needs. The increase in cost of sales in a higher proportion than the increase in sales derives also from the fact of charging this cost group with higher costs of marketing and sales support activities agreed with the customers. The costs of the abovementioned activities were included in the sale prices to these customers, which had an impact on a higher profitability level and does not translate negatively to the company's result. Additionally, in 2014, the company pays a bonus from the profit earned to the employees each quarter (in 2013 it was a semi-annual bonus), which has an impact on costs in all fields of activity.

- **General costs** amounted to PLN 17.4 million vs PLN 14.3 million in the comparative period. The costs to revenue ratio was 4.3% against 4.7% in the previous year.

- In the first half of 2014, the Group recorded a very significant **increase in operating profit** (57.5%). It amounted to PLN 49.3 million (12.2% of revenue) compared to PLN 31.3 million (10.3% of revenue) in the first quarter of 2013.

- The **net profit** generated in the reporting period amounted to PLN 40.4 million (10% of revenue), compared with PLN 24.2 million in the corresponding period of the previous year (8.0% of revenue).
-

Characteristics of the balance sheet structure	**30.06.2014** in PLN '000	**30.06.2014** % of the balance sheet total	**31.12.2013** in PLN '000	**31.12.2013** % of the balance sheet total	**% Change 2014/2013**
Non-current assets	266,728	43.7%	254,070	45.8%	5.0%
Current assets	343,222	56.3%	300,784	54.2%	14.1%
Total assets	**609,950**	**100%**	**554,854**	**100%**	**9.9%**
Equity	390,356	63.9%	384,607	69.3%	1.5%
Long-term liabilities and Provisions	89,131	14.6%	76,581	13.8%	16.4%
Short-term liabilities and Provisions	130,463	21.5%	93,666	16.9%	39.3%
Total equity and liabilities	**609,950**	**100%**	**554,854**	**100%**	**9.9%**

After the first half of 2014, the Group recorded an increase in balance sheet total by PLN 55 million.

Within current assets, the growth concerned primarily the inventory and receivables items. Trade and other receivables increased by PLN 14.9 million. This is related to the increase of sales in the current periods in relation to the end of 2013. Inventory increased by PLN 24.3 million, which is related to building a buffer for the increased sales in the third and fourth quarter of the year.

The non-current assets increased by PLN 12.7 million due to surplus of investment expenditure over depreciation.

Capital expenditure concerned in particular the purchase of production machinery and equipment.

Equity and liabilities saw a material change in short-term and long-term liabilities.

Trade and other liabilities increased by PLN 38.8 million. The increase in comparison to the end of 2013 results primarily from the right to dividend determined by the GMS; the dividend was paid after the balance sheet date – on the 9 July 2014.

Bank loan liabilities after the first half of 2014 increased by PLN 7.3 million. The increase in bank loans balance arises from the Group's foreign exchange risk management policy. By taking out loans in EUR, the Group balances the balance sheet currency exposure, thus limiting the impact of volatility in the EUR/PLN on the financial results of the Group.

The Group still maintains very high financial liquidity. The closing balance of cash was PLN 79.4 million.

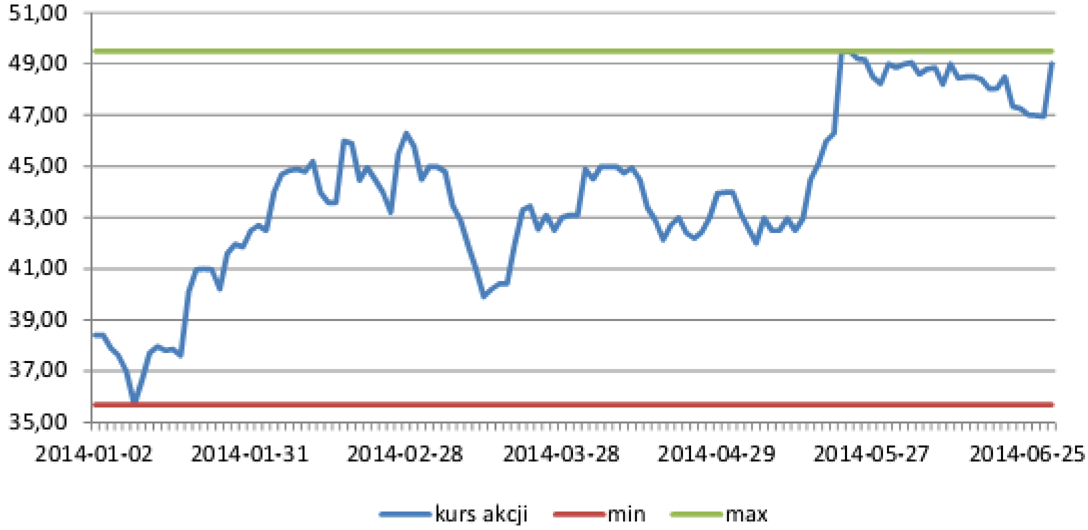
3. Fabryki Mebli "FORTE" S.A. share price performance

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	H1 2014	H1 2013
Company's net profit in PLN '000	41,769	25,099
The highest share price in PLN	49.50	23.43
The lowest share price in PLN	35.70	12.65
Share price at the end of the period in PLN	49.00	22.10
P/E indicator as of the end of the period	27.86	20.91
Number of shares on the stock exchange (in items)	23,751,084	23,751,084
Average daily trading volume (in items)	31,708	18,927

Forte S.A. share price between 1 January 2014 and 30 June 2014



kurs akcji	*share price*

Chart showing price of shares of Forte S.A. in 2014.
(source: http://www.gpwinfostrefa.pl/GPWIS2/pl/emitents/quotations/FORTE,PLFORTE00012

4. Effects of changes in the structure of the business unit, including business mergers, acquisitions or disposals of the entities of the Issuer's Capital group, long-term investments, de-mergers, restructuring and discontinuation of activity.

No changes in the structure of the Group occurred during the reporting period.

5. 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 2014.

6. 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 semi-annual 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 Otwarty Fundusz Emerytalny	4,000,000	16.84%	16.84%
3.	ING Otwarty Fundusz Emerytalny	1,500,000	6.32%	6.32%
4.	Aviva Otwarty Fundusz Emerytalny	1,324,480	5.58%	5.58%

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

supervisors as of the date of publication of the semi-annual report.

Zbigniew Sebastian — Chairman of the Supervisory Board — 300 shares with a nominal value of PLN 1 each,
Dariusz Bilwin — Registered Signatory — 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.

8. 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.

9. 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 market terms used by the Issuer in relations with unrelated entities.

Detailed information about transactions with capital-related entities are included in note 16 to the condensed financial statements.

10. 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 equity.

Did not occur.

11. Other information considered by the Issuer's Capital Group 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 ability of the Issuer's Capital Group to fulfil its obligations.

Did not occur.

12. 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 and production efficiency.

The level of incoming orders is higher than in the corresponding period of the previous year. A major challenge for the Group will be 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. The Group more and more often encounters problems of reduction of and refusal to grant insurance limits for existing and potential customers.

13. Description of basic threats and risks related to the remaining months of the financial year.

The following risk factors may have a negative impact in the second part of the year:

- major deterioration of demand on the supported markets, more difficult financial condition of some of the customers,
- difficulties in ensuring continuous supplies from companies supplying the Group in key raw materials (negative impact of this issue is limited through diversification of the group of suppliers and building a secure buffer of raw materials).

14. Information on changes in economic situation, as well as environment for conducting business activity, which have a significant influence on the fair value of the Issuer's financial assets and liabilities.

Did not occur.

15. Information on the lack of repayment of a loan or borrowing or a breach of material provisions of a loan or borrowing agreement, which were not remedied until the end of the reporting period.

Did not occur.

16. Currency exchange rates

Individual items of assets and liabilities were converted at the average rate of the National Bank of Poland as of 30 June 2014, 31 December 2013 and 30 June 2013, amounting to: PLN 4.1609, PLN 4.1472 and PLN 4.3292 against 1 EUR, respectively .

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 6 months ended 30 June 2014 and 30 June 2013, and amounting to: PLN 4.1784 and PLN 4.2140 against 1 EUR, respectively.

17. Statement of the Management Board concerning the entity authorised to audit financial statements of the Issuer and the Issuer's Capital Group.

The Management Board of Fabryki Mebli "FORTE" S.A. represents that the entity authorised to audit the financial statements reviewing the semi-annual condensed financial statements of the Issuer and the semi-annual condensed financial statements of the Issuer's Capital Group for 2014 was selected in accordance with the provisions of law and meets the conditions required to issue unbiased an independent audit reports, in line with the regulations in force and professional standards.

18. Statement of the Management Board regarding the reliability of the financial statements of the Issuer and the consolidated statements of the Issuer's Capital Group.

The Management Board of Fabryki Mebli "FORTE" S.A. represents that, to the best of their knowledge, the semi-annual condensed financial statements of the Issuer and the semi-annual condensed consolidated financial statements of the Issuer's Capital Group for 2014 and comparative data were prepared in accordance with the binding accounting principles and truly, accurately and clearly reflect the actual and financial situation and the financial result of the Issuer and the Capital Group.

Moreover, the Management Board represents that the semi-annual Management Board's report on the operations of the Capital Group contains a true description of the development and achievements as well as the condition of the Group, including basic risks and threats.

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

Member of the Management Board
Rafał Prendke

Ostrów Mazowiecka, 29 August 2014

Telephone: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12,
02-676 Warsaw
Poland

Independent certified auditor's report on the condensed interim financial statements for the period between 1 January 2014 and 30 June 30 2014

for the Shareholders of Fabryki Mebli FORTE S.A.

We have reviewed the attached condensed interim financial statements of Fabryki Mebli FORTE S.A. with its registered seat in Ostrów Mazowiecka, at ul. Biała 1, including:

- the statement of financial position as at 30 June 2014, presenting the total balance of assets and liabilities in the amount of PLN 596,653 thousand;
- the profit and loss account for the period between 1 January 2014 and 30 June 2014, presenting net profit in the amount of PLN 41,769 thousand;
- the statement of comprehensive income for the period between 1 January 2014 and 30 June 2014, presenting comprehensive income in the amount of PLN 42,661 thousand;
- the statement of changes in equity indicating an increase in equity for the period between 1 January 2014 and 30 June 2014, in the amount of PLN 7,034 thousand;
- the cash flow statement, presenting an increase in cash in the period between 1 January 2014 and 30 June 2014 by PLN 6,542 thousand;
- condensed additional notes and explanations.

The Management Board of Fabryki Mebli FORTE S.A. is responsible for the compliance of these condensed interim financial statements with the requirements of the International Accounting Standard 34 "Interim Financial Reporting", which was approved by the European Union, and other applicable regulations.

It was our tasks to review the aforesaid financial statements.

We conducted the review in accordance with the provisions of national standards on auditing issued by the National Council of Statutory Auditors. The standards oblige us to plan and conduct the review in such a way as to obtain a moderate assurance as to whether the financial statements are free from any material misstatements.

We have conducted the review mainly by analysing data from the financial statements, viewing the accounting books and using information obtained from the management and people responsible for the entity's finances and accounting.

The scope and method for reviewing the interim condensed financial statements differ significantly from audits based on which opinion is given on compliance of annual financial statements with the applicable accounting principles (policy) and that such statements are true and fair. Therefore, we cannot produce such an opinion on the attached statements.

In the course of the review, we have not made any findings which may indicate that the attached condensed interim financial statements were prepared, in all material respects, in line with the requirements of the International Accounting Standard 34 "Interim Financial Reporting", which was approved by the European Union.

Warsaw, 29 August 2014

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warsaw
Entity authorised to audit financial statements No 3355

Key certified auditor responsible for the audit:

Artur Staniszewski
Certified auditor
reg. No 9841

For BDO Sp, z o.o.:

dr André Helin
President of the Management Board
Certified auditor No 90004

FABRYKI MEBLI "FORTE" S.A.

Condensed financial statements for the period of 6 months ended 30 June 2014

Prepared in accordance with the International Financial Reporting Standards

Ostrów Mazowiecka, 29 August 2014

PROFIT AND LOSS ACCOUNT

	For the period of 6 months ended 30 June 2014 (unaudited)	30 June 2013 (unaudited)
Continued operations		
Revenue from sales of products, goods and materials	398,237	300,569
Revenue from sales of services	3,500	2,474
Sales revenue	**401,737**	**303,043**
Cost of sales of sold products, goods and materials	(251,411)	(195,276)
Cost of sales of sold services	(1,610)	(1,763)
Cost of sales	**(253,021)**	**(197,039)**
Gross profit from sales	**148,716**	**106,004**
Other operating revenue	935	1,152
Costs of sales	(85,800)	(64,038)
General administrative costs	(16,890)	(13,734)
Other operating costs	(2,287)	(1,782)
Profit (loss) on operating activities	**44,674**	**27,602**
Financial revenue	5,591	3,827
Financial costs	(575)	(892)
Profit (loss) on derivative financial instruments	1,402	-
Profit (loss) before income tax	**51092**	**30,537**
Income tax expenses	(9,323)	(5,438)
Profit (loss) on continued operations of the period	**41,769**	**25,099**
Discontinued operations	-	-
Profit (loss) on discontinued operations of the period	-	-
Profit (loss) of the period	**41,769**	**25,099**
Profit (loss) per share for the period:		
- basic	1.76	1.06
- diluted	1.76	1.06

STATEMENT OF COMPREHENSIVE INCOME

	For the period of 6 months ended	
	June 2014 (unaudited)	June 2013 (unaudited)
Profit (loss) of the period	**41,769**	**25,099**
Other net comprehensive income, including:	**892**	**(4,677)**
Items which in the future will not be reclassified to the profit and loss account	**436**	
Revaluation of employee benefit obligations	-	-
Deferred tax regarding employee benefits	-	-
Incentive Scheme	436	-
Items which in the future may be reclassified to the profit and loss account	**456**	**(4,677)**
Hedge accounting	563	(5,774)
Income tax on other comprehensive income	(107)	1,097
Total comprehensive income for the period	**42,661**	**20,422**

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	30 June 2014 (unaudited)	As at 31 December 2013 (audited)	30 June 2013 (unaudited)
ASSETS			
Non-current assets	**257,685**	**245,283**	**241,128**
Tangible assets	200,338	188,036	183,541
Intangible assets	16,785	16,620	16,710
Investment properties	29,751	29,751	29,751
Financial assets	10,811	10,876	11,126
Current assets	**338,968**	**294,442**	**264,973**
Inventory	137,263	113,087	99,929
Trade and other receivables	113,275	99,486	96,520
Receivables due to derivative financial instruments	9,882	9,824	3,175
Deferred revenues and accruals	2,193	1,788	2,334
Financial assets	491	980	1,121
Cash and cash equivalents	75,864	69,277	61,894
TOTAL ASSETS	**596,653**	**539,725**	**506,101**
EQUITY AND LIABILITIES			
Equity	**376,172**	**369,138**	**332,664**
Share capital	23,751	23,751	23,751
Share premium	111,646	111,646	111,646
Revaluation reserve from hedging instruments	8,004	7,548	2,572
Business combination capital	(1,073)	(1,073)	(1,073)
Incentive Scheme	856	420	198
Other reserve capital	167,714	146,803	146,803
Retained earnings	65,274	80,043	48,767
Long-term liabilities	**87,699**	**75,381**	**26,062**
Interest-bearing loans and borrowings	71,375	58,178	9,352
Deferred income tax provisions	11,745	12,450	12,615
Reserve for benefits after the employment period	2,552	2,552	2,100
Deferred revenues and accruals	74	86	98
Financial liabilities due to lease	1,953	2,115	1,897
Short-term liabilities	**132,782**	**95,206**	**147,375**
Trade and other liabilities	96,089	56,528	72,147
Liabilities due to derivative financial instruments	-	-	-
Current interest-bearing loans and borrowings and securities	3,338	9,259	56,099
Income tax liabilities	7,709	10,963	3,895
Short-term provisions and deferred revenues and accruals	24,808	17,700	14,297
Financial liabilities due to lease	838	756	937
Total liabilities	**220,481**	**170,587**	**173,437**
TOTAL EQUITY AND LIABILITIES	**596,653**	**539,725**	**506,101**

CASH FLOW STATEMENT

	For the period of 6 months ended		
	30 June 2014 (unaudited)	31 December 2013 (audited)	30 June 2013 (unaudited)
Cash flows from operating activities			
Profit (loss) of the period	**41,769**	**56,538**	**25,099**
Adjustments by:	**(25,233)**	**16,113**	**9,388**
Depreciation	8,104	16,309	8,068
Foreign exchange (profit)/loss	52	455	3,502
Net interest and dividends	(3,986)	(2,438)	(2,909)
(Profit)/loss on investment activities	(46)	1,215	(45)
Change in the valuation of derivative financial instruments	399	(506)	1,097
Change in receivables	(13,784)	(9,459)	(6,503)
Change in inventories	(24,176)	(13,968)	(810)
Change in liabilities, excluding loans and borrowings	5,022	10,841	4,605
Change in accruals and deferrals	6,691	4,026	105
Change in provisions	(704)	(1,383)	(1,186)
Income tax paid	(13,388)	(4,026)	(2,063)
Current tax recognised in profit or loss	10,135	14,558	5,527
Provisions for retirement benefits	-	267	-
Valuation of the Incentive Scheme	436	222	-
Other adjustments	12	-	-
Net cash flow from operating activities	**16,536**	**72,651**	**34,487**
Cash flows from investment activities			
Sale of tangible fixed assets and intangible assets	340	937	173
Purchases of tangible fixed assets and intangible assets	(21,073)	(16,578)	(3,442)
Disposal of financial assets	-	-	-
Purchase of financial assets	-	-	-
Dividends received	4,461	3,438	3,413
Interest received	44	97	39
Borrowings granted	(20)	(1,691)	(1,586)
Repayment of borrowings granted	179	1,363	984
Net cash flow from investment activities	**(16,069)**	**(12,434)**	**(419)**
Cash flows from financial activities			
Inflow from loans and borrowings taken out	21,073	25,806	7,415
Repayment of loans and borrowings	(13,892)	(18,365)	(5,065)
Dividends paid	-	(22,564)	-
Interest paid	(520)	(1,103)	(533)
Repayment of leasing liabilities	(586)	(1,273)	(619)
Net cash flow from financial activities	**6,075**	**(17,499)**	**1,198**
Net increase (decrease) in cash and cash equivalents	**6,542**	**42,718**	**35,266**
Net foreign exchange differences	45	15	(54)
Opening balance of cash	**69,277**	**26,574**	**26,574**
Closing balance of cash, including:	**75,864**	**69,277**	**61,894**
of limited disposability	-	-	-

STATEMENT OF CHANGES IN EQUITY
for the period of 6 months ended 30 June 2014 (unaudited)

	Share capital	Share premium	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	Business combination capital	Incentive Scheme	**Total**
As at 1 January 2014	**23,751**	**111,646**	**80,043**	**7,548**	**146,803**	**(1,073)**	**420**	**369,138**
Changes in accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
As at 1 January 2014 after adjustments	**23,751**	**111,646**	**80,043**	**7,548**	**146,803**	**(1,073)**	**420**	**369,138**
Reclassification to reserve capital	-	-	(20,911)	-	20,911	-	-	-
Dividend for 2013 to be paid	-	-	(35,627)	-	-	-	-	**(35,627)**
Provisions for employee benefits	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	41,769	-	-	-	-	41,769
Hedge accounting	-	-	-	456	-	-	-	456
Valuation of the Incentive Scheme	-	-	-	-	-	-	436	436
Comprehensive income for the period	-	-	**41,769**	**456**	-	-	**436**	**42,661**
As at 30 June 2014	**23,751**	**111,646**	**65,274**	**8,004**	**167,714**	**(1,073)**	**856**	**376,172**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Share capital	Share premium	Retained earnings	Revaluation reserve from 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 accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
As at 1 January 2013 after adjustments	**23,751**	**111,646**	**55,541**	**7,249**	**137,494**	**(1,073)**	**198**	**334,806**
Reclassification to reserve capital	-	-	(9,309)		9,309	-		-
Payment of dividend for 2012	-	-	(22,564)			-		**(22,564)**
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
Comprehensive income for the period	-	-	**56,375**	**299**		-	**222**	**56,896**
As at 31 December 2013	**23,751**	**111,646**	**80,043**	**7,548**	**146,803**	**(1,073)**	**420**	**369,138**

STATEMENT OF CHANGES IN EQUITY

for the period of 6 months ended 30 June 2013 (unaudited)

	Share capital	Share premium	Retained earnings	Revaluation reserve from 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 accounting policy	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-
As at 1 January 2013 after adjustments	**23,751**	**111,646**	**55,541**	**7,249**	**137,494**	**(1,073)**	**198**	**334,806**
Reclassification to reserve capital	-	-	(9,309)	-	9,309	-	-	-
Dividend for 2012 to be paid	-	-	(22,564)	-	-	-	-	**(22,564)**
Provisions for employee benefits	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	25,099	-	-	-	-	-
Hedge accounting	-	-	-	(4,677)	-	-	-	-
Valuation of the Incentive Scheme	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	**25,099**	**(4,677)**	-	-	-	**20,422**
As at 30 June 2013	**23,751**	**111,646**	**48,767**	**2,572**	**146,803**	**(1,073)**	**198**	**332,664**

ACCOUNTING POLICY AND SELECTED EXPLANATORY NOTES

1. General information

Fabryki Mebli “FORTE” S.A. (“Company”) is a joint-stock company with its registered seat in Ostrów Mazowiecka, ulica Biała 1, whose shares are publicly traded.

The Company’s basic object is:
- production of furniture,
- provision of services in the scope of marketing, promotion, organisation, exhibitions, conferences,
- conducting trade activities domestically and abroad.

On 29 August 2014, the condensed interim financial statements of the Company for the period of 6 months ended 30 June 2014 were approved for publication by the Management Board.

The Company also prepared the condensed interim consolidated financial statements for the period of 6 months ended 30 June 2014 which were approved for publication by the Management Board on 29 August 2014.

Company's investments
The Company owns investments in the following subsidiaries:

Subsidiaries	Registered office	Scope of activities	Percentage share of the Group in the capital 30.06.2014	31.12.2013
MV Forte GmbH	Erkelenz (Germany)	Dealership	100%	100%
FORTE MÖBEL AG	Baar (Switzerland)	Dealership	99%	99%
Forte Baldai UAB	Vilnius (Lithuania)	Dealership	100%	100%
Forte SK S.r.o.	Bratislava (Slovakia)	Dealership	100%	100%
Forte Furniture Ltd.	Preston (United Kingdom)	Dealership	100%	100%
Forte Iberia S.l.u.	Valencia (Spain)	Dealership	100%	100%
Forte Mobilier S.a.r.l.	Lyon (France)	Dealership	100%	100%
Forte Mobila S.r.l.	Bacau (Romania)	Dealership	100%	100%
Kwadrat Sp. z o.o.	Bydgoszcz	Real estate service and lease	77.01%	77.01%
**Galeria Kwadrat Sp. z o.o.*	*Bydgoszcz*	*Management of real property*	*77.01%*	*77.01%*
TM Handel Sp. z o.o.	Warsaw	Advisory services regarding conducting business activity and management	100%	100%
TM Handel Sp. z o.o. S.K.A.	Ostrów Mazowiecka	Purchase, sale and management of real property, advisory services regarding conducting business activity and management	100%	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%*	*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

2. Basis for preparation and accounting principles (policy)

Basis of preparation

These condensed interim financial statements of the Company ("Condensed interim separate financial statements”) were prepared in accordance with the International Accounting Standard (“IAS”) 34 – “Interim Financial Reporting” (“IAS 34”) and in accordance with relevant accounting standards applicable to interim financial reporting, adopted by the EU, published and binding during the preparation of these condensed interim separate financial statements of the Company.

The unaudited condensed interim separate financial statements do not include all the information and disclosures required in annual financial statements and they should be read jointly with the Company’s annual financial statements for 2013, prepared according to IFRS.

The interim financial result should not be treated as an indicator of the financial result for the whole financial year. The interim separate financial statements include or defer costs generated during the financial year unevenly only when the abovementioned costs should be included or deferred at the end of a given financial year.

These condensed interim separate financial statements were prepared in the Polish currency in PLN thousands.

Changes in accounting principles / principles of presenting data in financial statements
Changes in standards and the new interpretations binding for annual periods starting on or after 1 January 2014 were prepared in the condensed consolidated financial statements of the Fabryki Mebli "FORTE" S.A. Capital Group for the period of 6 months ended 30 June 2014.

Summary of significant accounting policies
The accounting principles (policy) adopted in the preparation of the interim condensed financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of changes to standards and new interpretations applicable for annual periods beginning on or after 1 January 2014.

3. Error adjustment

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

4. Seasonality of operations

Seasonality can be observed in the Company'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 services	Sales revenue	% share
Q1 2014	211,980	-
Q2 2014	189,757	-
Total H1 2014	**401,737**	-
Q1 2013	156,464	23.47%
Q2 2013	146,579	21.99%
Total H1 2013	**303,043**	**45.46%**
Total for 2013	**666,554**	**100.00%**

5. Revenue and costs

Sales revenue and geographic structure

Sales revenue	**For the reporting period ended 30.06.2014**	**30.06.2013**
Revenue from sales of products, goods and materials		
- products	391,773	294,275
- goods	3,520	4,801
- materials	2,944	1,493
Revenue from sales of services	**3,500**	**2,474**
Total net revenue from sales	**401,737**	**303,043**
Geographic structure:		
- domestic	63,687	53,717
- export	338,050	249,326
Total net revenue from sales	**401,737**	**303,043**
- including from related entities	19,514	20,877

Information on key customers
The biggest customer for the products of the Company is Roller GmbH (Germany), whose share in turnover exceeded 10% of the total Company revenue.
There are no formal ties between the customer and the Company.

Other operating revenue

Other operating revenue	**For the reporting period ended 30.06.2014**	**30.06.2013**
Release of write-downs on current assets	55	-
Release of write-downs on property, plant and equipment	365	228
Gains on disposal of property, plant and equipment	-	49
Subsidies	256	12
Compensations	164	776
Other	95	87
Total other operating revenue	**935**	**1,152**

Other operating costs

Other operating costs	For the reporting period ended 30.06.2014	30.06.2013
Creation of write-downs	176	57
Liquidation and impairment write-downs on property, plant and equipment	1	5
Loss on disposal of property, plant and equipment	320	-
Scrapping of inventory	1,229	1,121
Donations	362	428
Penalties and compensations	127	28
Court costs	12	17
Other	60	126
Total other operating costs	**2,287**	**1,782**

Financial revenue

Financial revenue	For the reporting period ended 30.06.2014	30.06.2013
Dividends	4,461	3,413
Interest	1,130	414
Financial revenue, total	**5,591**	**3,827**

Financial costs

Financial costs	For the reporting period ended 30.06.2014	30.06.2013
Interest on loans and leasing	474	530
Commission on loans	41	24
Exchange differences of financial assets and liabilities	43	332
Other	17	6
Financial costs, total	**575**	**892**

Costs by type

Costs by type	For the reporting period ended 30.06.2014	30.06.2013
Depreciation	8,104	8,068
Consumption of materials and energy	195,543	151,021
External services	83,132	57,252
Taxes and fees	4,093	3,802
Payroll	53,971	41,677
Social insurance and other benefits	12,442	9,472
Other costs by type	3,057	2,372
	360,342	**273,664**
Change in product inventory and accruals	(8,695)	(3,377)
Manufacturing cost of products for internal purposes	(814)	(372)
Costs of sales	(85,800)	(64,038)
General administrative costs	(16,890)	(13,734)
Manufacturing cost of sold products and services	**248,143**	**192,143**
Value of goods and materials sold	**4,878**	**4,896**
Cost of sales	**253,021**	**197,039**

Information on key suppliers

The strategic supplier of raw materials for the Company is the PFLEIDERER Group, whose share in turnover exceeded 10% of the Company's sales revenue.
There are no formal ties between the supplier and the Company.

6. Changes in accounting estimates

As at 30 June 2014, the Company made the following changes in accounting estimates in comparison to 31 December 2013

Deferred revenues and accruals

Deferred revenues and accruals	30.06.2014	As at 31.12.2013	30.06.2013
Property and motor insurance	259	719	362
Fairs	-	318	454
Research and development	1,065	570	492
Cooperation services	-	-	325
Business trips	151	87	74
Perpetual usufruct of land	515	-	479
Other	203	94	148

	2,193	1,788	**2,334**

Change in provisions

Provisions	**30.06.2014**	**As at** **31.12.2013**	**30.06.2013**
Deferred tax assets	-	-	-
Deferred tax provisions	11,745	12,450	12,615
Benefits after the employment period	2,552	2,552	2,100
Other provisions	-	-	-

Provisions and accruals

Long-term accruals	**30.06.2014**	**As at** **31.12.2013**	**30.06.2013**
Long-term accrued income due to:			
Subsidy to tangible fixed assets bought	74	86	98

Short-term accruals	**30.06.2014**	**31.12.2013**	**30.06.2013**
Accruals due to:			
Commissions	1,428	1,294	1,500
Bonuses for customers	9,402	8,448	6,341
Leaves	2,306	2,306	1,212
Bonuses	3,429	1,500	2,405
Balance sheet audit costs	32	56	32
External services	6,827	2,995	1,859
Other	63	45	63
Short-term Provisions:			
Short-term provision for benefits after the employment period	59	59	-
Guarantee repairs	1,238	973	861
Accrued income due to:			
Subsidy to tangible fixed assets bought	24	24	24
	24,808	**17,700**	**14,297**

The amount of PLN 9,402 thousand is a provision created by the Company for future bonuses payable due to sales realised in 2014, in particular to customers 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 6,827 thousand is a provision created by the Company to external services costs, in particular: transportation, marketing, insurance of receivables, complaint and utilisation services.

As at the balance sheet date ended 30 June 2014, the Company created a provision for the annual bonus for the Management Board in the amount of PLN 2,500 thousand and semi-annual bonuses for employees in the amount of PLN 929 thousand.

Changing write-downs on assets

	30.06.2014	**31.12.2013**	**30.06.2013**
Write-downs on shares	426	414	414
Write-downs on short-term receivables	3,028	2,906	1,449
Write-downs on tangible fixed assets	3	368	3
Write-downs on inventory	4,759	5,450	3,294

Write-downs on receivables

Write-downs on receivables	**2014**
Write-down as at 1 January	2,906
Creation	176
Used	-
Release	(54)
Write-down as at 30 June	**3,028**

Write-downs on tangible fixed assets

Write-downs on tangible fixed assets	**2014**
Write-down as at 1 January	368
Creation	-
Release	(365)
Write-down as at 30 June	**3**

Write-downs on inventory

Write-downs on inventory	**2014**
Write-down as at 1 January	5,450
Creation	-
Release	(691)
Write-down as at 30 June	**4,759**

In the reporting period ended 30 June 2014, the Company released a write-down on inventory in the amount of PLN 691 thousand due to its use to the scrapping of damaged palettes unfit for further use.

Write-downs on shares

Write-downs on shares	**2014**
Write-down as at 1 January	414
Creation	12
Release	-
Write-down as at 30 June	**426**

In the period ended 30 June 2014, the Company created a write-down in the amount of PLN 12 thousand on the shares of the subsidiary Forte Mobila with this registered seat in Bacau (Romania).

7. Income tax

Income tax	**For the reporting period ended 30.06.2014**	**30.06.2013**
Current income tax		
Current charge due to income tax	10,135	5,527
Adjustments related to current income tax from previous years	-	-
Deferred income tax		
Relating to the origination and reversal of temporary differences	(812)	(89)
Tax expense reported in the profit and loss account	**9,323**	**5,438**

8. Property, plant and equipment

The balance sheet value of machinery and equipment used as at 30 June 2014 by the Company on the basis of financial lease agreements and lease agreements with the option to buy is PLN 3,611 thousand (as at 31 December 2013: PLN 4,124 thousand, as at 30 June 2013: PLN 4,241 thousand), of which PLN 1,011 thousand regards the lease of machinery and equipment, PLN 2,430 thousand the lease of vehicles and PLN 170 thousand the lease of other tangible fixed assets.

Assets pledged as security
Land and buildings with the balance sheet value of PLN 74,378 thousand (as at 31 December 2013: PLN 72,910 thousand, as at 30 June 2013: PLN 69,116 thousand) are covered by a mortgage established to secure bank loans. Additionally, machinery and equipment with the balance sheet value of PLN 41,796 thousand are subject to registered pledge (as at 31 December 2013: PLN 52,916 thousand, as at 30 June 2013: PLN 56,266 thousand).

The value of the capitalised external financing costs in the reporting period ended 30 June 2014 was PLN 87 thousand (as at 31 December 2013: there were none, as at 30 June 2013: PLN 1 thousand).

In relation to the early repayment of investment loans in HSBC Bank Polska S.A and PKO Bank Polski S.A., applications were filed to delete the registered pledges on machinery and equipment to a total value of PLN 26,634 thousand. The appropriations to Banks of machinery and equipment with a value of PLN 14,252 thousand, which were securing the repayment of the abovementioned loans, also expired.

Registered pledges were deleted on 21 and 22 July 2014.

Capital commitments
As at 30 June 2014, the Company's capital commitments are PLN 962 thousand (as at 31 December 2013: PLN 1,667 thousand, as at 30 June 2013: PLN 936 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 6-month period ended 30 June 2014, the Company purchased tangible fixed assets with a value of PLN 20,156 thousand (in the comparative period ended 30 June 2013: PLN 3,100 thousand) and sold tangible fixed assets with a net value of PLN 286 thousand (in the comparative period ended 30 June 2013: PLN 43 thousand).

9. Cash and cash equivalents

For the purposes of the condensed interim cash flow statement, cash and cash equivalents include the following items:

Cash and cash equivalents	30.06.2014	As at 31.12.2013	30.06.2013
Cash at bank and in hand	3,874	11,567	8,645
Other cash (overnight deposits, deposits under three months, corporate bonds)	71,990	57,710	53,249
Cash at bank and in hand attributable to discontinue the activities			
Total cash and cash equivalents	**75,864**	**69,277**	**61,894**

Cash and cash equivalents at bank earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at negotiated deposit rates. The fair value of cash and cash equivalents as at 30 June 2014 is PLN 75,864 thousand (as at 31 December 2013: PLN 69,277 thousand, as at 30 June 2013: PLN 61,894 thousand).

As at 30 June 2014, the Company did not hold cash of limited disposability (as at 31 December 2013 and 30 June 2013: did not occur).

10. Share capital and supplementary / reserve capital

In the reporting period ended 30 June 2014 there were no changes in the share capital of the Company (2013: no changes).

Share premium
In the 6-month period ended 30 June 2014 there were no events which would lead to a change in the share premium (2013: also no changes).

Other capital

	Statutory supplementary capital	Other reserve capital	Total
As at 1 January 2014	1,250	145,553	146,803
Distribution of profit for investment and financing the Company's current activities	-	20,911	20,911
As at 30 June 2014	**1,250**	**166,464**	**167,714**

	Statutory supplementary capital	Other reserve capital	Total
As at 1 January 2013	1,250	136,244	137,494
Distribution of profit for investment and financing the Company's current activities	-	9,309	9,309
As at 30 June 2013	**1,250**	**145,553**	**146,803**

Revaluation reserve from financial instruments

	30.06.2014	As at 31 December 2013	30.06.2013
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	3,724	3,777	(5,774)
Amount recognised in profit and loss account due to:			-
- ineffectiveness of the transactions concluded	(1,402)	(551)	-
- conclusion of transactions subject to hedging	(1,759)	(2,857)	-
- discontinuance of hedge accounting	-	-	-
Deferred income tax	(107)	(70)	1,097
Closing balance of accumulated result on financial instruments hedging cash flows	**8,004**	**7,548**	**2,572**

11. Dividend paid and proposed

By virtue of a resolution of the Annual General Meeting of 10 June 2014, the decision was made to distribute the Company net profit for the financial year 2013 in the amount of PLN 56,538 thousand, allocating PLN 35,627 thousand to the payment of dividend and PLN 20,911 thousand to supplementary capital. The amount of dividend per share amounted to PLN 1.50. The dividend record date was set for 25 June 2014. Dividend was paid on 2 July 2014.

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.

12. Earnings per share

The calculation of the number of shares use to calculate the earnings per share ratio was disclosed in note 22 in the interim consolidated financial statements.

13. Interest-bearing loans and borrowings

Short-term	Nominal interest rate %	Due date	30.06.2014	31.12.2013
PKO BP S.A. - investment loan in the amount of EUR 3,500 thousand - short-term portion	1 M EURIBOR	22 December 2018	2,729	-
PKO BP S.A. - investment loan in the amount of EUR 3,000 thousand - short-term portion	1 M WIBOR	30 June 2014	-	300
PKO BP S.A. - investment loan in the amount of EUR 3,550 thousand - short-term portion	1 M EURIBOR	31 March 2014	-	3,681
HSBC Bank Polska S.A. - investment loan in the amount of EUR 3,500 thousand - short-term portion	3 M EURIBOR	19 June 2015	-	5,278
mBank S.A. - working capital facility in the amount of PLN EUR 1,000 thousand - long-term portion	depending on the currency used O/N WIBOR or O/N LIBOR	16 December 2014	609	-
Total short-term			**3,338**	**9,259**

Long-term	Nominal interest rate %	Due date	30.06.2014	31.12.2013
PKO BP S.A. - investment loan in the amount of EUR 3,500 thousand - long-term portion	IM EURIBOR	22 December 2018	7,640	1,840
PKO BP S.A. - working capital credit in the amount of PLN 45,000 thousand - long-term portion	depending on the currency used IM WIBOR or IM EURIBOR	19 December 2016	33,287	24,883
ING Bank Śląski S.A. - working capital credit in the amount of PLN 35,000 thousand - long-term portion	depending on the currency used 1M WIBOR or 1M LIBOR	31 October 2016	30,448	28,816
HSBC Bank Polska S.A. - investment loan in the amount of EUR 3,500 thousand - long-term portion	3 M EURIBOR	19 June 2015	-	2,639
Total long-term			**71,375**	**58,178**

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

Currency	As at 30.06.2014	31.12.2013
PLN	-	300
EUR	72,557	66,521
USD	2,156	616
	74,713	**67,437**

In the 6-month period ended 30 June 2014, the Company took out loans in the amount of PLN 21,073 thousand and repaid loans to a total amount of PLN 13,892 thousand, including early repayments in HSBC Bank Polska S.A. and PKO BP S.A.

On 26 May 2014, the Company signed an annex to the investment loan agreement of 23 December 2013 with PKO BP S.A. by virtue of this annex, the final period of the loan was extended to 31 August 2014.

On 24 July 2014, the Company signed an agreement with mBank S.A regarding investment loan in the amount of EUR 2,400 thousand for the financing and refinancing of the purchase of production machinery and equipment. The loan was extended until

31 December 2018. It shall be repaid starting on 31 March 2015 in equal quarterly instalments.

The loan security shall be a registered pledge on the machinery and equipment purchased with the loan.

Until 30 June 2014, the Company did not use the funds from the mBank investment loan.

14. 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.

15. Hedge accounting and other derivative financial instruments

Fair value foreign exchange contracts

As at 30 June 2014, the fair value of foreign exchange contracts that meet the criteria for hedge accounting amounted to PLN 9,882 thousand and as the effective value was in total recognised 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	Fair value
EUR	16,000	Put Option	03.2013	09.2014-02.2015	4.2000	PKO BP S.A.	975
EUR	16,000	Call Option	03.2013	09.2014-02.2015	4.7110-4.7580	PKO BP S.A.	(4)
EUR	8,000	Put Option	05.2013	03.2015-04.2015	4.1800-4.2000	PKO BP S.A.	545
EUR	8,000	Call Option	05.2013	03.2015-04.2015	4.6760-4.7000	PKO BP S.A.	(32)
EUR	10,000	Put Option	11.2013	08.2015-09.2015	4.2500	PKO BP S.A.	1,052
EUR	10,000	Call Option	11.2013	08.2015-09.2015	4.6300	PKO BP S.A.	(230)
EUR	12,000	Forward	11.2013	07.2014-11.2014	4.2739-4.3065	PKO BP S.A.	1,322
EUR	6,000	Put Option	03.2014	01.2016-03.2016	4.2500	PKO BP S.A.	779
EUR	6,000	Call Option	03.2014	01.2016-03.2016	4.6300	PKO BP S.A.	(156)
EUR	26,000	Put Option	04.2014	01.2015-03.2016	4.2100-4.2500	PKO BP S.A.	2,556
EUR	26,000	Call Option	04.2014	01.2015-03.2016	4.4520-4,658	PKO BP S.A.	(948)
Total						**PKO BP S.A.**	**5,859**
EUR	12,000	Put Option	01.2013	07.2014-12.2014	4.1500-4.2000	mBank S.A.	505
EUR	12,000	Call Option	01.2013	07.2014-12.2014	4.6660-4.8000	mBank S.A.	-
EUR	8,000	Put Option	06.2013	05.2015	4.3000-4.3500	mBank S.A.	1,163
EUR	8,000	Call Option	06.2013	05.2015	4.7530-4.8610	mBank S.A.	(28)
EUR	4,000	Put Option	08.2013	07.2015	4.2600	mBank S.A.	438
EUR	4,000	Call Option	08.2013	07.2015	4.8000	mBank S.A.	(24)
EUR	15,000	Put Option	01.2014	10.2015-12.2015	4.2200-4.2710	mBank S.A.	1,566
EUR	15,000	Call Option	01.2014	10.2015-12.2015	4.5870-4.5900	mBank S.A.	(586)
Total						**mBank S.A.**	**3,034**
EUR	9,000	Put Option	03.2014	07.2015-12.2015	4.2600	ING Bank Śląski S.A.	995
EUR	9,000	Call Option	03.2014	07.2015-12.2015	4.7305	ING Bank Śląski S.A.	(153)
EUR	6,000	Put Option	06.2014	10.2015-12.2015	4.6135	ING Bank Śląski S.A.	523
EUR	6,000	Call Option	06.2014	10.2015-12.2015	4.2000	ING Bank Śląski S.A.	(376)
Total						**ING Bank Śląski S.A.**	**989**

16. Transactions with related entities

The following table presents total amounts of transactions concluded with related entities:

Related entity	Sales to related undertakings	Purchases from related entities	Receivables from related entities	Liabilities to related entities
Subsidiaries:				

MV Forte GmbH	30.06.2014	98	7,461	18	3,129
	31.12.2013	1,013	12,836	902	2,423
	30.06.2013	82	6,096	40	2,979
FORTE MÖBEL AG	30.06.2014	13,274	892	3,192	149
	31.12.2013	15,030	1,788	2,120	84
	30.06.2013	5,523	1,363	973	170
Forte Baldai UAB	30.06.2014	-	125	-	21
	31.12.2013	-	253	49	-
	30.06.2013	-	126	160	22
Forte SK S.r.o.	30.06.2014	4	957	4	136
	31.12.2013	168	1,947	-	138
	30.06.2013	168	984	43	164
Forte Furniture Ltd.	30.06.2014	-	245	-	41
	31.12.2013	-	475	-	40
	30.06.2013	-	236	-	41
Forte Iberia S.l.u.	30.06.2014	23	376	21	-
	31.12.2013	6	757	-	62
	30.06.2013	4	376	-	65
Forte Mobilier S.a.r.l.	30.06.2014	-	251	-	42
	31.12.2013	-	338	1	41
	30.06.2013	-	86	-	43
Forte Mobila S.r.l.	30.06.2014	7	454	1,289	61
	31.12.2013	345	465	138	-
	30.06.2013	2	251	1,569	45
TM Handel Sp. z o.o.	30.06.2014	6,106	696	2,611	604
	31.12.2013	26,499	4,415	3,729	309
	30.06.2013	15,096	2,638	7,509	390
TM Handel Sp. z o.o. SKA	30.06.2014	-	-	-	-
	31.12.2013	1	-	-	-
	30.06.2013	1	-	-	-
Fort Investment Sp. z o.o. *	30.06.2014	1	-	-	-
	31.12.2013	1	-	-	-
	30.06.2013	1	-	-	-
Kwadrat Sp. z o.o.					
	30.06.2014	-	-	-	-
	31.12.2013	-	-	-	-
	30.06.2013	-	-	-	-
Galeria Kwadrat Sp. z o.o.**					
	30.06.2014	-	-	-	-
	31.12.2013	-	403	-	-
	30.06.2013	-	255	-	-
	30.06.2014	**19,514**	**11,457**	**7,135**	**4,183**
	31.12.2013	**43,063**	**23,677**	**6,939**	**3,097**
	30.06.2013	**20,877**	**12,411**	**10,294**	**3,919**

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

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

Loans and borrowings to related entities

On 1 April 2014, the Company extended a lone to the subsidiary Fort Investment with this registered seat in Ostrów Mazowiecka the amount of PLN 20 thousand. The maturity date for the whole loan was set for 31 December 2015, interest payable on a quarterly basis.

On 27 June 2014 an annex was signed to the borrowing agreement with the subsidiary Kwadrat, which changed the repayment schedule and the value of instalments, the maturity date for the whole loan remained unchanged.

Balance of loans granted as at 30 June 2014 is presented in the table below:

Related entity	Loan amount in the currency	Loan currency	Due date	Loan balance as at 30 June 2014 in PLN thousands	Amount of interest due as at 30 June 2014
Subsidiaries:					
Forte SK S.r.o.	1,260	PLN	December 2015	150	1
Kwadrat Sp. z o. o.	439	EUR	June 2018	1,522	7
Forte Mobilier S.a.r.l.	80	EUR	June 2017	250	1
Galeria Kwadrat Sp. z o.o.	1,254	PLN	June 2020	1,020	11
UAB Forte Baldai	25	EUR	December 2018	99	-
Fort Investment Sp. z o.o.	20	PLN	December 2015	20	-
Total:				**3,061**	**20**
Including:					
Short-term portion:					
Forte SK S.r.o.				15	1
Kwadrat Sp. z o.o.				167	7
Forte Mobilier S.a.r.l.				83	1
Galeria Kwadrat Sp. z o.o.				170	11
UAB Forte Baldai				26	-
Fort Investment Sp. z o.o.				10	-
Total:				**471**	**20**
Long-term portion:					
Forte SK S.r.o.				135	-
Kwadrat Sp. z o. o.				1,355	-
Forte Mobilier S.a.r.l.				167	-
Galeria Kwadrat Sp. z o.o.				850	-
UAB Forte Baldai				73	-
Fort Investment Sp. z o.o.				10	-
Total:				**2,590**	-

Balance of loans granted to subsidiaries as at 31 December 2013:

Related entity	Loan amount	Loan currency	Due date	Loan balance as at 31 December 2013	Interest amount as at 31 December 2013
Subsidiaries:					
Kwadrat Sp. z o. o.	439	EUR	June 2018	1,517	6
Galeria Kwadrat Sp. z o.o.	1,254	PLN	June 2020	1,020	11
Forte SK S. r. o.	1,260	PLN	December 2015	383	2
Forte Mobila 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	-
Total:				**3,597**	**20**
Including:					
Short-term portion:					
Kwadrat Sp. z o. o.				303	6
Galeria Kwadrat Sp. z o.o.				-	11
Forte SK S. r. o.				270	2
Forte Mobila S.r.l.				283	-
Forte Mobilier S.a.r.l.				83	1
Forte Baldai UAB				21	-
Total:				**960**	**20**
Long-term portion:					
Kwadrat Sp. z o. o.				1,214	
Galeria Kwadrat Sp. z o.o.				1,020	-
Forte SK S. r. o.				113	-
Forte Mobila S.r.l.				-	-
Forte Mobilier S.a.r.l.				207	-
Forte Baldai UAB				83	-
Total:				**2,637**	-

17. 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 Company and the issue of series A, B and C subscription warrants with the exclusion of the pre-emptive right to series A, B and C subscription warrants

On 10 June 2014, the Annual General Meeting of FABRYKI MEBLI "FORTE" S.A. approved the introduction of an incentive scheme for Members of the Company Management Board ("Incentive Scheme").

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

Capital Group and the increase in value of the Company's shares.

This scheme is settled through the issue of capital instruments in exchange for the services provided – a total of 356,220 registered Subscription warrants of the Company in three series with an issue price equal to the arithmetic mean of the price of the Company's shares listed on the WSE, calculated on the basis of quotations of these shares in the period from 28 April 2014 to 10 June 2014.

The issue price of series H shares of the Company will be determined by amount by a resolution of the Supervisory Board adopted no later than 31 October 2014. Each Warrant entitles to a subscription for one series H share at issue price.

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

	Series D	**Series E**	**Series F**
Number of Subscription warrants	118,740	118,740	118,740
Vesting period	10.06.2014- 31.12.2014	01.01.2015 - 31.12.2015	01.01.2016- 31.12.2016
Conditions for entitlement to acquire Warrants	1/ the certified auditor not reporting significant reservations to the consolidated annual financial statements of the Capital Group for the financial year 2014, 2/ increase of net profit per Company's share by at least 10% as at 31 December 2014 compared to the status as at 31 December 2013 3/ increase by at least 10% of the average price of the Company's shares on the WSE, calculated on the basis of all quotations of these shares in December 2014 compared to the average price of the Company's shares on the WSE calculated on the basis of all quotations of these shares in December 2013	1/ the certified auditor not reporting significant reservations to the consolidated annual financial statements of the Capital Group for the financial year 2015, 2/ increase of net profit per Company's share by at least 10% as at 31 December 2015 compared to the status as at 31 December 2014 3/ increase by at least 10% of the average price of the Company's shares on the WSE, calculated on the basis of all quotations of these shares in December 2015 compared to the average price of the Company's shares on the WSE calculated on the basis of all quotations of these shares in December 2014	1/ the certified auditor not reporting significant reservations to the consolidated annual financial statements of the Capital Group for the financial year 2016, 2/ increase of net profit per Company's share by at least 10% as at 31 December 2016 compared to the status as at 31 December 2015 3/ increase by at least 10% of the average price of the Company's shares on the WSE, calculated on the basis of all quotations of these shares in December 2016 compared to the average price of the Company's shares on the WSE calculated on the basis of all quotations of these shares in December 2015
	4/ serving as a Member of the Management Board for at least six months in the given period and remaining at the position at the end of the given period, as well as obtaining acknowledgement of fulfilment of duties of the Member of the Management Board of the Company during the given period		

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

Rights from Warrants may be exercised no sooner than after a year from the formal decision regarding their subscription and no later than 30 November 2018.

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

Fair value of the incentive scheme
The fair value of the incentive scheme for series D was determined at PLN 871 thousand. The statements prepared as at 30 June 2014 recognised the amount of PLN 436 thousand – in the increase of equity in the item: Incentive Scheme and in costs of employee benefits.

Participation of senior executives in the employee programmes and schemes
None occurred during the reporting period.

Changes in the composition of the Supervisory Board
On 10 June 2014, the Annual General Meeting of FABRYKI MEBLI "FORTE" S.A. appointed the Company's Supervisory Board for a new term in the following composition:
Zbigniew Mieczysław Sebastian - Chairman of the Supervisory Board,
Tomasz Domagalski,
Władysław Frasyniuk,
Stefan Golonka,
Stanisław Krauz.

18. Off- balance sheet items

On 27 March 2013, the Company issued for guarantees four 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 S.A. 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. (currently mBank S.A.) and are valid to 30 June 2018. The balance of loans as at 30 June 2014 is PLN 5,326 thousand.

19. Events after the balance sheet date

The Company entered into the following zero-cost transactions with Banks regarding the sale of Call options and purchase of Put options hedging from currency risk:

- on 1 August with mBank S.A.:

  1. EUR 1,000,000 – Put 4.2300 – Call 4.6000 with an expiration date 2016-05-13
  2. EUR 1,000,000 – Put 4.2300 – Call 4.6000 with an expiration date 2016-05-27
  3. EUR 1,000,000 – Put 4.2300 – Call 4.6000 with an expiration date 2016-06-15
  4. EUR 1,000,000 – Put 4.2300 – Call 4.6000 with an expiration date 2016-06-23
  5. EUR 1,500,000 – Put 4.2300 – Call 4.6000 with an expiration date 2016-07-15
  6. EUR 1,500,000 – Put 4.2300 – Call 4.6000 with an expiration date 2016-07-27

- on 6 August with ING Bank Śląski S.A.:

  1. EUR 1,500,000 – Put 4.2500 – Call 4.6412 with an expiration date 2016-07-15
  2. EUR 1,500,000 – Put 4.2500 – Call 4.6412 with an expiration date 2016-07-27

Signature of the person entrusted with bookkeeping

Anna Wilczyńska

Signatures of the Members of the Management Board:

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

Member of the Management Board
Rafał Prendke

Ostrów Mazowiecka, 29 August 2014